

COUNTY OF BUTLER, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED
DECEMBER 31, 2015

Prepared by the Office of the Controller
Benjamin Holland, Controller

COUNTY OF BUTLER, PENNSYLVANIA

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INTRODUCTORY SECTION

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY OFFICIALS

DECEMBER 31, 2015

JUDICIARY

Thomas J. Doerr	President Judge
Marilyn J. Horan	Judge
William R. Shaffer	Judge
S. Michael Yeager	Judge
Timothy F. McCune	Judge
Kelley T. Streib	Judge
Sue Elaine Haggerty	Magisterial District Judge
Kevin P. O'Donnell	Magisterial District Judge
Lewis E. Stoughton	Magisterial District Judge
Wayne Seibel	Magisterial District Judge
Peter H. Shaffer	Magisterial District Judge
Dave T. Kovach	Magisterial District Judge
Timothy Shaffer	Magisterial District Judge

ELECTED COUNTY OFFICIALS

William L. McCarrier	County Commissioner, Chairman
A. Dale Pinkerton	County Commissioner
James Eckstein	County Commissioner
Richard A. Goldinger	District Attorney
Diane R. Marburger	Treasurer
Benjamin Holland	Controller
Michele M. Mustello	Recorder of Deeds
Judith G. Moser	Register of Wills and Clerk of Orphans' Court
Lisa Weiland Lotz	Clerk of Courts
Glenna M. Walters	Prothonotary
Michael T. Slupe	Sheriff
William F. Young, III	Coroner



Benjamin Holland
County Controller
Butler County

124 W. Diamond Street, P.O. Box 1208, Butler, Pennsylvania 16003-1208
Voice: 724.284.5130 Fax: 724.284.5410 Email: bholland@co.butler.pa.us

Lisa Hoffman
First Deputy

Sherry M. Britton
Second Deputy

June 30, 2016

To Butler County Citizens and Taxpayers:

It is a privilege and an honor to present Butler County's *Comprehensive Annual Financial Report* (CAFR) for the year ending December 31, 2015. The primary purpose of this report is to provide a detailed accounting of the County's 2015 financial activity.

The report is prepared under standards prescribed by the Government Finance Officers Association (GFOA). GFOA conducts a comprehensive review of the reports each year and determines whether they qualify for the organization's prestigious *Certificate of Achievement for Excellence in Financial Reporting*. Moreover, the County is required to re-apply each year for the Certificate; and Butler County has received this award for 14 consecutive years.

The Office of the County Controller prepares the report with assistance from other County officials and employees; and the Board of County Commissioners supplies the commentary and analysis appearing in the *Management's Discussion and Analysis*. Departmental directors, elected row officers, and court officials also make significant contributions to the successful completion of the report. Responsibility for the accuracy, reliability, and completeness of the presentation, including all disclosures, rests solely with the County.

We believe that the financial information, as presented, is accurate in all material respects. Additionally, the report is designed to convey the financial position and results of operations of the County precisely, as measured by the financial activity of its various funds and reported by management. All disclosures deemed necessary to enable the reader to gain a clear understanding of the County's finances have been included within this report.

Maher Duessel, Certified Public Accountants, has independently audited the financial statements, as assurance that they are not materially misstated.

The audit was conducted in accordance with auditing standards generally accepted in the United States in compliance with *Government Auditing Standards*, as issued by the Comptroller General of the United States. The audit is also in adherence to the American Institute of Certified Public Accountants' (AICPA) Statement on Auditing Standard No. 99. This standard requires that audit procedures provide a reasonable likelihood for detecting any misstatement resulting from fraud.

Maher Duessel provided an unqualified opinion of the County's basic financial statements for the year ended December 31, 2015. The firm also audited federally-funded County programs subject to the auditing standards established by the *Single Audit Act of 1984*. These standards require the independent auditor to report on the fair presentation of the financial statements and, additionally, to report on the County's internal controls and its compliance with the legal requirements set for recipients of federal funds. Although these reports are not included in this report, they are available as a separate Single Audit Report issued by the auditor.

The CAFR, including its financial statements and statistical tables, was prepared in accordance with the standards established by the Government Accounting Standards Board (GASB), the GFOA, the AICPA, and applicable provisions of the County Code of the Commonwealth of Pennsylvania.

FORMAT OF THE REPORT

The 2015 CAFR is presented in the following three sections and subsections.

I. *Introductory Section* - (1) a listing of elected officials; (2) this transmittal letter; (3) a copy of the GFOA Certificate of Achievement for Excellence in Financial Reporting for the County's 2014 CAFR; and (4) the County's organizational chart, relevant maps, and photographs.

II. *Financial Section* - (1) the Independent Auditor's Report; (2) Management's Discussion and Analysis (MD&A); (3) the basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements; and (4) required supplementary information, individual and combining financial statements, comparative budgetary information, and prior year information, as applicable, arranged by fund type.

III. *Statistical Section* - Provides the reader with historical financial data and selected demographic and comparative statistical information.

This report is comprehensive in scope, designed to provide the citizenry with an accurate accounting of the County's financial activities during the year, as well as to provide readers with relevant and practical information about the County.

The report is also intended for use by investors, creditors, bond underwriters, credit-rating agencies, and other governmental officials.

This report includes all funds, programs, and services provided by the County. Programs and services include the judicial system, the County prison, Emergency Services, and human service programs.

GASB has established criteria for determining whether an organization is considered part of the County's reporting entity, and if it should be included in the CAFR as a component unit of the County. Under GASB Statement No. 61, the following criteria are used to determine whether an organization should be included as a component unit of the County's reporting entity: (1) the ability of the County to impose its will on the organization; and (2) the ability of the organization to impose a financial benefit or burden on the County. On the basis of these criteria, both the Butler County Airport Authority and the Butler County Community College are included as component units.

County Commissioners make a number of appointments to authorities and advisory boards. Since the County's relationship does not extend beyond this appointment process, such groups are precluded from the reporting entity. A more detailed discussion of this is found in notes to the financial statements.

HISTORY AND PROFILE OF BUTLER COUNTY GOVERNMENT

Butler County is located in southwestern Pennsylvania, and the County seat is situated in the City of Butler. The County is bounded on the south by Allegheny County. To the west are Beaver, Lawrence, and Mercer Counties. To the north is Venango County. The County's eastern border is shared with Clarion, Armstrong, and Westmoreland Counties. The County was formed in 1800, portioned from Allegheny County, and took its name from the Revolutionary War hero General Richard Butler, who served on George Washington's staff. Interestingly, there are two other counties in the United States named after General Butler - one in Ohio, and another in Kentucky.

The County has a land area of approximately 789 square miles with an estimated population of 186,818 residents. The U.S. Census Bureau estimated that the County's population grew by a net of 432 residents between July 2014 and July 2015. Thirteen of the County's 57 municipalities are estimated to have experienced increases during that same period, thus offsetting estimated declines in population of 39 municipalities. Notably, Cranberry was the fourth fastest growing township in Pennsylvania between 2010 and 2015. Butler County is comprised of 33 townships, 23 boroughs, and one city.

Pennsylvania is comprised of 67 designated counties. For the purposes of legislation and regulation, a county is further categorized into one of nine classes, as determined by the County's most recent census population.

Butler County became a Fourth Class county following the 1990 census, when its population was certified as exceeding 150,000 residents. The 2010 census determined the County's population to be 183,862 residents. This figure is short of the 210,000-person threshold required for Third Class county status.

The County's governing body consists of a three-member Board of Commissioners. Commissioners are elected at large for a term of four years. The County's elected officials are commonly referred to as row officers, and act primarily in an administrative capacity. These row officers are as follows: Clerk of Courts, Controller, Coroner, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills & Clerk of Orphans' Court, Sheriff, and Treasurer.

Butler County's Court of Common Pleas is composed of six elected judges, with the most tenured judge occupying the position of President Judge. Judges are elected to a ten-year term of office. The County Magisterial District Court is made up of seven Magisterial District Judges, who are elected within geographical districts and serve six-year terms. All 13 County judges are State employees, and their compensation is paid entirely by the State. However, the overall cost of operating the court system is assumed largely by the County.

There are four principal Boards with authority over the County's administrative and fiscal matters. The Board of County Commissioners functions as the primary governing body of the County. The other three boards are the County: (1) Salary Board, (2) Prison Board, and (3) Retirement Board.

The County Salary Board, which determines the salaries for all non-elected County positions, is constituted of four permanent members: the three Commissioners and the County Controller. The Board of Commissioners sets the salaries of all elected county officials, with the exception of the District Attorney, whose salary is set by State statute. When an action of the Salary Board affects a position falling under another elected office, that official is entitled to a vote and becomes a fifth member of the Salary Board.

The County Prison Board is responsible for operational oversight of the County Prison. The Prison Board consists of the three Commissioners, County Controller, District Attorney, Sheriff, and one Judge of the Court of Common Pleas. The Prison Board meets in regular public sessions once a month.

The County Retirement Board oversees the County Employee Retirement Fund. The Retirement Board is composed of the three Commissioners, County Controller, and County Treasurer. Under Pennsylvania Act 96 of 1971 (*The County Pension Law*), the County Controller serves as Secretary of the Retirement Board and is responsible for administration of the Pension Fund. The Retirement Board holds public meetings once a quarter.

ECONOMIC CONDITION AND OUTLOOK

The local economy continues to rebound from the most recent recession. The Townships of Cranberry, Adams, Middlesex, Clinton, and Buffalo are anticipating accelerated growth as they add infrastructure supportive of population growth resulting primarily from an influx of residents moving from neighboring counties. Butler County has continued to gain population during the last decade, with the County's population growing by more than five percent in the last census. The median age of a County resident is 41 years, according to the U.S. Census Bureau. The southern portion of the County has been experiencing considerable growth since the completion of Route 28 and Interstate 279, with the most notable growth seen in the areas surrounding Interstate 79 and Route 228. Furthermore, the growth of Butler County's tax base has paralleled the boom in residential and commercial construction.

The real estate tax on a parcel of property is determined by applying the County's millage rate to the property's assessed value. Any changes to the millage rate occur in the month of December, when the County's budget is acted on by the Commissioners. In 2015, the County Commissioners adopted a budget that maintained the same tax rate as the previous year, at 24.63 mills. However, during the same year, the assessed value of taxable property grew by over \$30 million, to \$1.75 billion, according to County assessment records.

Exploration of the Marcellus Shale gas formation continued to impact Butler County residents in 2015. Undoubtedly, many property owners have benefited financially in recent years from efforts to extract natural gas and other products from this enormous reservoir, which runs approximately a mile below the surface in parts of Pennsylvania. Another natural gas reservoir, which exists beneath the Marcellus formation and is known as the Utica Shale, was recently explored in Butler County near Portersville in Muddy Creek Township.

At the end of 2015, Butler County had a total of 403 unconventional producing wells, according to the Pennsylvania Public Utility Commission. That number represents a 18% increase over the 341 wells in place at the end of 2014. With the passage of Act 13 in 2012, the County began to receive a portion of the annual impact fees collected from natural gas companies. Butler County was allotted over \$1.9 million of 2015 impact fees, down from \$2.1 million in 2014.

According to the PA Department of Labor & Industry, the County's unemployment rate was 3.8% at the end of 2015 - one of the lowest rates among Western Pennsylvania counties. For instance, Westinghouse remains the County's largest employer, with its headquarters in Cranberry Township. Also headquartered in Cranberry Township is Mine Safety Appliances (MSA), the world's largest manufacturer of safety equipment and systems for industrial workers. Additionally, PPG Industries recently established its North American Architectural Coatings headquarters in Butler County.

Transportation

For years, the County has benefited from an extensive transportation system. Indian trails that traversed the County brought traders and explorers on their way to Erie from Pittsburgh. Today, Interstate 79 follows a similar route as it courses through the western portion of the County. Continuing, Interstate 80 touches the northern border of the County on its journey connecting New York with San Francisco. Both interstates have interchanges affording travelers direct access to the County's other major highways. Specifically, the Pennsylvania Turnpike (Interstate 76) runs along the County's southwestern border, and the Allegheny Valley Expressway (Route 28) crosses the southeastern corner of the County. The Cranberry Connector created a new interchange in southwestern Butler County and provides direct access to the Turnpike from Interstate 79. This project has reduced traffic congestion at the intersection of Route 19 and Route 228, one of the busiest corridors in Western Pennsylvania. Construction completed in 2014 alleviated some of this congestion by adding additional ramps and widening lanes. The project expanded a section of Route 228 about a mile from Route 19 to four westbound and three eastbound lanes. New ramps off of I-79 in Harmony were also recently installed near the newly developed Jackson's Pointe Commerce Park.

Railroads serving the County include the Buffalo and Pittsburgh, the Bessemer and Lake Erie, Norfolk Southern, and the CSX Railroad. Pittsburgh International Airport, providing commercial airline service, is less than a one-hour drive for most County residents. Also, local airports include the Butler County Airport, Zelienople Municipal Airport, Butler Farm Show Airport, and Lakehill Airport. In addition, numerous motor freight carriers conducting business in the County provide commercial trucking service; and the County has access to the nation's largest inland waterway via an Allegheny River port.

Education

Butler County is one of only two counties in Pennsylvania to have both a community college and a State university. Butler County Community College (BC3) opened in 1966, and has been recognized as a regional community college. BC3 is governed by 16 trustees who are appointed by the County Commissioners. The college offers 63 associate degrees, as well as both career and transfer programs. Citizens from the Borough of Slippery Rock founded Slippery Rock Normal School in 1889. The institution was later purchased by the Commonwealth and renamed Slippery Rock State Teachers College. The institution achieved University status in 1989; and Slippery Rock University (SRU) is now a member of the State System of Higher Education. Several other major colleges and nationally ranked universities are within the region surrounding the County, and many of these institutions offer courses and degrees at the Regional Learning Alliance located in Cranberry Township.

Health Care

Butler Health System (BHS) operates Butler Memorial Hospital, an acute-care general hospital that serves Butler County. BHS also offers four FastERcare (urgent care) facilities and provides primary care as well as specialty care services. UPMC Passavant Hospital has a campus in Cranberry that serves the area as a tertiary care center. It also is one of the locations for STAT MedEvac, which provides air medical transport. Allegheny Health Network is also a provider of aeromedical transportation, with one of its LifeFlight emergency medical helicopters situated at the Butler County Airport. The Butler Veterans Administration (VA) Hospital is located in Butler Township and provides primary care, behavior health, rehabilitation, and extended care to veterans.

Parks & Recreation

The County's premier recreational site is Moraine State Park, a sixteen thousand acre state park surrounding Lake Arthur. The park occupies portions of Brady, Clay, Franklin, Muddy Creek, and Worth Townships and offers hiking, bicycling, boating, swimming, camping, picnicking, and hunting & fishing activities. The park has twice hosted the National Boy Scout Jamboree; and it features Lake Arthur, a 3,225-acre man-made lake with over 42 miles of scenic shoreline. Adjacent to Moraine State Park is the home of the Jennings Environmental Center, site of the only relic prairie in the eastern United States; and its primary goal is to provide environmental education to the citizens of Pennsylvania. Then, located just outside of the County is McConnell's Mill State Park, which is most noted for its gristmill, covered bridge, and gorges, carved by a cascading Slippery Rock Creek.

Butler County maintains Alameda Park, which provides over 408 acres of scenic woodlands, a number of picnic shelters, and an Olympic-size public pool. Noteworthy, many larger communities in the County maintain parks, as well as sports and swimming facilities. As an example, Butler Township recently opened Preston Park, which offers nearly a hundred acres of walking trails, fishing ponds, wildlife, and unique plants. Equally notable, Cranberry Township operates a waterpark and a highly-ranked municipal golf course. Unsurprisingly, there are also numerous fishing streams and game lands.

Pullman Park was built in 1934 by volunteers on land leased from the Standard Steel Car Company. During its prime, historic Pullman Park was home to minor league (farm) teams of the New York Yankees, Cleveland Indians, Detroit Tigers, and Pittsburgh Pirates. The Redevelopment Authority of the City of Butler recently assumed ownership and obtained funding for construction of the new Pullman Park. As a result, County residents can currently enjoy all home games of the locally-owned Butler Blue Sox franchise.

Construction for the new UPMC Lemieux Sports Complex was completed and opened last year. Situated in Cranberry Township, this state-of-the-art facility is named after Hall of Fame hockey player Mario Lemieux, and is a partnership between UPMC and the Pittsburgh Penguins. This complex is the primary practice and training facility for the Penguins, and serves as a comprehensive outpatient facility for UPMC Sports Medicine. It features two rinks, and local officials expect the facility to be a major recreational attraction in Butler County. The first rink is an exact replica of Console Energy Center located in Pittsburgh, and will be used exclusively by the Penguins. The second rink will be scheduled for hockey leagues, tournaments, and public ice skating. Besides being a destination for recreation, athletes of any skill level have access to cutting-edge injury prevention, treatment, and sports performance services from experts in sports medicine. Furthermore, the complex also features a first-of-its-kind medical facility where patients of all ages are afforded access to primary care, orthopedic, physical therapy, and imaging services.



History

The County's historical tapestry is rich and colorful, and is recognized as the "Birthplace of the Jeep." In 1940, the Bantam Car Company of Butler won the U.S. Army's contract for the development of a four-wheel drive, light-weight transport vehicle. The design and initial manufacturing of this vehicle, commonly known as the Jeep, was at the Bantam Car plant in Butler County. General Eisenhower considered the Jeep as one of the major factors contributing to the Allies' victory in World War II.

Butler County has a rich history that has fostered a number of historical societies, including ones in Butler, Cranberry, Evans City, Harmony, Lancaster, Mars, Prospect, Saxonburg, Slippery Rock, Valencia and Zelienople. Historical preservation efforts have restored many original homes and businesses dating to the early nineteenth century. One well-known example is the Harmonist Society preservation. Harmonists settled in what is now Harmony Borough, which has been designated as a National Historical District. Other notable preservations include the Old Stone House, the Lowrie House, the Little Red School House, and the Cooper Cabin Pioneer Homestead.

About a decade ago the County completed a project of affixing historical markers along the path taken by George Washington through the County in 1753. The markers display the likely course followed by the future President as he carried out a diplomatic mission to the French garrison at Fort LeBoeuf, near present-day Erie. During Washington's trek through Butler County, he narrowly escaped death when an Indian assailant fired upon him at close range with a musket. Hence, a large stone marker was placed in Forward Township along Route 68 to identify the approximate site of the assault that marks our County's historical connection to the French and Indian War.

Culture

Many local organizations provide the local community with a reasonably priced opportunity to enjoy culture and the arts. These include the Butler Arts Council, Associated Artists of Butler County, Blazing Star Choral Society, Butler Little Theater, and Musical Theater Guild. Also of importance, the Butler County Symphony has been considered as one of the State's finest regional professional orchestras, providing quality orchestral performances within a community framework for over 50 years. Cultural opportunities also include the Maridon Museum, which offers entire collections that were gifts endowed by the late Mary Hulton Phillips. Located in the City of Butler, this museum contains an outstanding collection of Chinese and Japanese art objects. It should be noted that it is the only museum in the Western Pennsylvania region with a specific focus on Asian art and culture.

Tourism

Counties in Pennsylvania have the option of imposing a bed tax on overnight lodging charges. Butler County established a bed tax on January 1, 2002 at a 3% level, and collections from the tax exceeded \$1.5 million in the past year alone. Importantly, all collections must be used exclusively for tourism promotion through the County's designated tourism promotion agency. Founded in 2002, the Butler County Tourism & Convention Bureau was designated by the Butler County Commissioners as the official tourism promotion and development organization for the County. Members of the Bureau represent agritourism, fairs & festivals, golf, history, great outdoors, arts & culture, family fun, dining, shopping, and accommodations. Annually, the Tourism Bureau hosts the Bantam Jeep Heritage Festival, which includes the signature Jeep Invasion in downtown Butler, a Jeep Playground, off-road Jeep trails, a World War II encampment, and other historical exhibits. The Tourism Bureau also organizes the Butler County Farm Tour. This yearly event showcases the farming community while promoting the agricultural industry.

Agriculture

Butler County is an active participant in the Pennsylvania Farmland Preservation Program, which funds the creation of agricultural easements, protecting qualifying farmland from future development. The program provides a financial incentive to eligible farmers who choose to maintain their land exclusively for farming purposes; and through this program, the County's Conservation District has secured 48 farms totaling 5,314 acres of farmland.

The County's Conservation District also provides services for erosion control, obstruction & encroachments, nutrient management, and dirt & gravel road maintenance. The Conservation District is governed by a nine-member Board of Directors that includes one County Commissioner. Directors are appointed by the County Commissioners. According to the most recent agriculture census, there are 1,061 farms in Butler County, with over 136,237 acres of farmland. Also, through the county-based partnership with the Penn State Extension, local residents and businesses benefit from a range of educational programs.

Veteran Affairs

The County's large population of military veterans is served by the County's Veterans Service's office and several active VFW and American Legion Posts. The primary purpose of the office is to assist veterans and their spouses with the filing of claims to the United States Department of Veteran Affairs. It also conducts a Memorial Day Ceremony and a Veterans Day Program. The office also assists with organizing the Memorial Day and Veterans Day parades. Additionally, the office assists in building memorials and paying a small allowance to resident veterans and their spouses to alleviate burial expenses.

MAJOR INITIATIVES AND FACTORS AFFECTING FINANCIAL CONDITION

The County remains a leader in the implementation of emergency management and 911 technologies. It was among the first counties in Pennsylvania to install an enhanced 911 system that automatically displays a caller's physical location when an emergency call is received at its 911 Emergency Facility. This is of major importance because a strong majority of the County's 911 calls originate from cell phones. During 2015, the state legislature increased the monthly fee to \$1.65 on all phone subscribers to help offset the cost of emergency calls from both landline and cell phones. Regrettably, the County has received only a fraction of its eligible reimbursable expenses related to emergency phone calls.

Economic development is encouraged by the County through an annual appropriation to the Butler County Community Development Corporation, and it makes sizeable contributions to its two component units: the Butler County Airport Authority and the Butler County Community College (BC3). Although the Airport Authority operates autonomously from the County, the County remains financially accountable for the Airport Authority. However, funding for Community College is guided by state law. When the state legislature passed the Community College Act of 1963, it was intended that the costs of operating a community college would be shared equally among the County (the sponsor), the Commonwealth of Pennsylvania, and local tuition. Nevertheless, the legislation requires that the remaining operating expenses, after tuition and state appropriations have been deducted, are to be assumed by the sponsor.

Butler County has promoted access to public libraries by appropriating funds to its Federated Library System (BCFLS). The County has community libraries in Butler, Chicora, Cranberry, Evans City, Mars, Prospect, Saxonburg, West Sunbury, and Zelienople. The BCFLS also operates a traveling Book Mobile.

The County continues to maintain its membership with the Southwestern Pennsylvania Commission (SPC). The SPC is a ten-county metropolitan planning organization responsible for prioritizing the use of all state and federal transportation and economic development funding allocated to the region.

County officials continue to plan and promote initiatives for economic growth and job development. These initiatives are designed to enhance the overall quality of life for the citizens of Butler County, while simultaneously maintaining lower property taxes. Tax revenues continue to grow for many taxing districts in the County, especially those located in areas experiencing significant residential and commercial growth. Yet even with a relatively static millage rate in the past few years, Butler County property tax revenues continue to increase. This may be seen in 2015, when revenues from taxes increased by over \$600,000—without a tax increase! Regardless, property taxes constitute over three-fourths of General Fund revenues, while the remaining fourth is acquired through charges for services, fines, forfeitures, and fees.

ACCOUNTING SYSTEM, INTERNAL CONTROL, AND FINANCIAL POLICIES

All Governmental Funds are accounted for on the modified-accrual basis of accounting, while the Agency Funds are on a full-accrual basis of accounting. The government-wide financial statements are prepared under GASB Statement No. 34 on the full-accrual basis of accounting. Under modified-accrual, revenue is recorded when susceptible to accrual and is considered both measurable and available. "Available" is defined as collectible within the current period or soon enough thereafter to pay current liabilities.

Expenditures are generally recognized when the related fund liability is incurred, except for: (1) disbursements for inventory items, which are recorded as expenditures at the time of purchase and (2) principal and interest on long-term debt, which is recognized when it becomes due. Financial statements for the Proprietary and Fiduciary Funds are maintained on a full-accrual basis, with revenue recognized when earned and expenses recorded when incurred.

The adequacy of internal control is given consideration when evaluating the County's accounting system. Internal accounting controls are intended to provide reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition; the financial records used for preparing financial statements are reliable; and accountability for assets is properly maintained. The concept of reasonable assurance recognizes that the cost of maintaining an internal control procedure should not exceed the benefits likely to be derived from it, and also recognizes that any evaluation of cost and benefits involves the use of estimates and judgments by management.

Commissioners are required to adopt an annual budget resolution by the end of each year. The County maintains budgetary controls that ensure compliance within the provisions set by the resolution and Pennsylvania statute. The Budget Director and the County Controller maintain budgetary control at the departmental level through a monitoring and review process, and a description of the budget process is provided in notes to the financial statements.

The commissioners must authorize any expenditure that would cause the budgetary control to be exceeded through a public action. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

EXPLANATION OF FUND STRUCTURE

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts, comprising of its assets, liabilities, fund equity, revenues and expenditures.

SUMMARY OF 2015 FINANCIAL ACTIVITY INCLUDING SIGNIFICANT POLICY DECISIONS AFFECTING THE FINANCIAL STATEMENTS

The governmental funds within the County include the General Fund, thirty-nine Special Revenue Funds, six Capital Project Funds, and a Debt Service (sinking) Fund. The governmental funds' total revenues equal \$95,031,004 and total expenditures equal \$100,106,033 for the year. The County also has two Proprietary Funds, a Fiduciary (trust) Fund, and nine Agency Funds.

General Fund revenues, and transfers-in of \$2.9 million, totaled \$57,065,155. General Fund expenditures and transfers-out of \$5.6 million, totaled \$55,785,107. The schedule appearing on page I-15 displays the 2015 General Fund expenditures, including transfers, by administrative category. For the purposes of this trend analysis, the schedule provides a summary comparison between the 2015 and 2005 expenditures. Compared to 2014, total General Fund revenues, including transfers, increased by \$554,513; however, total General Fund expenditures, including transfers, decreased by \$2,059,343.

The reader is directed to the Management's Discussion and Analysis (MD&A) section of this report for further narrative regarding the County's year-end financial condition and outlook. The MD&A is intended to present an analysis of the 2015 financial performance, and to provide the reader with additional commentary. The Commissioners, through the Director of Administration and Chief Clerk, are responsible for the preparation and content of the MD&A.

Butler County's Employee Pension Fund is a fiduciary account established under Pennsylvania Act 96 and offers a defined benefit retirement plan for all eligible County employees. At the end of 2015, the plan's net position held in trust totaled \$175,922,688, and reported a net pension liability of \$32,972,843. The County Pension Fund had 665 active and vested members, and the number of retirees or beneficiaries totaled 578 on December 31, 2015. It should be noted that the County's Pension Fund appropriation represents one of the largest components of the County's budget, as evidenced by its 2015 contribution of \$5,052,744. With approximately half of this appropriation being reimbursed by the State, the County continues to make its actuarially determined employer contribution each year.

As of the most recent actuarial valuation date, the County had funded over 88% of its total pension obligation, a level considered within acceptable standards for an employee pension plan. The County Retirement Board has endorsed the use of conservative actuarial assumptions in valuing its pension liability. Butler County provides no other post-employment benefits (OPEB) except those established through its Pension Plan, or does it have any existing or potential liabilities for benefits granted to employees in prior years.

General Fund Expenditures by Office

For the Periods Ending December 31, 2005 and December 31, 2015

	2005	2015	Change	Per Year %
<u>Board of Commissioners:</u>				
Alameda Park & Pool	\$ 299,413	\$ 427,683	\$ 128,270	4.28%
Budget & Finance	87,621	111,037	23,416	2.67%
Central Phone	131,282	96,663	(34,619)	(2.64%)
Commissioners	575,764	787,093	211,329	3.67%
County Solicitor	114,823	151,189	36,366	3.17%
Election Bureau	332,144	496,622	164,478	4.95%
Facilities & Operations	1,283,107	2,165,382	882,275	6.88%
Grants Management	197,878	190,380	(7,498)	(0.38%)
Information Technology	451,671	786,258	334,587	7.41%
Mail Room	279,925	278,971	(954)	(0.03%)
Motor Pool	62,183	137,162	74,979	12.06%
Personnel	302,424	495,883	193,459	6.40%
Planning Commission	203,042	246,500	43,458	2.14%
Public Defender	477,788	882,233	404,445	8.46%
Purchasing	95,141	27,838	(67,303)	(7.07%)
Property & Revenue	884,526	1,347,900	463,374	5.24%
Tax Collectors	400,730	294,382	(106,348)	(2.65%)
Veterans' Services	175,140	302,059	126,919	7.25%
Prison	5,453,891	10,986,225	5,532,334	10.14%
Other County Program Subsidies	4,349,477	4,002,846	(346,631)	(0.80%)
Outside Organization Contributions	5,579,173	5,871,701	292,528	0.52%
Debt Service	4,152,242	4,614,747	462,505	1.11%
Miscellaneous	3,360,816	1,301,216	(2,059,600)	(6.13%)
Total - Board of Commissioners	\$ 29,250,201	\$ 36,001,970	\$ 6,751,769	2.31%

Court of Common Pleas:

Common Pleas / Corrections / DR	\$ 5,454,017	\$ 8,834,783	\$ 3,380,766	6.20%
Magisterial District Judges	1,618,028	2,237,781	619,753	3.83%
Total - Court of Common Pleas	\$ 7,072,045	\$ 11,072,564	\$ 4,000,519	5.66%

Row Offices:

Clerk of Courts	\$ 670,640	\$ 943,788	\$ 273,148	4.07%
Controller	540,757	593,715	52,958	0.98%
Coroner	288,960	445,863	156,903	5.43%
District Attorney	993,592	1,972,749	979,157	9.85%
Prothonotary	492,553	763,731	271,178	5.51%
Recorder of Deeds	390,899	542,031	151,132	3.87%
Register of Wills / Orphans' Court	405,666	583,357	177,691	4.38%
Sheriff	1,365,015	2,340,855	975,840	7.15%
Treasurer	318,915	524,484	205,569	6.45%
Total - Row Offices	\$ 5,466,997	\$ 8,710,573	\$ 3,243,576	5.93%
GENERAL FUND TOTAL	\$ 41,789,243	\$ 55,785,107	\$ 13,995,864	3.35%

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association awarded the County's 2014 CAFR its *Certificate of Achievement for Excellence in Financial Reporting*. This represents the fourteenth consecutive year in which the County has achieved this eminent award. To earn the Certificate of Achievement, the government entity must produce a well-organized, easily readable, comprehensive financial report that satisfies all GFOA requirements, while simultaneously meeting specific accounting and auditing standards. A Certificate of Achievement is valid for only one year. Since we believe that the 2015 CAFR continues to meet the requirements established by the Certificate of Achievement Program, we are submitting this year's report to the GFOA review process for eligibility.

I wish to acknowledge the assistance of those who contributed to the report's successful completion this year, and also to recognize those who have assisted in its successful completion in past years. Additionally, appreciation is extended to the Board of County Commissioners, the County Treasurer, the County Planning Department, and the County Property and Revenue Office.

Much appreciation is also expressed to the row offices and departments supplying the information presented in the statistical section. Thank you also, Maher Duessel, for your support in successfully completing this report.

It is especially for the dedicated staff in the Controller's office that I reserve the fullest and greatest measure of appreciation and gratitude. Thanks, team!

Respectfully submitted,



Benjamin Holland
County Controller



Staff of the Butler County Controller's Office
Photo: Tom Graham, Frames & Pixels



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

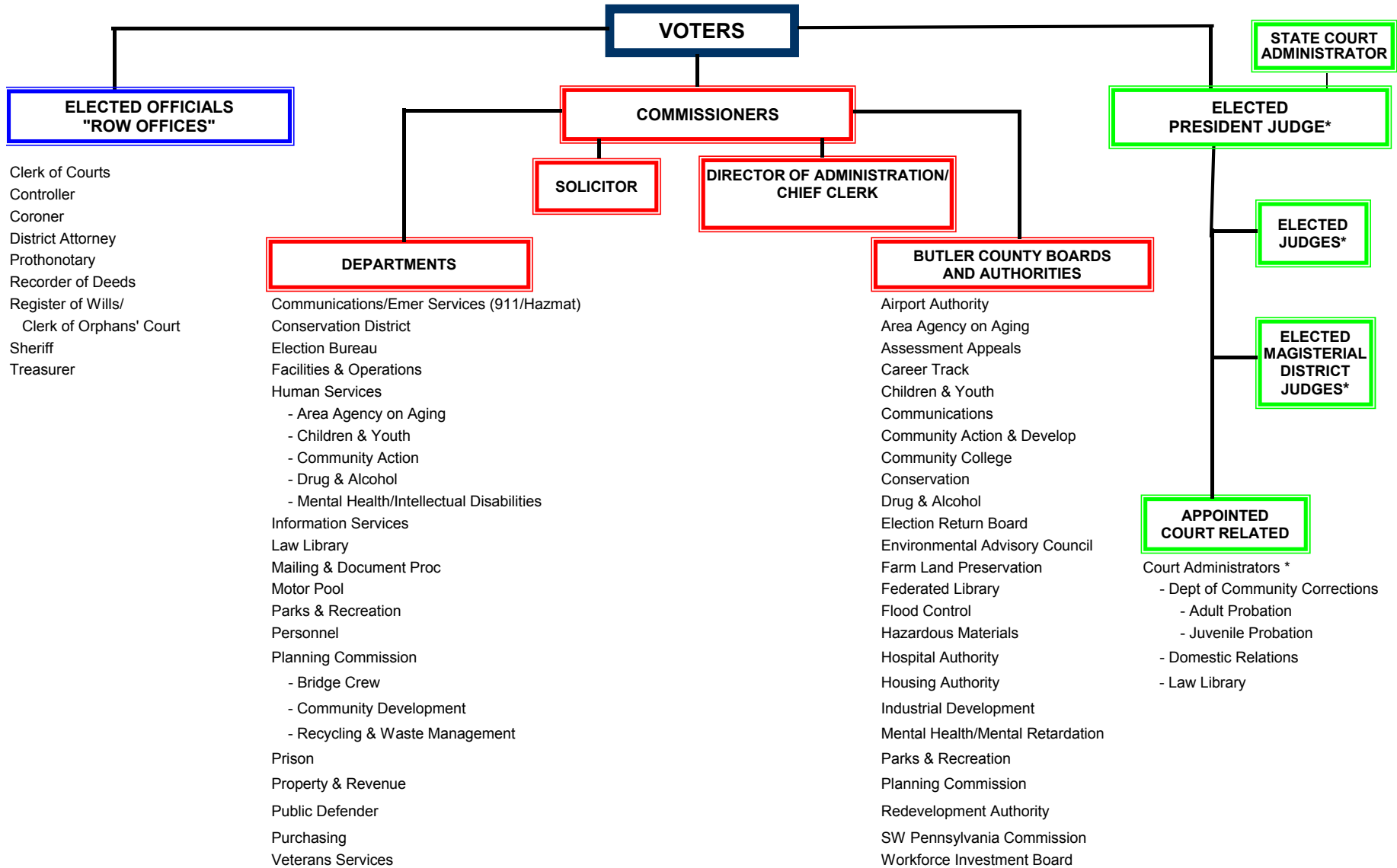
**County of Butler
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

COUNTY OF BUTLER ORGANIZATIONAL CHART

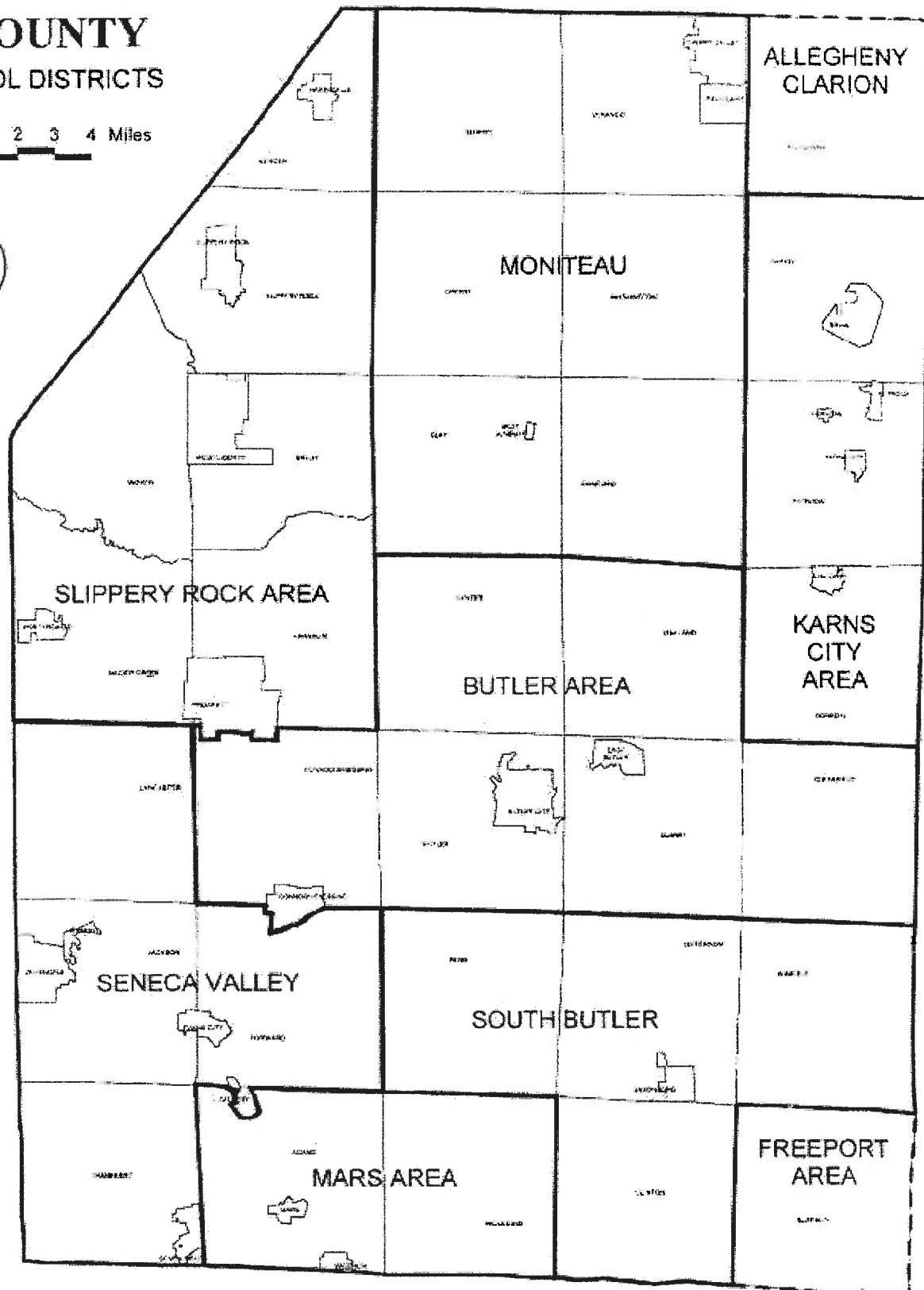


*Employees of the Commonwealth of Pennsylvania

BUTLER COUNTY

SCHOOL DISTRICTS

1 0 1 2 3 4 Miles

Source: Butler County Planning Commission Comprehensive Plan PH1 2000



FINANCIAL SECTION

Independent Auditor's Report

Board of County Commissioners and
County Controller
County of Butler, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Butler, Pennsylvania, (County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the County to record its net pension liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages II-3 through II-25 and IV-1 through IV-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor 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 nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maher Duessel

Pittsburgh, Pennsylvania
June 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The management of the County of Butler (County) is pleased to present to the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2015. The information contained herein should be considered in conjunction with the additional information that we have furnished in the letter of transmittal (pages I-2 to I-17), the basic financial statements (pages III-1 to III-13), and the notes to financial statements (pages III-14 to III-96).

Financial Highlights

- During 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68 "*Accounting and Financial Reporting for Pensions,*" and Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date.*" These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 7 to the financial statements for further discussion). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with a decrease of \$22,464,633 and the proprietary fund net position as of January 1, 2015 was restated with a decrease of \$1,100,909 to record the County's net pension liability.
- The County's net position increased \$3,001,482 to \$39,786,507 in 2015, and unrestricted net position was approximately (\$2.3 million) at December 31, 2015.
- The County's real estate property tax rate for general purpose remained at 20.688 mills, and the tax rate for debt service remained at 3.94 mills.
- At December 31, 2015, the County had approximately \$43.5 million of debt outstanding. This represents a net decrease of approximately \$2.4 million.
- The total fund balance of the General Fund at December 31, 2015 was approximately \$9.0 million. The assigned fund balance for the 2016 budget is \$3.35 million, which represents approximately 5.4% of the revenue projected for 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: *government-wide financial statements*, *fund financial statements*, and *notes to financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

A detailed explanation of all three components follows:

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

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick 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: general government, criminal justice system, public safety, public works, human services, culture and recreation, and conservation and development. The business-type activities of the County include Health Choices, and the Emergency Communications 911 Center.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the component units of Butler County Community College and the Butler County Airport Authority, over which the County exercises some degree of control. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Each of the component units issues separate financial statements. The government-wide financial statements can be found on pages III-1 and III-2.

- **Fund Financial Statements:** The fund financial statements provide more detailed information about the County's most significant funds. 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 report essentially the same functions presented as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of expendable 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County maintains 47 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the five major funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Children & Youth Services, and Capital Reserve). Data from the other 42 non-major governmental funds are combined into a single, aggregated presentation (*other governmental funds*). Individual fund data for each of these other 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 III-3 to III-8 of this report.

- ***Proprietary Funds*** – The County maintains one type of proprietary fund, namely, *enterprise 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 Health Choices and the Emergency Communications 911 Center.

The proprietary funds statement provides the same type of information as the government-wide financial statements, only with additional detail. The proprietary financial statements provide separate information for Health Choices and the Emergency Communications 911 Center. These proprietary financial statements can be found on pages III-9 to III-11.

- ***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 III-12 and III-13 of this report. It includes the *pension trust fund* and the *agency funds*. The agency funds are the fees, fines, costs, etc., collected by the County Row Officers, held in trust for disbursement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Notes to Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the fund financial statements. The notes to financial statements can be found on pages III-14 to III-96 of this report.
- **Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages IV-1 through IV-4 of this report.
- **Supplementary Information:** The combining statement referred to earlier in connection with other governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages V-1 to V-13 of this report.

Financial Analysis of the County as a Whole

The County is presenting its financial statements as required by GASB Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments."* The statement of net position and the statement of activities report information about the County as a whole and about its activities to measure the results of the year's activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

The County's net position at December 31, 2015 and December 31, 2014 is presented below:

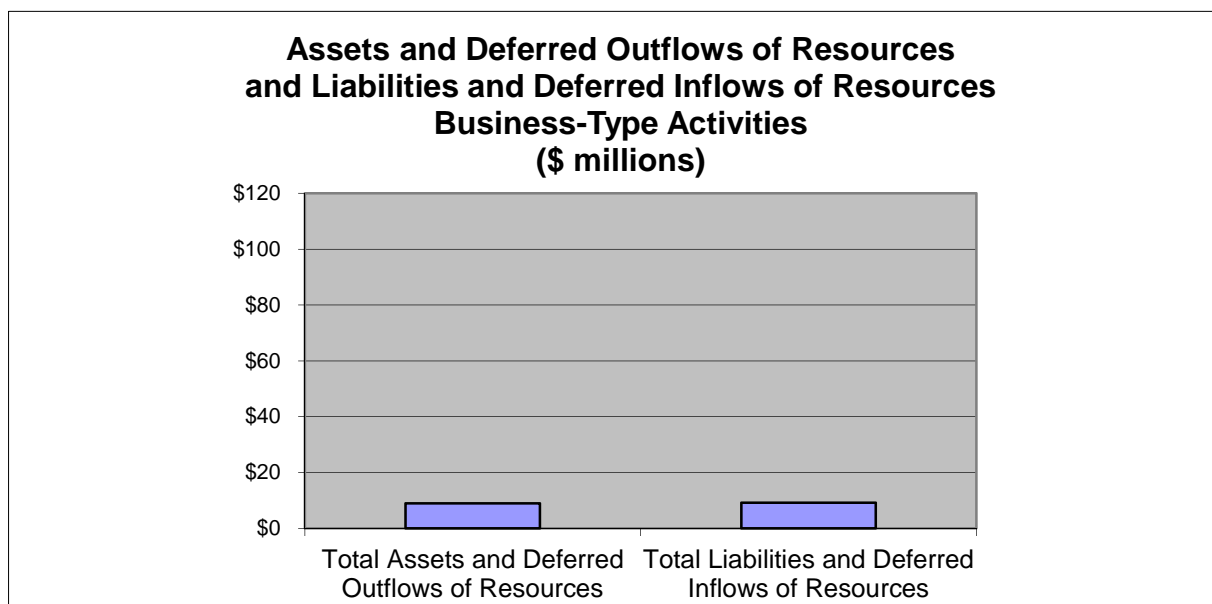
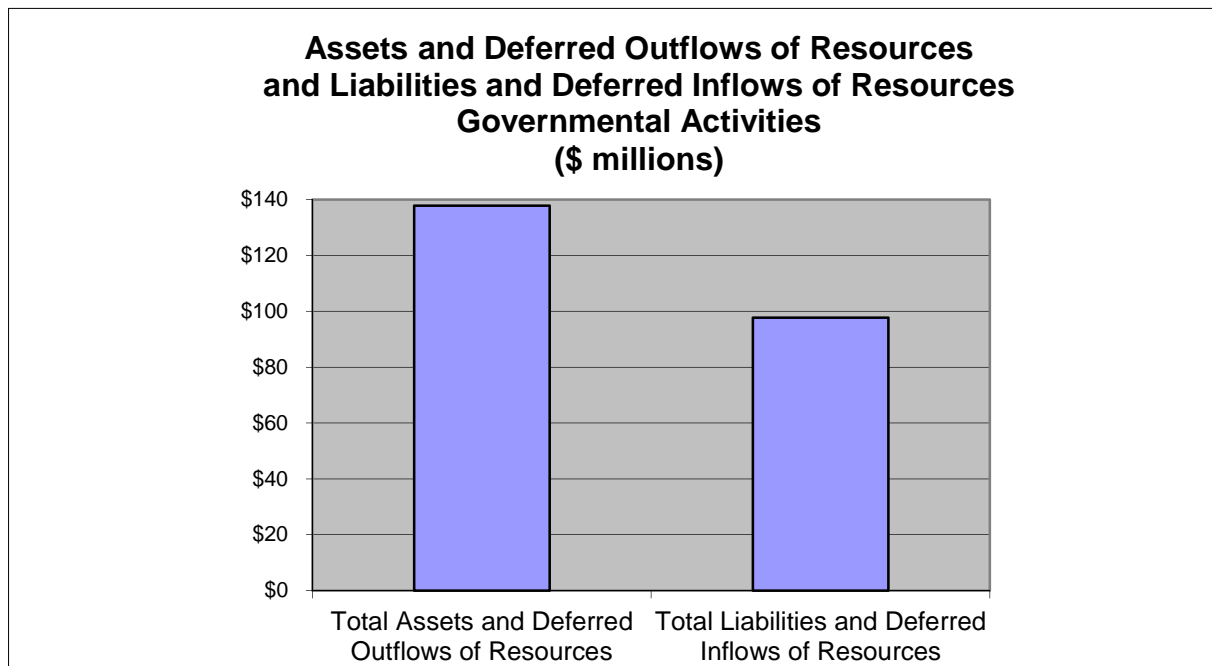
COUNTY OF BUTLER Summary of Statement of Net Position December 31, 2015 (With Comparative Totals at December 31, 2014) (in thousands)						
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 45,190	\$ 44,779	\$ 6,518	\$ 6,676	\$ 51,708	\$ 51,455
Capital assets	79,499	75,979	1,739	2,138	81,238	78,117
Total assets	124,689	120,758	8,257	8,814	132,946	129,572
Deferred charge on refunding	1,336	1,465	-	-	1,336	1,465
Deferred outflows of resources for pension	11,776	-	607	-	12,383	-
Total deferred outflows of resources	13,112	1,465	607	-	13,719	1,465
Current and other liabilities	23,461	17,896	863	785	24,324	18,681
Long-term liabilities outstanding	74,043	67,269	2,852	2,916	76,895	70,185
Total liabilities	97,504	85,165	3,715	3,701	101,219	88,866
Deferred revenue - loans	278	265	-	-	278	265
Deferred revenue - human services funding	-	-	5,357	5,086	5,357	5,086
Deferred charge on refunding	-	-	25	35	25	35
Total deferred inflows of resources	278	265	5,382	5,121	5,660	5,386
Net position:						
Net investment in capital assets	35,893	30,212	(65)	(238)	35,828	29,974
Restricted	6,287	6,940	12	230	6,299	7,170
Unrestricted*	(2,161)	(359)	(180)	-	(2,341)	(359)
Total net position	\$ 40,019	\$ 36,793	\$ (233)	\$ (8)	\$ 39,786	\$ 36,785

*As noted in the Financial Highlights section, net position was restated for 2014 for the cumulative effect of implementation of GASB Statement No. 68. Please see Note 7 for more detailed information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources – By Activity Type

The following graph depicts assets and deferred outflows of resources and liabilities and deferred inflows of resources at December 31, 2015, by activity type:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Discussion of Summary of Net Position – Governmental Activities

At the end of 2015, the County's total net position related to governmental activities increased approximately \$3.2 million. Cash and cash equivalents decreased from \$26.7 million in 2014 to \$12.7 million at the end of 2015 and amounts due from other governments increased from \$5.3 million in 2014 to \$17.6 million in 2015. At the end of 2015, the County's total assets (excluding capital assets) related to governmental activities increased by approximately \$411,000. The significant fluctuations from 2014 compared to 2015 are primarily due to the delay of payments from the state due to a budget impasse.

Deferred outflows increased to approximately \$13.1 million in 2015 from \$1.5 million in 2014. Liabilities increased to approximately \$97.5 million in 2015 from \$85.1 million in 2014. These increases were primarily due to the implementation of GASB Statement No. 68 and Statement No. 71.

Capital assets increased to \$79.5 million in 2015 from \$76 million in 2014. GASB Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported in the government-wide financial statements. Retroactive reporting of projects acquired or finished prior to 2003 occurred during 2007 through the County's implementation of retroactive infrastructure.

Total net position amounted to approximately \$40.0 million, of which \$35.9 million is the net investment in capital assets and \$6.3 million is restricted for various purposes. The remaining (\$2.2 million) is a deficit of unrestricted net position.

Discussion of Summary of Net Position – Business-Type Activities

During 2015, the net position of the County's business-type activities decreased from a deficit of approximately (\$8,000) to a deficit of approximately (\$233,000). Cash and cash equivalents increased by approximately \$290,000, accounts receivable and due from other governments increased by approximately \$926,000, the internal balances decreased by approximately \$1.2 million, and capital assets and prepaids decreased by approximately \$400,000 and \$220,000, respectively. The significant fluctuations from 2014 compared to 2015 are primarily due to the change in the County's 911 allocation, which, as of August 2015, is now received from the state, and based upon a five-year historical data calculation.

Deferred outflows of resources increased by approximately \$607,000, due to the implementation of GASB Statement No. 68 and Statement No. 71. Liabilities and deferred inflows of resources increased by approximately \$275,000, which was also attributable to the implementation of GASB Statement No. 68 and Statement No. 71.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Change in Net Position

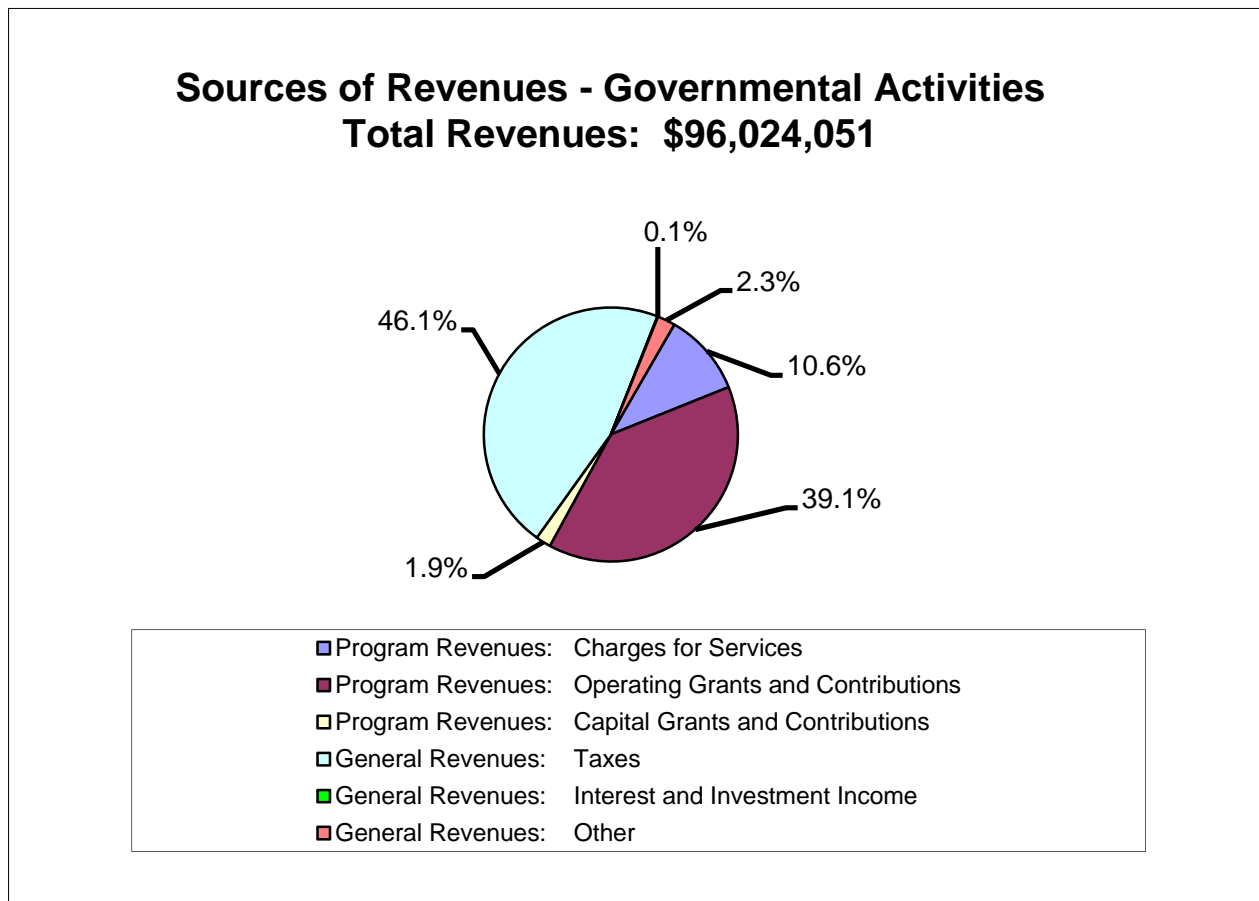
The following table presents the change in net position for the years ended December 31, 2015 and December 31, 2014:

County of Butler Change in Net Position Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014) (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 10,157	\$ 10,229	\$ 30,043	\$ 33,721	\$ 40,200	\$ 43,950
Operating grants and contributions	37,520	36,606	2,128	5,511	39,648	42,117
Capital grants and contributions	1,840	1,804	-	-	1,840	1,804
General revenues:						
Taxes	44,246	43,591	-	-	44,246	43,591
Interest and investment income	77	104	-	1	77	105
Other	2,184	2,515	-	-	2,184	2,515
Gain on sale of capital assets	-	4	-	-	-	4
Total revenues	96,024	94,853	32,171	39,233	128,195	134,086
Program expenses:						
General government - administration	11,009	11,343	-	-	11,009	11,343
General government - judicial	15,361	15,849	-	-	15,361	15,849
Public safety	17,058	17,466	3,291	3,137	20,349	20,603
Public works and enterprises	1,485	1,955	-	-	1,485	1,955
Human services	39,366	39,466	29,436	37,631	68,802	77,097
Culture and recreation	2,570	1,572	-	-	2,570	1,572
Conservation and development	3,949	3,129	-	-	3,949	3,129
Interest	1,669	1,642	-	-	1,669	1,642
Total program expenses	92,467	92,422	32,727	40,768	125,194	133,190
Change in Net Position Before Transfers and Special Items	3,557	2,431	(556)	(1,535)	3,001	896
Transfers	(331)	13,873	331	(13,873)	-	-
Special item - Disposal of operations	-	-	-	10,029	-	10,029
Change in Net Position	3,226	16,304	(225)	(5,379)	3,001	10,925
Net position - beginning, as restated	36,793	41,853	(8)	6,472	36,785	48,325
Cumulative effect of implementation of GASB Statement No. 68	-	(21,364)	-	(1,101)	-	(22,465)
Net position - ending	\$ 40,019	\$ 36,793	\$ (233)	\$ (8)	\$ 39,786	\$ 36,785

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sources of Revenues – Governmental Activities

The following chart graphically depicts the governmental activities sources of revenues for the year ended December 31, 2015:

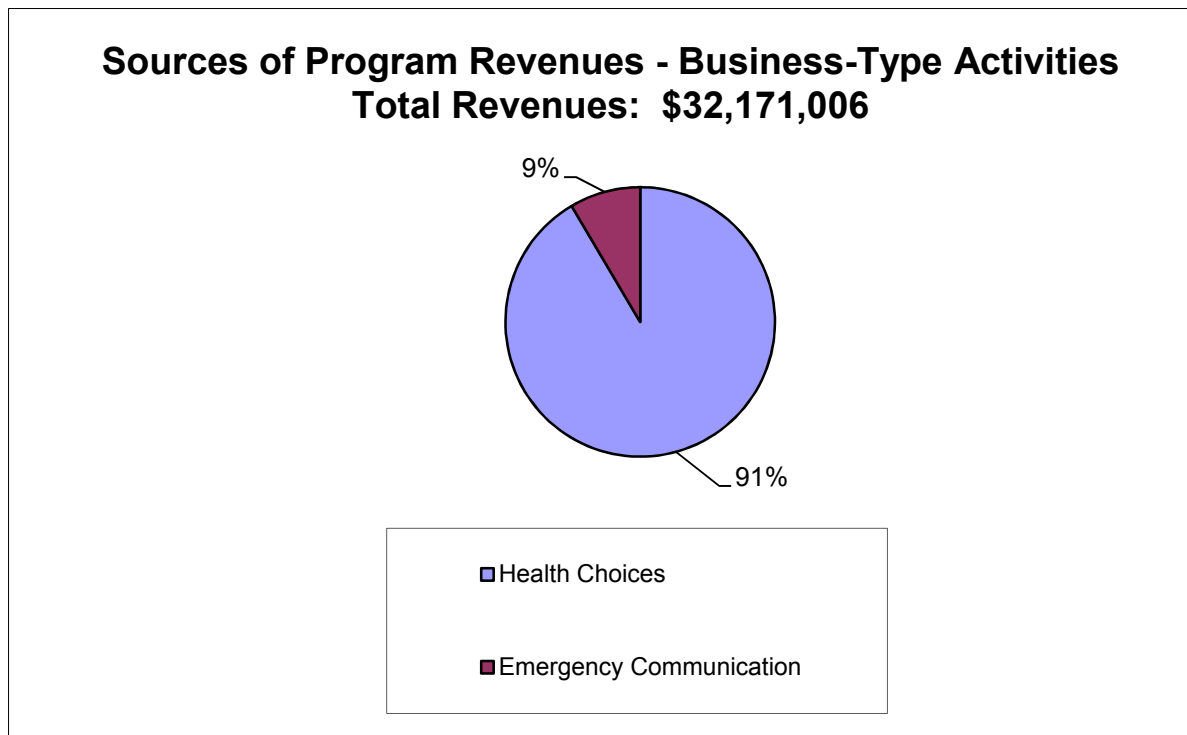


Total revenues from governmental activities for 2015 were \$96,024,051, which was approximately \$1.2 million higher than the 2014 year. Operating grants and contributions account for 39.1% of the 2015 governmental activities revenue, amounting to \$37,520,039 compared to \$36,606,177 in 2014. This difference is due to increased revenues in the Marcellus Shale Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sources of Revenues – Business-Type Activities

The following chart graphically depicts the business-type activities sources of program revenues for the year ended December 31, 2015:

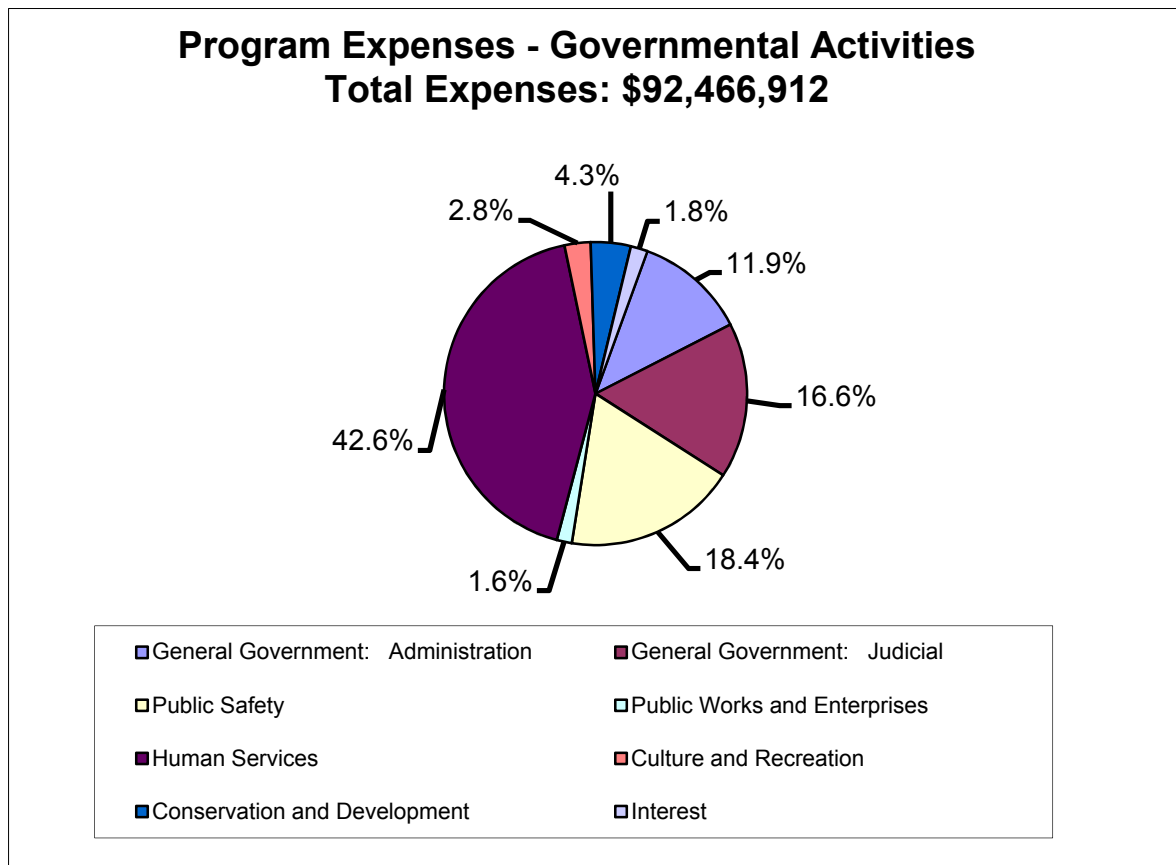


Health Choices and the Emergency Communications 911 Center are the two business-type activities reported with the County. Health Choices revenue remained fairly consistent at \$29.4 million in 2015 compared to \$29.8 million in 2014. The Emergency Communications 911 Center revenues increased to \$2.7 million in 2015 compared to \$2.0 million in 2014. This increase was due to the change in the County's 911 allocation, which, as of August 2015, is now received from the state based on a five-year historical data calculation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Program Expenses – Governmental Activities

The following chart graphically depicts the governmental activities program expenses for the year ended December 31, 2015:

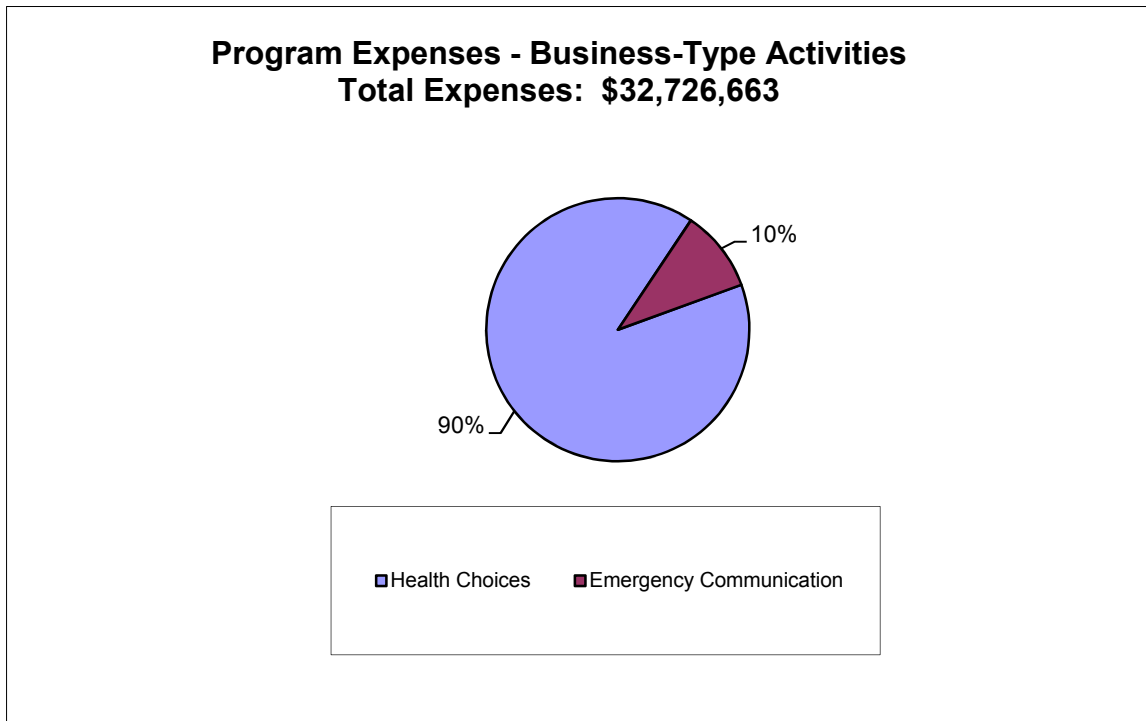


Program expenses for the County's governmental activities amounted to approximately \$92.5 million for the year ended 2015. This compares to \$92.4 million for the year ended 2014. Culture and recreation expenses increased from \$1.6 million in 2014 to \$2.6 million in 2015, due primarily to the renovation of Alameda Pool. Conservation and development expenses increased from \$3.1 million in 2014 to \$3.9 million in 2015 due to increased conservation and development expenses in the Marcellus Shale Fund and increased capital project expenses allocated to economic development. The remaining expense categories were fairly consistent between 2014 and 2015, with slight decreases in the general government – administration, general government – judicial, public safety, public works and enterprises, and human services categories.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Program Expenses – Business-Type Activities

The following chart graphically depicts the business-type activities program expenses for the year ended December 31, 2015:

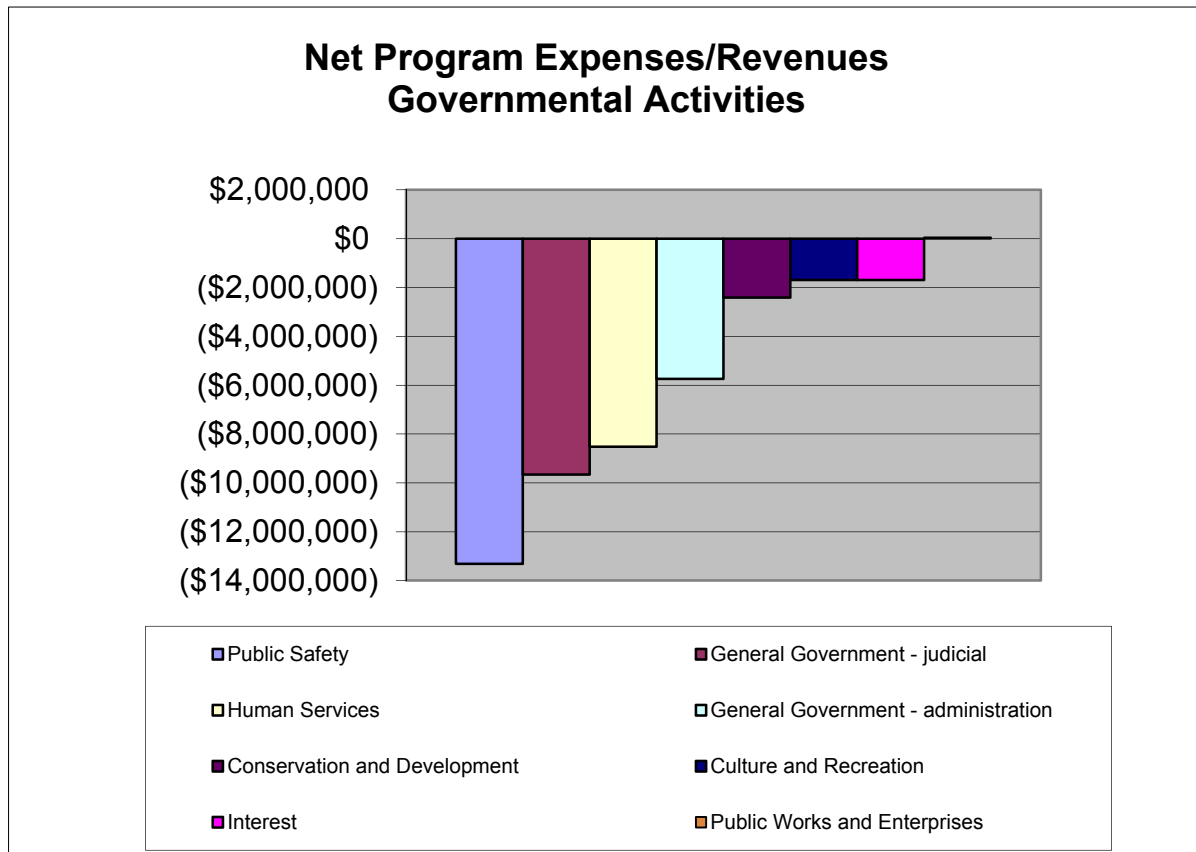


Program expenses for Health Choices remained fairly consistent at \$29.8 million in 2014 compared to \$29.4 million in 2015. The Emergency Communications 911 Center program expenses increased from \$3.1 million in 2014 to \$3.3 million in 2015. The increase was a result of increased salary expense due to additional municipalities that were added to the County's dispatch system in 2015. Program expenses for Sunnyview Nursing and Rehabilitation Center were \$7.8 million in 2014. The County sold the nursing home effective May 17, 2014 and, accordingly, the fund is not included in the 2015 financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Program Expenses/Revenues – Governmental Activities

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The following chart graphically depicts the net program expenses/revenues for governmental activities by function/program for the year ended December 31, 2015:

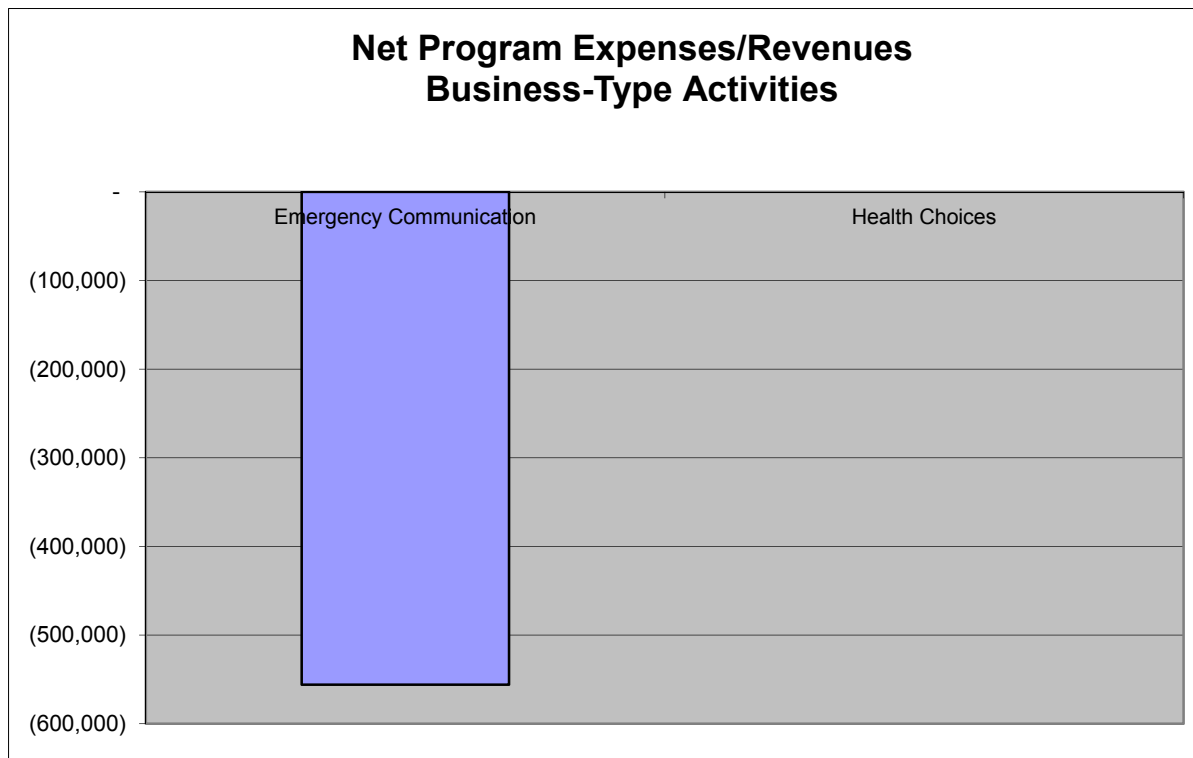


Net program expenses/revenues for governmental activities decreased from (\$43.8) million in 2014 to (\$42.9) million in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Program Expenses/Revenues – Business-Type Activities

The following chart graphically depicts the net program expenses/revenues for business-type activities by function/program for the year ended December 31, 2015:



Net program expenses/revenues for business-type activities increased from (\$1.5) million in 2014 to approximately (\$556,000) in 2015. The change is mainly due to the fact that the County operated Sunnyview Nursing and Rehabilitation Center for part of the 2014 year, prior to the transfer of ownership effective May 17, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the County's Funds

Butler County, located in southwestern Pennsylvania, lies on the edge of the Pittsburgh urban area and has been linked to the Pittsburgh area for employment, recreation, and cultural opportunities. Since 1960, it has been the growth county in the southwest region, with a growth rate of 38% (69,223 persons) between 1960 and 2010. During the last census, the population in the County increased from 174,083 in 2000 to 183,862 in 2010. The County's population is currently estimated to be 186,818.

The County's steady growth can be attributed to its location at the crossroads of several major highways, the availability of developable land served by public utilities, a favorable tax base, and proximity to the Pittsburgh area.

During the year ended December 31, 2015, municipalities within the County issued 3,454 building permits, up from 2,807 issued in 2014. The Assessment Office regularly reminds municipalities of their obligation to report all building permit information to the County as per the current requirements of the Uniform Construction Code. The County assessors also canvass each municipality in search of construction for which building permits have not been issued. The fair market value of real estate increased by \$1.4 billion during 2015 to a total fair market value of \$16.5 billion. The difference results from improvements in the economy and the continued growth of the County.

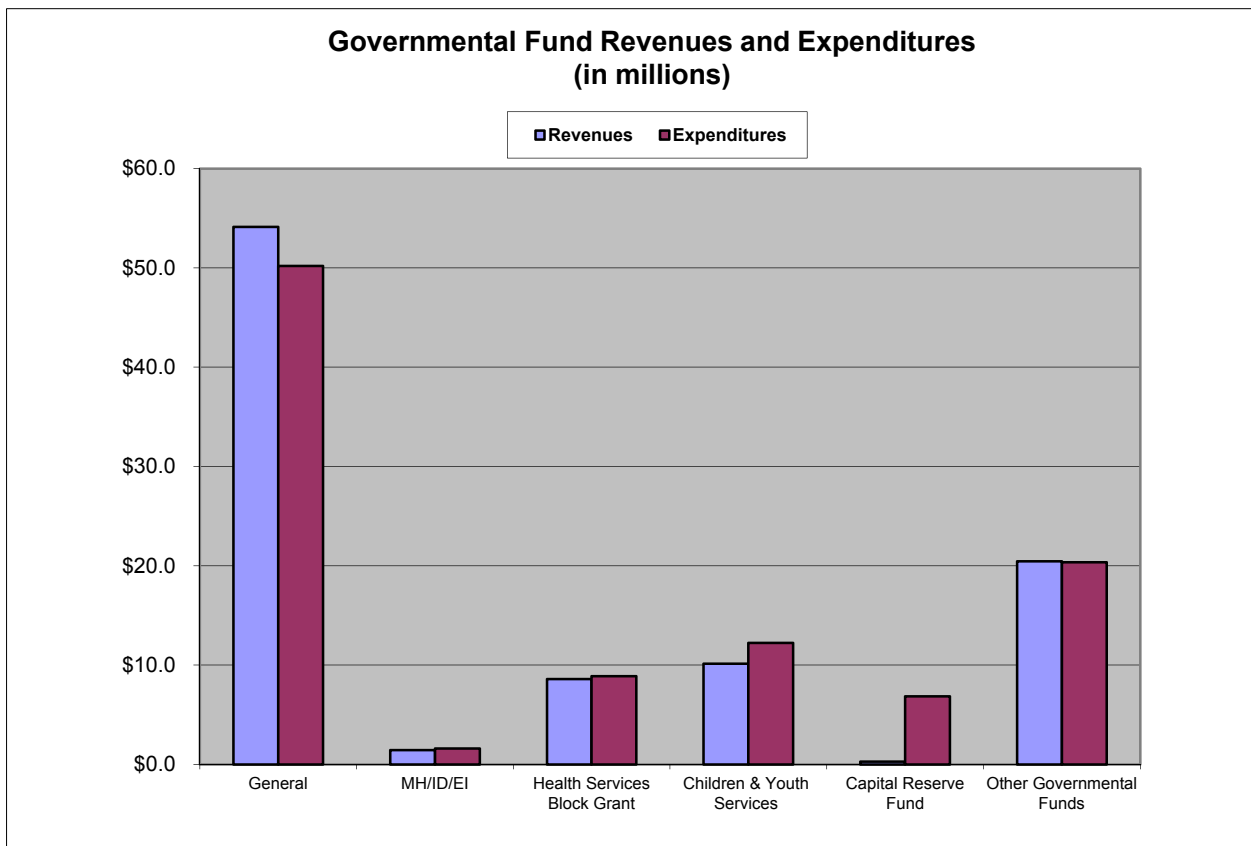
In 2014, the County billed \$203,168 in additional interim taxes. The interim tax bills include new construction from the date of completion for the remaining months in the calendar year. In 2015, the County billed \$199,587 in additional interim taxes.

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has 47 governmental funds; five of them are major funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Children & Youth Services, and Capital Reserve) and 42 are other governmental funds. A complete listing of the other governmental funds is on pages V-1 to V-8. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the County's net spendable resources available at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds Revenues/Expenditures

The following chart graphically depicts the total revenues received and expenditures incurred by the Governmental Funds for the year ended December 31, 2015:

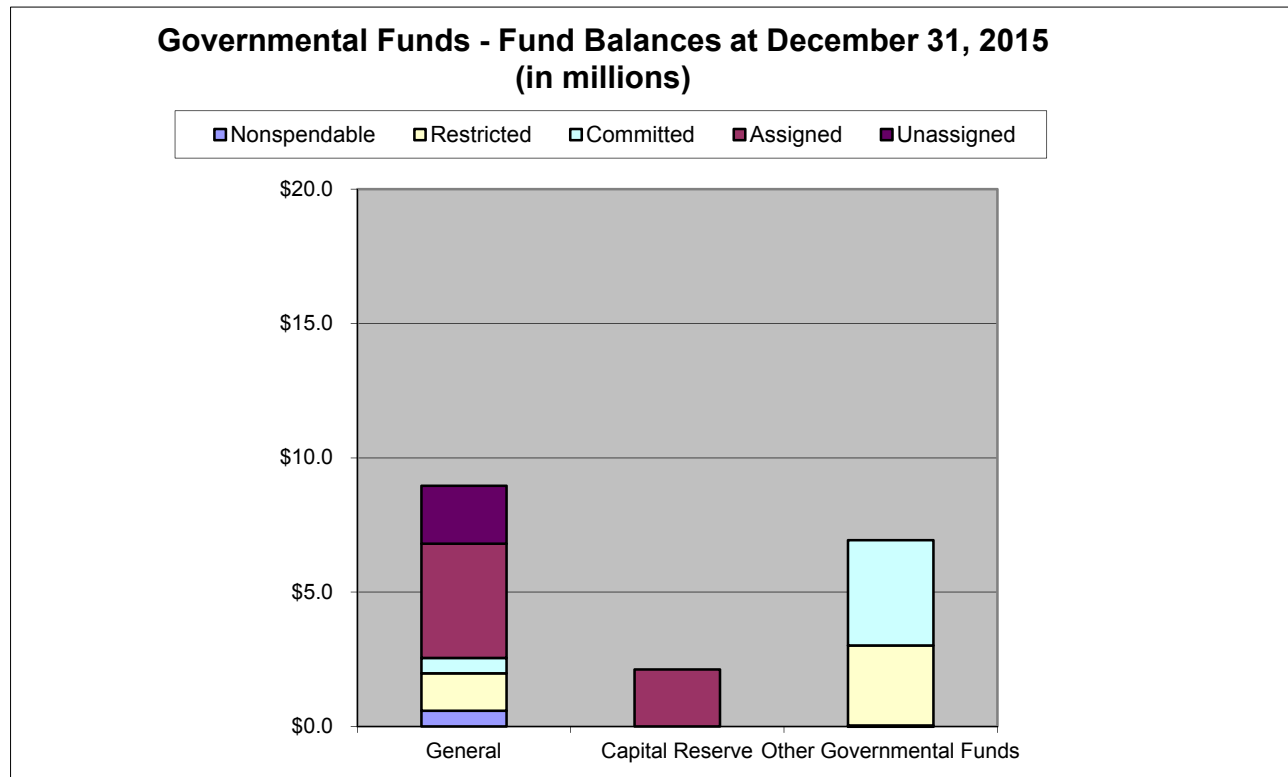


The majority of revenues and expenditures occurred in the General Fund, Health Services Block Grant Fund, and Children & Youth Services Fund in 2015. Under the General Fund, revenue from taxes amounted to \$42.6 million. The Health Services Block Grant Fund and Children & Youth Services Fund received \$8.6 million and \$10.2 million, respectively, in base allocation and grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – Fund Balances

The following chart graphically reflects the Governmental Funds fund balances as of December 31, 2015:



The General Fund fund balance at December 31, 2015 was approximately \$9.0 million, with \$3.4 million assigned for the 2016 budget. This increase from \$7.7 million fund balance at December 31, 2014 is attributable to General Fund revenues (including transfers in) exceeding the General Fund expenditures (including transfers out) by \$1.3 million for 2015. General Fund revenues (including transfers in) exceeded General Fund expenditures (including transfers out) primarily because of a \$2.5 million transfer in to the General Fund from the Marcellus Shale Fund.

The Capital Reserve Fund fund balance at December 31, 2015, was \$2.1 million and was assigned for capital projects. This decrease from approximately \$8.1 million in fund balance at December 31, 2014 is attributable to the construction of the Government Center Annex.

The Other Governmental Funds fund balance decreased slightly from \$7.2 million at December 31, 2014 to \$6.9 million at December 31, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The fund balance in the General Fund for the year ended 2015 increased by approximately \$1.3 million from the 2014 level. At December 31, 2015, the General Fund fund balance was approximately \$9.0 million, of which \$0.6 million was nonspendable, \$1.4 million was restricted for operating reserve and agricultural easements, \$0.6 million was committed for worker's compensation, and \$4.3 million was assigned for worker's compensation, the 2016 budget, and the Conservation District.

There were no significant differences in the General Fund between the original and final budget.

Differences worth noting in the General Fund final budget compared to the actual amounts are as follows:

- Intergovernmental revenue was under budget by approximately \$201,000. Much of this is attributable to an overestimate of revenue proceeds to fund the Butler Truck Study. The project is ongoing and revenue will be received as the consultant progresses.
- Other revenue was under budget by approximately \$555,000. This is primarily attributable to significantly less Marcellus Shale royalties.
- General government administration expenditures were under budget by approximately \$1.5 million. This is attributable to budget overestimates made primarily in salaries, wages and benefits.
- Public works and enterprises expenditures were under budget by approximately \$373,000. This is attributable to an overestimate of expenditures for the Butler Truck Study. The project is ongoing and expenditures will be incurred as the consultant progresses with the study.
- Other expenditures were under budget by approximately \$2.9 million. The County budgeted for contingency expense in the amount of \$3.1 million; however, during 2015, the County had no significant contingency expenses.
- Debt service expenditures were under budget by approximately \$827,000 principally due to the fact that the budgeted debt service had included an irrevocable escrow payment that was ultimately accounted for as a transfer to the Sinking Fund in the amount of \$811,951, to retire outstanding debt in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

The following is a summary of capital assets for the governmental activities at December 31, 2015 and December 31, 2014:

County of Butler Summary of Capital Assets Governmental Activities			
	Balance at <u>December 31, 2015</u>	Balance at <u>December 31, 2014</u>	Increase/ <u>Decrease</u>
Land	\$ 1,704,544	\$ 1,704,544	\$ -
Easements	2,395,858	2,295,858	100,000
Construction in progress	207,298	7,314,957	(7,107,659)
Infrastructure - bridges	26,325,944	25,890,998	434,946
Buildings and improvement	73,357,683	63,766,679	9,591,004
Furniture and equipment	19,483,731	15,548,082	3,935,649
Total capital assets	<u>123,475,058</u>	<u>116,521,118</u>	<u>6,953,940</u>
Less accumulated depreciation/ amortization for:			
Infrastructure - bridges	(13,023,432)	(12,105,185)	(918,247)
Buildings and improvements	(20,068,352)	(18,226,998)	(1,841,354)
Furniture and equipment	(10,884,608)	(10,210,035)	(674,573)
Total accumulated depreciation/ amortization	<u>(43,976,392)</u>	<u>(40,542,218)</u>	<u>(3,434,174)</u>
Net Capital Assets	<u>\$ 79,498,666</u>	<u>\$ 75,978,900</u>	<u>\$ 3,519,766</u>

Capital Assets – Governmental Activities: The County's investment in capital assets and infrastructure for its governmental activities as of December 31, 2015, amounts to approximately \$79.5 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The increase in capital assets is attributable mainly to the construction of the Government Center Annex.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of capital assets for the business-type activities at December 31, 2015 and December 31, 2014:

County of Butler Summary of Capital Assets Business-Type Activities			
	Balance at December 31, 2015	Balance at December 31, 2014	Increase/ Decrease
Land	\$ -	\$ -	\$ -
Construction in progress	-	-	-
Buildings and improvement	-	-	-
Furniture and equipment	7,196,359	7,050,301	146,058
Total capital assets	<u>7,196,359</u>	<u>7,050,301</u>	<u>146,058</u>
Less accumulated depreciation for:			
Buildings and improvements	-	-	-
Furniture and equipment	(5,457,657)	(4,912,596)	(545,061)
Total accumulated depreciation	<u>(5,457,657)</u>	<u>(4,912,596)</u>	<u>(545,061)</u>
Net Capital Assets	<u>\$ 1,738,702</u>	<u>\$ 2,137,705</u>	<u>\$ (399,003)</u>

Capital Assets – Business-Type Activities: The County's investment in capital assets for its business-type activities as of December 31, 2015 amounts to approximately \$1.7 million (net of accumulated depreciation/amortization). The decrease in capital assets is attributable to depreciation expense in excess of current year additions.

More detailed information about the County's capital assets can be found in Note 3 of the notes to financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

At December 31, 2015, the County had total debt of \$43.5 million outstanding on the General Obligation Bonds.

County of Butler Summary of Long-Term Debt		
	Governmental Activities	Business-Type Activities
Beginning Balance at January 1, 2015	\$ 43,775,000	\$ 2,155,000
Additions	-	-
Reductions	<u>(1,960,000)</u>	<u>(510,000)</u>
Ending Balance December 31, 2015	<u>\$ 41,815,000</u>	<u>\$ 1,645,000</u>

In April 2016, the County Commissioners approved the issuance of General Obligation Notes, Series A of 2016 and Series B of 2016. The Series A note will be used to refund \$3,180,000 of the Series 2006 bond issue, which will result in an estimated net savings of approximately \$240,000. The Series B note proceeds will be used to fund capital projects.

Bond Rating

During 2015, the County maintained its bond rating from Standard & Poor's of AA-. The rating reflects the following credit characteristics: the County's strong economy, with access to the diverse Pittsburgh metropolitan statistical area; competent management reflecting adherence to standard financial management practices; strong liquidity; and a strong institutional framework.

More detailed information about the County's debt can be found in Note 8 of the notes to financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this report or requests for additional information should be directed to:

Office of the County Commissioners
Attn: Chief Clerk
County of Butler, Pennsylvania
124 West Diamond Street
P.O. Box 1208
Butler, PA 16003-1208

or

Office of the County Controller
Attn: County Controller
County of Butler, Pennsylvania
124 West Diamond Street
P.O. Box 1208
Butler, PA 16003-1208

BASIC FINANCIAL STATEMENTS

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2015 OR JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total (Dec. 31, 2015)	Butler County Community College (June 30, 2015)	Butler County Airport Authority (Dec. 31, 2015)
Assets					
Cash and cash equivalents	\$ 12,697,417	\$ 832,531	\$ 13,529,948	\$ 12,400,075	\$ 1,738,153
Investments	5,109,928	-	5,109,928	12,629,232	-
Advances receivable	255,000	-	255,000	-	-
Taxes receivable, at estimated realizable value	3,932,802	-	3,932,802	-	-
Accounts and loans receivable, at estimated realizable value	4,605,162	5,055,892	9,661,054	1,555,159	161,686
Accounts receivable, students	-	-	-	4,897,473	-
Internal balances	333,337	(333,337)	-	-	-
Due from other governments	17,634,216	956,539	18,590,755	970,929	-
Prepays	622,254	6,530	628,784	305,690	30,077
Inventory	-	-	-	268,176	7,040
Capital assets, not being depreciated/amortized	4,307,700	-	4,307,700	5,993,769	1,473,449
Capital assets, net of accumulated depreciation/amortization	75,190,966	1,738,702	76,929,668	26,996,400	11,622,003
Total Assets	124,688,782	8,256,857	132,945,639	66,016,903	15,032,408
Deferred Outflows of Resources					
Deferred charge on refunding	1,336,124	-	1,336,124	1,046,958	-
Deferred outflows of resources for pension	11,776,193	606,847	12,383,040	778,747	-
Total Deferred Outflows of Resources	13,112,317	606,847	13,719,164	1,825,705	-
Liabilities					
Accounts payable	10,876,508	141,461	11,017,969	320,227	304,344
Accrued interest payable	787,978	35,292	823,270	207,619	-
Accrued payroll and payroll taxes	509,701	29,868	539,569	1,068,435	-
Line of credit	-	-	-	564,672	-
Due to other governments	495,712	-	495,712	-	-
Unearned revenue:					
Current	5,589,076	-	5,589,076	4,777,701	119,909
Non-current	-	-	-	-	83,987
Capital lease payable:					
Current	49,857	-	49,857	-	-
Non-current	105,701	-	105,701	-	-
Workmen's compensation:					
Current	224,254	-	224,254	-	-
Non-current	353,639	-	353,639	-	-
Compensated absences:					
Current	1,810,668	78,739	1,889,407	-	-
Non-current	557,674	34,764	592,438	1,065,797	-
Note payable:					
Current	-	-	-	341,342	99,007
Non-current	-	-	-	4,301,674	520,520
Bonds payable:					
Current, includes premium of \$282,160 and \$52,644 for governmental and business-type activities, respectively	3,117,160	577,644	3,694,804	1,435,000	-
Non-current, includes premium of \$2,689,131 and \$81,159 for governmental and business-type activities, respectively	41,669,131	1,201,159	42,870,290	22,665,678	-
Net pension liability, non-current	31,356,966	1,615,877	32,972,843	7,006,000	-
Total Liabilities	97,504,025	3,714,804	101,218,829	43,754,145	1,127,767
Deferred Inflows of Resources					
Deferred revenue - loans	278,013	-	278,013	-	-
Deferred revenue - human services funding	-	5,356,608	5,356,608	-	-
Deferred charge on refunding	-	24,846	24,846	-	-
Deferred inflows of resources for pension	-	-	-	501,000	-
Total Deferred Inflows of Resources	278,013	5,381,454	5,659,467	501,000	-
Net Position					
Net investment in capital assets	35,892,941	(64,947)	35,827,994	6,767,216	12,475,925
Restricted for:					
Operating reserve, expendable	1,223,397	-	1,223,397	-	-
Agricultural easements, expendable	165,724	-	165,724	-	-
Act 13, expendable	2,113,959	-	2,113,959	-	-
Roads and bridges, expendable	1,385,551	-	1,385,551	-	-
Records improvement/automation, expendable	665,437	-	665,437	-	-
Central booking/court restitution, expendable	174,572	-	174,572	-	-
Conservation District, expendable	252,169	-	252,169	-	-
Area Agency on Aging Program, expendable	303,561	-	303,561	-	-
Capital purchases, expendable	2,445	-	2,445	11,163,982	-
Emergency services, expendable	-	11,911	11,911	-	-
Other purposes, nonexpendable	-	-	-	2,340,524	-
Unrestricted	(2,160,695)	(179,518)	(2,340,213)	3,315,741	1,428,716
Total Net Position	\$ 40,019,061	\$ (232,554)	\$ 39,786,507	\$ 23,587,463	\$ 13,904,641

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total (Dec. 31, 2015)	Butler County Community College (June 30, 2015)	Butler County Airport Authority (Dec. 31, 2015)
Primary government:									
Governmental activities:									
General government - administration	\$ 11,009,498	\$ 2,420,280	\$ 2,849,203	\$ -	\$ (5,740,015)	\$ -	\$ (5,740,015)	\$ -	\$ -
General government - judicial	15,361,068	3,277,787	2,422,100	-	(9,661,181)	-	(9,661,181)	-	-
Public safety	17,058,490	2,651,470	1,092,033	-	(13,314,987)	-	(13,314,987)	-	-
Public works and enterprises	1,485,108	-	361,849	1,175,030	51,771	-	51,771	-	-
Human services	39,365,687	775,265	29,973,345	99,786	(8,517,291)	-	(8,517,291)	-	-
Culture and recreation	2,569,623	358,332	-	522,470	(1,688,821)	-	(1,688,821)	-	-
Conservation and development	3,948,814	673,344	821,509	43,231	(2,410,730)	-	(2,410,730)	-	-
Interest, premiums, and discounts	1,668,624	-	-	-	(1,668,624)	-	(1,668,624)	-	-
Total governmental activities	92,466,912	10,156,478	37,520,039	1,840,517	(42,949,878)	-	(42,949,878)	-	-
Business-type activities:									
Health Choices	29,435,880	29,435,880	-	-	-	-	-	-	-
Emergency communication	3,290,783	607,195	2,127,709	-	-	(555,879)	(555,879)	-	-
Total business-type activities	32,726,663	30,043,075	2,127,709	-	-	(555,879)	(555,879)	-	-
Total Primary Government	\$ 125,193,575	\$ 40,199,553	\$ 39,647,748	\$ 1,840,517	(42,949,878)	(555,879)	(43,505,757)	-	-
Component units:									
Butler County Community College	\$ 40,692,114	\$ 14,657,763	\$ 22,080,293	\$ 3,033,659	-	-	-	(920,399)	-
Butler County Airport Authority	1,147,426	445,204	-	1,271,126	-	-	-	-	568,904
Total Component Units	\$ 41,839,540	\$ 15,102,967	\$ 22,080,293	\$ 4,304,785	-	-	-	(920,399)	568,904
General revenues:									
Taxes:									
Real estate					42,729,131	-	42,729,131	-	-
Hotel tax					1,517,098	-	1,517,098	-	-
Total taxes					44,246,229	-	44,246,229	-	-
Interest and investment income					77,104	222	77,326	534,040	720
Other income					2,183,684	-	2,183,684	535,455	248,337
Transfers					(331,291)	331,291	-	-	-
Total general revenues and transfers					46,175,726	331,513	46,507,239	1,069,495	249,057
Change in Net Position					3,225,848	(224,366)	3,001,482	149,096	817,961
Net position - beginning, as restated					36,793,213	(8,188)	36,785,025	23,438,367	13,086,680
Net position - ending					<u>\$ 40,019,061</u>	<u>\$ (232,554)</u>	<u>\$ 39,786,507</u>	<u>\$ 23,587,463</u>	<u>\$ 13,904,641</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Children & Youth Services	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 3,765,887	\$ 22,096	\$ 60	\$ 1,971	\$ 2,519,136	\$ 6,388,267	\$ 12,697,417
Investments	1,187,779	-	-	-	-	3,922,149	5,109,928
Advances receivable	-	-	-	-	-	255,000	255,000
Taxes receivable, net of allowance	3,826,287	-	-	-	-	106,515	3,932,802
Accounts and loans receivable, at estimated realizable value	4,220,694	-	-	4,997	50,431	329,040	4,605,162
Due from other funds	6,850,032	84,424	230,807	3,915	374,057	442,962	7,986,197
Due from other governments	1,088,184	816,656	4,467,597	5,023,269	-	6,238,510	17,634,216
Prepays	582,600	-	-	-	-	39,654	622,254
Total Assets	\$ 21,521,463	\$ 923,176	\$ 4,698,464	\$ 5,034,152	\$ 2,943,624	\$ 17,722,097	\$ 52,842,976

(Continued)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Continued)

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Children & Youth Services	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable	\$ 2,082,530	\$ 596,483	\$ 2,624,631	\$ 2,719,717	\$ 814,658	\$ 2,038,489	\$ 10,876,508
Accrued payroll and payroll taxes	382,141	1,301	13,843	43,080	-	69,336	509,701
Unearned revenue	823,886	84,738	1,066,327	54,584	-	3,532,515	5,562,050
Due to other funds	1,305,732	234,305	993,663	2,168,992	2,541	2,947,627	7,652,860
Due to other governments	438,475	6,349	-	47,779	-	3,109	495,712
Total Liabilities	5,032,764	923,176	4,698,464	5,034,152	817,199	8,591,076	25,096,831
Deferred Inflows of Resources:							
Unavailable revenue - taxes/fees	7,528,704	-	-	-	-	-	7,528,704
Unavailable revenue - impact fees	-	-	-	-	-	1,929,170	1,929,170
Unavailable revenue - loans	-	-	-	-	-	278,013	278,013
Total Deferred Inflows of Resources	7,528,704	-	-	-	-	2,207,183	9,735,887
Fund Balance:							
Nonspendable - prepaid items	582,600	-	-	-	-	39,654	622,254
Restricted:							
Operating reserve	1,223,397	-	-	-	-	-	1,223,397
Agricultural easements	165,724	-	-	-	-	-	165,724
Act 13	-	-	-	-	-	184,789	184,789
Roads and bridges	-	-	-	-	-	1,385,551	1,385,551
Records improvement/automation	-	-	-	-	-	665,437	665,437
Central booking/court restitution	-	-	-	-	-	174,572	174,572
Conservation District	-	-	-	-	-	252,169	252,169
Area Agency on Aging Program	-	-	-	-	-	303,561	303,561
Capital purchases	-	-	-	-	-	2,445	2,445
Committed:							
Workmen's compensation	577,893	-	-	-	-	-	577,893
Debt service	-	-	-	-	-	3,922,230	3,922,230
Assigned:							
Workmen's compensation	577,894	-	-	-	-	-	577,894
2016 budget	3,352,244	-	-	-	-	-	3,352,244
Conservation District	320,000	-	-	-	-	-	320,000
Capital purchases	-	-	-	-	2,126,425	-	2,126,425
Unassigned	2,160,243	-	-	-	-	(6,570)	2,153,673
Total Fund Balance	8,959,995	-	-	-	2,126,425	6,923,838	18,010,258
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 21,521,463	\$ 923,176	\$ 4,698,464	\$ 5,034,152	\$ 2,943,624	\$ 17,722,097	\$ 52,842,976

(Concluded)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Total Fund Balance - Governmental Funds	\$ 18,010,258
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets including construction in progress used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	79,498,666
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Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are treated as either deferred inflows or unearned revenue in the funds.	9,430,848
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Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(1,635,167)
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The net pension liability is not reflected in the fund financial statements.	(31,356,966)
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Deferred outflows and inflows of resources for pension are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements.	11,776,193
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Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Accrued workmen's compensation	\$ (577,893)	
Accrued compensated absences	(2,368,342)	
Bonds payable	(41,815,000)	
Capital lease	(155,558)	
Accrued interest on debt	(787,978)	(45,704,771)
		<u>(45,704,771)</u>

Total Net Position - Governmental Activities	\$ 40,019,061
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See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Children & Youth Services	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 42,580,381	\$ -	\$ -	\$ -	\$ -	\$ 1,517,098	\$ 44,097,479
Intergovernmental	1,708,191	1,435,106	8,517,961	9,900,943	188,553	17,145,004	38,895,758
Charges for services	7,101,350	-	30,000	128,930	-	1,439,469	8,699,749
Fines and forfeits	1,072,174	-	-	-	-	-	1,072,174
Interest	57,116	8	2,056	859	7,937	9,128	77,104
Other	1,624,480	1,665	24,970	121,141	75,000	341,484	2,188,740
Total revenues	54,143,692	1,436,779	8,574,987	10,151,873	271,490	20,452,183	95,031,004
Expenditures:							
Current:							
General government - administration	10,236,103	-	-	-	-	109,500	10,345,603
General government - judicial	12,831,045	-	-	-	-	2,775,215	15,606,260
Public safety	15,781,459	-	-	-	-	364,977	16,146,436
Public works and enterprises	51,288	-	-	-	-	461,815	513,103
Human services	5,430,444	1,593,982	8,866,170	12,204,565	-	10,902,274	38,997,435
Culture and recreation	687,683	-	-	-	-	324,423	1,012,106
Conservation and development	699,551	-	-	-	-	2,681,099	3,380,650
Other	680,684	-	-	-	-	-	680,684
Capital projects	-	-	-	-	6,859,270	2,704,189	9,563,459
Debt service	3,802,796	-	-	20,083	1,500	35,918	3,860,297
Total expenditures	50,201,053	1,593,982	8,866,170	12,224,648	6,860,770	20,359,410	100,106,033
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,942,639</u>	<u>(157,203)</u>	<u>(291,183)</u>	<u>(2,072,775)</u>	<u>(6,589,280)</u>	<u>92,773</u>	<u>(5,075,029)</u>
Other Financing Sources (Uses):							
Sale of capital assets	-	-	-	-	67,424	3,642	71,066
Refund Annex Office Furniture	-	-	-	-	329,712	-	329,712
Transfers in	2,921,463	157,203	291,183	2,072,775	192,389	3,059,584	8,694,597
Transfers out	(5,584,054)	-	-	-	-	(3,441,834)	(9,025,888)
Total other financing sources (uses)	<u>(2,662,591)</u>	<u>157,203</u>	<u>291,183</u>	<u>2,072,775</u>	<u>589,525</u>	<u>(378,608)</u>	<u>69,487</u>
Net Change in Fund Balance	1,280,048	-	-	-	(5,999,755)	(285,835)	(5,005,542)
Fund Balance:							
Beginning of year	7,679,947	-	-	-	8,126,180	7,209,673	23,015,800
End of year	<u>\$ 8,959,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,126,425</u>	<u>\$ 6,923,838</u>	<u>\$ 18,010,258</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balance - Governmental Funds

\$ (5,005,542)

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

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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 7,424,218	
Less: depreciation expense	<u>3,828,328</u>	3,595,890

The net effect of various transactions involving capital assets (sales, demolition, etc.). (76,124)

Some taxes and other revenues 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 inflows changed by this amount during the year. 668,393

The issuance of long-term obligations (e.g. notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. 2,088,150

Changes in the net pension liability and related deferred inflows of resources and deferred outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements. 1,782,951

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest accrued in the statement of activities and the amount due is shown here. 103,523

In the statement of activities, certain operating expenses - accumulated employee benefits (workmen's compensation 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. 68,607

Change in Net Position of Governmental Activities

\$ 3,225,848

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 41,876,565	\$ 41,876,565	\$ 42,580,381	\$ 703,816
Intergovernmental	1,444,328	1,909,551	1,708,191	(201,360)
Charges for services	7,155,150	7,188,650	7,101,350	(87,300)
Fines and forfeits	1,086,000	1,086,000	1,072,174	(13,826)
Interest	71,825	71,825	57,116	(14,709)
Other	2,094,539	2,179,182	1,624,480	(554,702)
Total revenues	53,728,407	54,311,773	54,143,692	(168,081)
Expenditures:				
Current:				
General government - administration	11,702,460	11,724,211	10,236,103	1,488,108
General government - judicial	13,619,781	13,611,826	12,831,045	780,781
Public safety	16,374,609	16,443,666	15,781,459	662,207
Public works and enterprises	-	425,000	51,288	373,712
Human services	5,740,919	5,730,179	5,430,444	299,735
Culture and recreation	712,240	734,656	687,683	46,973
Conservation and development	588,255	715,185	699,551	15,634
Other	3,740,527	3,590,686	680,684	2,910,002
Debt service	4,630,101	4,630,101	3,802,796	827,305
Total expenditures	57,108,892	57,605,510	50,201,053	7,404,457
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,380,485)</u>	<u>(3,293,737)</u>	<u>3,942,639</u>	<u>7,236,376</u>
Other Financing Sources (Uses):				
Transfers in	177,987	177,987	2,921,463	2,743,476
Transfers out	(6,649,911)	(7,338,850)	(5,584,054)	1,754,796
Total other financing sources (uses)	<u>(6,471,924)</u>	<u>(7,160,863)</u>	<u>(2,662,591)</u>	<u>4,498,272</u>
Net Change in Fund Balance	<u>\$ (9,852,409)</u>	<u>\$ (10,454,600)</u>	<u>\$ 1,280,048</u>	<u>\$ 11,734,648</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Health Choices	Emergency Communications 911	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 173,838	\$ 658,693	\$ 832,531
Accounts and loans receivable, at estimated realizable value	5,053,812	2,080	5,055,892
Due from other funds	412	364,872	365,284
Due from other governments	301,598	654,941	956,539
Prepays	-	6,530	6,530
Total current assets	5,529,660	1,687,116	7,216,776
Non-current assets:			
Capital assets, net of accumulated depreciation	-	1,738,702	1,738,702
Total non-current assets	-	1,738,702	1,738,702
Total Assets	5,529,660	3,425,818	8,955,478
Deferred Outflows of Resources:			
Deferred outflows of resources for pension	98,954	507,893	606,847
Total Deferred Inflows of Resources	98,954	507,893	606,847
Liabilities			
Current liabilities:			
Accounts payable	126,627	14,834	141,461
Accrued interest payable	-	35,292	35,292
Accrued payroll and payroll taxes	3,327	26,541	29,868
Due to other funds	58,080	640,541	698,621
Compensated absences	-	78,739	78,739
Current portion of bonds payable, includes premium of \$52,644	-	577,644	577,644
Total current liabilities	188,034	1,373,591	1,561,625
Non-current liabilities:			
Bonds payable - long-term portion, includes premium of \$81,159	-	1,201,159	1,201,159
Compensated absences - long-term portion	-	34,764	34,764
Net pension liability	263,490	1,352,387	1,615,877
Total non-current liabilities	263,490	2,588,310	2,851,800
Total Liabilities	451,524	3,961,901	4,413,425
Deferred Inflows of Resources:			
Deferred revenue - human services funding	5,356,608	-	5,356,608
Deferred gain on refunding	-	24,846	24,846
Total Deferred Inflows of Resources	5,356,608	24,846	5,381,454
Net Position			
Net investment in capital assets	-	(64,947)	(64,947)
Restricted	-	11,911	11,911
Unrestricted	(179,518)	-	(179,518)
Total Net Position	\$ (179,518)	\$ (53,036)	\$ (232,554)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Health Choices	Emergency Communications 911	Total
Operating Revenues:			
Charges for services and fees:			
Intergovernmental	\$ -	\$ -	\$ -
Patient and client services	29,435,880	-	29,435,880
Public safety	-	607,195	607,195
Total operating revenues	29,435,880	607,195	30,043,075
Operating Expenses:			
Personnel services	-	1,877,149	1,877,149
Patient/client services	29,435,880	-	29,435,880
Public safety	-	845,705	845,705
Depreciation	-	545,061	545,061
Total operating expenses	29,435,880	3,267,915	32,703,795
Operating Income (Loss)	-	(2,660,720)	(2,660,720)
Non-Operating Revenues (Expenses):			
Intergovernmental	-	2,127,709	2,127,709
Interest and investment income	-	222	222
Interest expense	-	(22,868)	(22,868)
Bond issue costs	-	-	-
Other income	-	-	-
Total non-operating revenues (expenses)	-	2,105,063	2,105,063
Income (loss) before transfers	-	(555,657)	(555,657)
Transfers in	-	331,291	331,291
Transfers (out)	-	-	-
Total transfers	-	331,291	331,291
Change in Net Position	-	(224,366)	(224,366)
Net position, beginning of year, as restated	(179,518)	171,330	(8,188)
Net position, end of year	<u>\$ (179,518)</u>	<u>\$ (53,036)</u>	<u>\$ (232,554)</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Health Choices	Emergency Communications 911	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 29,074,439	\$ 42,291	\$ 29,116,730
Payments to suppliers	(28,910,091)	(865,314)	(29,775,405)
Payments to employees	-	(1,915,605)	(1,915,605)
Net cash provided by (used in) operating activities	164,348	(2,738,628)	(2,574,280)
Cash Flows From Non-Capital Financing Activities:			
Operating grants from other governments	-	2,127,709	2,127,709
Transfers (to) from other funds	9,490	1,475,505	1,484,995
Net cash provided by (used in) non-capital financing activities	9,490	3,603,214	3,612,704
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(146,058)	(146,058)
Principal paid on capital debt	-	(510,000)	(510,000)
Interest on capital debt	-	(92,300)	(92,300)
Net cash provided by (used in) capital and related financing activities	-	(748,358)	(748,358)
Cash Flows From Investing Activities:			
Interest on investments	-	222	222
Net Increase (Decrease) in Cash and Cash Equivalents	173,838	116,450	290,288
Cash and Cash Equivalents:			
Beginning of year	-	542,243	542,243
End of year	\$ 173,838	\$ 658,693	\$ 832,531
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Operating income (loss)	\$ -	\$ (2,660,720)	(2,660,720)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	545,061	545,061
Change in:			
Accounts receivable	(59,843)	53,790	(6,053)
Due from other governments	(301,598)	(618,694)	(920,292)
Deferred outflows of resources for pension	(98,954)	(507,893)	(606,847)
Accounts payable	81,453	(19,609)	61,844
Accrued payroll expenses	221	5,942	6,163
Deferred revenue	270,169	-	270,169
Other	188,928	32,499	221,427
Net pension liability	83,972	430,996	514,968
Total adjustments	164,348	(77,908)	86,440
Net cash provided by (used in) operating activities	\$ 164,348	\$ (2,738,628)	\$ (2,574,280)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2015

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,669,854	\$ 3,481,551
Investments:		
Money markets	316,455	-
Bond mutual funds	66,590,938	-
International equity funds	23,938,622	-
Domestic equity funds	54,874,439	-
Equities	28,577,088	-
Other	2,972	-
Total Assets	175,970,368	3,481,551
Liabilities		
Accounts payable	47,680	-
Due to other governments	-	1,406,942
Due to others	-	583,555
Escrow liability and interest	-	1,491,054
Total Liabilities	47,680	3,481,551
Net Position		
Net Position Restricted for Pensions	\$ 175,922,688	\$ -

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Pension Trust Fund
Additions:	
Contributions:	
County	\$ 5,052,744
Employee	3,188,497
Total contributions	8,241,241
Investment income (loss):	
Net depreciation in fair value of investments	(5,391,257)
Interest and dividends	4,199,719
Total investment income (loss)	(1,191,538)
Investment expense	199,146
Net investment income (loss)	(1,390,684)
Total additions	6,850,557
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	10,778,767
Administrative expense	114,359
Fiduciary liability insurance	25,069
Total deductions	10,918,195
Decrease in Net Position	(4,067,638)
Net Position:	
Beginning of year	179,990,326
End of year	\$ 175,922,688

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

A. BUTLER COUNTY – PRIMARY GOVERNMENT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – PRIMARY GOVERNMENT

Reporting Entity

The County of Butler (County), located in southwestern Pennsylvania thirty-five miles north of the City of Pittsburgh, is a fourth class County, originally chartered on March 12, 1800. The County operates under an elected three member Board of Commissioners (County Commissioners). The County provides services in many areas to its residents, including various general government services, public safety, human services, and health and welfare.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Component Units

The criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the County reviews the applicability of the following criteria:

The County is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if the County Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the County as defined below:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

- a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – If the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without approval of the County.

The following separately administered organizations meet the criteria for inclusion in the County's reporting entity as discretely presented component units.

Butler County Community College

The Butler County Community College's (BCCC) fifteen trustees are appointed by the County Commissioners and one Commissioner serves as an ex-officio member of BCCC's Board of trustees. Under the applicable Commonwealth of Pennsylvania statute, the Commonwealth of Pennsylvania and the County are each obligated to provide up to one-third of BCCC's operating budget and one-half of its capital and debt service requirements. In addition, the County's approval is required for the issuance of any bonded debt by BCCC as the County is legally committed for a portion of the repayment of such debt. Accordingly, the County is financially accountable for BCCC. BCCC's fiscal year end is June 30th. Separately issued audited financial statements are available through BCCC's business office: 107 College Drive, Butler, PA 16002.

Butler County Airport Authority

The Butler County Airport Authority (Authority) was created to operate the Butler County Airport. The Authority's seven-member Board is appointed by the County Commissioners and one Commissioner serves as an advisory member of the Board. The Authority's Board operates autonomously from the County and is responsible for the designation of management. The Authority is fiscally dependent on the County as bonded debt cannot be issued without the guarantee of the County. The County is financially accountable for the Authority.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Separately issued audited financial statements are available through the Authority's administrative office: 475 Airport Road, Butler, PA 16002.

Related Organizations

Following are organizations, which have the majority of their governing Board appointed by the County Commissioners, without the County being financially accountable for the organization:

Butler County City Connoquenessing Creek Flood Control Authority

The Butler County City Connoquenessing Creek Flood Control Authority is a non-operating authority with limited activity.

Butler County Housing Authority

The Butler County Housing Authority (Housing Authority) administers HUD's Section 8 housing program for the County and is funded through federal grants and other revenues. The Housing Authority's Board is appointed for five year staggered terms by the County and operates independently of any ongoing involvement of the County Commissioners. The County Commissioners must approve the concept of any major capital expansion project, but are not financially accountable for the Housing Authority.

Butler County Industrial Development Authority

The Butler County Industrial Development Authority (IDA) issues low interest, tax-exempt bonds, and uses the proceeds to finance projects intended to stimulate economic growth in the County. The IDA's seven-member Board is appointed by the County and the IDA operates independently of any ongoing involvement of the County. The County Commissioners must approve the concept of any major bond issue of the IDA but only in relation to the benefit to the County of the projects that will be funded through the debt proceeds. The County has no legal responsibility for IDA debt.

Butler County Hospital Authority

The Butler County Hospital Authority (Hospital Authority) issues low interest, tax-exempt bonds to enable capital financing for hospitals and nursing homes. Five of the six members of the Hospital Authority's Board are appointed by the

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

County. The sixth member of the Board is the Hospital Authority's president who is appointed by the other Board members. The Hospital Authority operates independently of any ongoing involvement of the County. The County Commissioners must approve the concept of any major project of the Hospital Authority, but are not financially accountable for the Hospital Authority. The County has no legal responsibility for Hospital Authority debt.

The Butler County Redevelopment Authority

The Butler County Redevelopment Authority (Redevelopment Authority) secures federal and state monies for public housing projects. All five Board members are appointed by the County. The Redevelopment Authority operates independently of any ongoing involvement of the County.

Butler County General Authority

The Butler County General Authority (General Authority) was organized to provide local municipalities, school districts, and other governmental entities the ability to consolidate new debt issues to realize some potential cost savings from lower debt issuance costs. All five Board members are appointed by the County. The General Authority operates independently of any ongoing involvement of the County.

Other Organizations

Following are organizations, which were evaluated and did not meet the criteria as component units, related organizations, or joint ventures:

Butler County Federated Library

The Butler County Federated Library (Federated Library) system consists of seven libraries in Butler County. Each of the libraries recommends a candidate for the Board, subject to approval by the County Commissioners. The system's manager is appointed by the Federated Library Board. Individual Library Boards appoint management of their respective libraries. Library operations are funded primarily by state grants and user fines and donations.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Tri-County Workforce Investment Board

The Tri-County Workforce Investment Board (WIB) is responsible for the operation of the WIB and Career Track programs for Armstrong, Indiana, and Butler Counties. The WIB's operations are financed by federal government grants. While the three Counties are responsible for any disallowed costs of the WIB, annual operating contributions are not required. The WIB's Board is appointed one-third by each of the participating counties. An executive committee composed of one commissioner from each County may be overruled by the WIB's Board.

Butler County Tourism and Convention Bureau

The Butler County Tourism and Convention Bureau is responsible for planning and promoting programs designed to stimulate and increase the volume of tourist, visitor, vacation-convention business within the County and to exercise all powers incident to and necessary thereto.

Southwest Behavioral Health Management, Inc.

Southwest Behavioral Health Management, Inc. (SBHM) is a private, non-profit corporation incorporated for the purpose of monitoring the behavioral health services of the Health Choices program. SBHM operates primarily under funding administered through six counties, one of which is the County that jointly formed the corporation.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole excluding fiduciary activities such as the pension plan and agency funds. The primary government and component units are presented separately within the financial statements with the focus on the primary government. The statements distinguish governmental activities, which are generally supported by taxes and intergovernmental grants, from business-type activities, which rely to a significant extent on fees charged to external customers. Likewise, the primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Separate financial statements are provided for governmental funds, proprietary, 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 financial statements of the County are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Proprietary and pension fund financial statements and financial statements of the County's component units also report using this same focus and basis of accounting. Agency funds are also reported on the accrual basis; however, they 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 when 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. The availability period used for revenue recognition under the modified accrual basis of accounting is zero days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In general, property taxes, franchise taxes, intergovernmental revenues, investment income, and other revenues associated with the current fiscal period are considered to be measurable and available only when cash is received by the County or its agent.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

The government reports the following major governmental funds:

The *General Fund* is the principal operating fund of the County which is used to account for all financial transactions except those required to be accounted for in other funds.

The *Mental Health/Early Intervention/Intellectual Disabilities Fund* is used to account for the proceeds of revenue received from various federal, state, and county sources. This fund is restricted for the provision of specified social services to eligible recipients.

The *Health Services Block Grant Fund* is used to account for the proceeds of revenue received from various federal, state, and county sources. This fund is restricted for the provision of specified social services to eligible recipients.

The *Children & Youth Services Fund* is used to account for the proceeds of revenue received from various federal, state, and county sources. This fund is restricted for the provision of specified social services to eligible recipients.

The *Capital Reserve Fund* accounts for financial resources to acquire or construct assets of a permanent nature.

The government reports the following major proprietary funds:

The *Health Choices Fund* is used to account for medical expenses of members participating in the Health Choices Program, which are funded by state revenue. This fund is shown as a proprietary fund per instructions from the Pennsylvania Department of Public Welfare, based on the agreement with Value Behavioral Health of Pennsylvania and the County.

The *Emergency Communications 911 Fund* is used to account for the County's emergency communication systems, which are funded by phone user charges, state grants, and County contributions.

Additionally, the government reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

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NOTES TO FINANCIAL STATEMENTS

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The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Treasurer, Register of Wills, Prothonotary, District Justice Courts, Clerk of Courts, Recorder of Deeds, and Sheriff) and other County offices that are subsequently disbursed to other governments or individuals for whom it was collected.

Revenue Classification on Government-Wide Statement of Activities

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

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

Interfund Activity in the Government-Wide Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the yearly contributions made to the component units from the County's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased.

COUNTY OF BUTLER, PENNSYLVANIA

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FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Investments

Investments for the government are stated at fair value based on current market prices.

Interfund 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/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, building and building improvements, furniture and equipment, intangibles and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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Major outlays for capital assets and improvements are capitalized as constructed and placed into service. Construction in process is not depreciated until it is placed into service. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated/amortized using the straight-line method (with one-half a year's worth of depreciation/amortization taken in the first year) over the following estimated useful lives:

Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 20 years
Technology software	5 - 20 years
Infrastructure	50 years

Compensated Absences

Calculation of the liability amount is determined by the appropriate vacation, sick, and lump sum payments, which would be available to employees if they would leave or retire from the County.

All accumulated vacation pay and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not

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withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Inflows and Outflows of Resources Related to Pensions

In conjunction with the adoption of GASB Statement Nos. 68 and 71, the difference between expected and actual experience, and the difference between projected and actual investment earnings are recorded as a deferred inflow or outflow of resources related to pensions on the financial statements. These amounts are determined based on the actuarial valuation performed for the pension plan. The difference between expected and actual experience is recognized over the average expected remaining service period of active and inactive members, which was 5.6 years as of December 31, 2015. The difference between projected and actual investment earnings is recognized over five years. Note 7 presents additional information about the pension plan.

Refunding Transactions

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources or deferred inflow of resources on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

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Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for operating reserve, agriculture easements, Act 13, roads and bridges, records improvement and automation, central booking and court restitution, Conservation District, Area Agency on Aging Program, and capital purchases.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the County's highest level of decision-making authority. The County Commissioners are the highest level of decision-making authority for the County and can make such commitment via a resolution prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the County Commissioners. The County has committed funds to be used for workmen's compensation and debt service.
- Assigned – This category represents intentions of the County to use the funds for specific purposes but do not meet the criteria to be classified as committed. The County Commissioners have, by resolution, authorized the Chief Clerk or his/her designee to assign fund balance. This category includes amounts set aside for workmen's compensation, 2016 budget, Conservation District, and capital purchases.
- Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

The County's policy is to use funds in the order of the most restrictive to the least restrictive. When the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance. Unassigned fund balance is applied last.

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Net Position

Accounting standards requires the classification of net position into these components – net investment in capital assets; restricted; and unrestricted. These classifications are defined below:

- Net investment in capital assets – The net investment in capital assets component of net position consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Two categories are used to further describe restricted net position:
 - Expendable – can be expended in compliance with the external restriction
 - Nonexpendable – net position that is required to be retained in perpetuity

Expendable restricted net position at December 31, 2015 of the County consists of: \$1,223,397 for operating reserve, \$165,724 for agricultural easements, \$2,113,959 for Act 13, \$1,385,551 for roads and bridges, \$665,437 for records improvement and automation, \$174,572 for central booking and court restitution, \$252,169 for the Conservation District, \$303,561 for the

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Area Agency on Aging Program, \$2,445 for capital purchases, and \$11,911 for emergency services.

- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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.

Allocation of Indirect Expenses

The County allocates indirect expenses, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall County management, centralized budgetary formulation and oversight, accounting, financial reporting, personnel, purchasing, cash management, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are included in direct expenses in the statement of activities.

Budgets and Budgetary Accounting

Annual budgets are required to be adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. The budgetary controls for all other governmental funds are maintained through enforcement of related grant provisions or debt indentures.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Starting in August and September, the Budget Director prepares a budget package that is sent to each department and row officer. The department or agency heads use this budget package to develop financial projections for their programs for the ensuing year, which are then submitted to the budget staff.
2. The budget staff enters this information into budget spreadsheets. The Chief Clerk then reviews the information that is obtained, accumulates questions,

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and schedules a meeting to discuss the proposed budget with the department heads and row officers.

3. Once the budget staff is satisfied with the department's budget numbers, the budget is presented in preliminary form to the County Commissioners. The County Commissioners can interview department or agency heads to discuss their budgets if deemed necessary.
4. Upon consolidation of the department and agency expenditure projections, the County Commissioners ascertain the most viable method of financing them.
5. Subsequently, the Budget Director assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
6. By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
7. After the 20-day inspection period, but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

Legally, management of the County may make budgetary transfers between departments without approval by the County Commissioners as long as overall fund expenditures are not affected. Department heads may make budgetary transfers within their own department as long as overall department expenditures are not affected. However, as a matter of control all such transfers are subsequently ratified by the County Commissioners. The County 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 fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The County Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The County Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

During the year, there were no significant supplemental appropriations enacted. Budget transfers did occur between accounts within funds. The statement of

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revenues, expenditures, and changes in fund balance - budget and actual, reflects the originally adopted budget and the originally adopted budget adjusted for budget transfers. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Adopted Pronouncements

The requirements of the following GASB Statements were adopted for the County's 2015 financial statements:

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date."* These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 7). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with a decrease of \$22,464,633 to record the County's net pension liability.

Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the County's financial statements:

GASB Statement No. 72, *"Fair Value Measurement and Application,"* is effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,"* is effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). This

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statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,”* is effective for fiscal years beginning after June 15, 2017 (the County’s financial statements for the year ending December 31, 2018). This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* is effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, *“Tax Abatement Disclosures,”* is effective for fiscal years beginning after December 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances.

GASB Statement No. 79, *“Certain External Investment Pools and Pool Participants,”* is effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *“Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,”* is effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

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GASB Statement No. 81, *“Irrevocable Split-Interest Agreement,”* is effective for fiscal years beginning after December 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *“Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,”* is effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *“Financial Reporting for Pension Plans,”* No. 68, *“Accounting and Financial Reporting for Pensions,”* and No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.”*

2. DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, 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 investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds and other investments consistent with sound business practice.

The investment policy of the County adheres to applicable state statutes, including Act 72 and the County Code of Pennsylvania. The investment policy of the County permits the following types of investments:

- United States Treasury bills.
- Short-term obligations of the United States government or its agents or instrumentalities.
- Deposits in savings or time accounts or share accounts of financial institutions having their principal place of business in the state of Pennsylvania and are

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insured by the FDIC, FSLIC, NCUSIF, PDIC, or PSAIC and, for any amounts above the insured maximum, are collateralized as provided by law.

- Obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision, or any of its respective agencies or instrumentalities, which are backed by the full faith and credit of the respective government unit.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments listed above.
- Certificates of deposit purchased from institutions having their principal place of business in the State of Pennsylvania and are insured by the FDIC, FSLIC, NCUSIF, PDIC, or PSAIC and, for any amounts above the insured maximum, are collateralized by a pledge or assignment of assets of the institution.

There were no deposit or investment transactions during the year that were in violation of either the statutes or the policy of the County.

Deposits

The following is a description of the County's deposit risks:

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal policy for custodial credit risk. Of the bank balance of \$13,271,948 at December 31, 2015, \$549,733 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining amount was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits include amounts with a book balance as of December 31, 2015 of \$13,529,948, which are reported as cash and cash equivalents in the statement of net position.

Agency Fund

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position. The carrying amount of deposits for the row offices and other County offices was \$3,481,551 and the bank balance was \$4,053,682. Of the bank balance, \$811,101 was covered by the FDIC. The remaining balance was collateralized in

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accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Investments

As of December 31, 2015, the County held the following investment balances in the governmental funds:

	Fair Value	Maturity in Years	
		Less than 1 year	1-5 years
Bond mutual funds	\$ 887,466	\$ 887,466	\$ -
Total securities with maturities	887,466	<u>\$ 887,466</u>	<u>\$ -</u>
Money market funds	<u>4,222,462</u>		
Total investments reported on the statement of net position	<u>\$ 5,109,928</u>		

The fair value of the County's investments is the same as their carrying amount.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the County's policy regarding maximum maturities is to match its investments' maturities with anticipated cash flow requirements.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the entity in which the investments are held, the County will not be able to recover the value of its investments or collateral securities that are in the possession of the outside entity. The County does not have a formal investment policy for custodial credit risk. The County's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2015, the County's investment balance, excluding mutual funds, of \$4,222,462 (bank and book balance) was exposed to custodial credit risk.

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Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2015, all of the County's investments were not rated. The County's investments are in mutual funds and money markets. Money market investments include short-term U.S. Treasury and agency obligations, certificates of deposit, repurchase agreements, and commercial paper.

Concentration of Credit Risk – The County places no limit on the amount the County may invest in any one issuer. The County has no investments in excess of 5% with the same issuer.

Pension Trust Fund – Deposits

The pension trust fund deposits are held separately from those of other County funds. The pension trust fund cash and cash equivalents include checking and money market deposits (book value of \$1,507,214 at December 31, 2015) and accrued income (book value of \$162,640 at December 31, 2015). The bank balance of the checking and money market deposits as of December 31, 2015 was \$1,507,214. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Pension Trust Fund – Investments

The pension trust fund investments are held separately from those of other County funds. Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price. The County maintains a pension trust fund investment policy that summarizes the investment philosophy of the County and establishes investment guidelines and performance objectives for the pension trust fund.

As of December 31, 2015, the County had the following investments in its pension trust fund:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Investment Type	Fair Market Value	Investment Maturities (In Years) from December 31			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
Bond mutual funds	\$ 66,590,938	\$ 9,045,090	\$ 26,394,604	\$ 22,260,142	\$ 8,891,102
Total debt securities	66,590,938	\$ 9,045,090	\$ 26,394,604	\$ 22,260,142	\$ 8,891,102
Money markets	316,455				
International equity funds	23,938,622				
Domestic equity funds	54,874,439				
Equities	<u>28,577,088</u>				
Total other investments	<u>107,706,604</u>				
Total investments reported on the statement of fiduciary net position	<u>\$ 174,297,542</u>				

The following is a description of the pension trust fund's investment risks:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The pension trust fund investment policy relating to credit risk is as follows:

Equity issues – There are no qualitative guidelines suggested with regard to equity ratings, rankings, etc., except that prudent standards should be developed and maintained by the investment managers. Convertible bonds will be considered as an equity investment and must be rated investment grade (Baa/BBB) or better by at least one crediting service, Moody's Investment Service (Moody's) or Standard & Poor's (S&P). Specific constraints include the avoidance of restricted issues, which have limited marketability, excluding SEC Rule 144A securities.

Fixed-income securities – Domestic bonds held in the core fixed-income portfolios must be rated investment grade (Baa/BBB) or better by at least one crediting rating service, Moody's or S&P. This guideline is intended to give the core fixed-income investment manager sufficient latitude to periodically take advantage of bond swaps. SEC Rule 144A securities considered by the investment managers to be within policy guidelines are limited to 10% of the fixed-income portfolio. Core-fixed-income manager's portfolios should

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

normally maintain an average market-weighted quality of 3.0 based on the following scale:

U.S. Government and Agencies	5.0
Aaa/AAA Bonds	4.0
Aa/AA Bonds	3.0
A/A Bonds	2.0
Baa/BBB Bonds	1.0

Cash equivalent vehicles - If commercial paper is used for short-term investments, it must be of high quality, rated at least the equivalent of A-1 or P-1 by Moody's or S&P.

As of December 31, 2015, the pension trust fund's investments in debt securities have received the following ratings from Moody's:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Percentage of Debt Securities</u>
Bonds	AAA	56%
Bonds	AA	6%
Bonds	A	10%
Bonds	BBB	10%
Bonds	BB	9%
Bonds	B	7%
Bonds	Below B	2%
		<u>100%</u>

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the pension trust funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The pension trust fund does not have a formal deposit or investment policy for custodial credit risk. The County's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. Money market investments include short-term U.S. Treasury and agency obligations, certificates of deposits, and commercial paper. As of December 31, 2015, the County's money markets balance of \$316,455 included in investments (bank and book balance) was exposed to custodial credit risk.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Concentration of Credit Risk – The County requires that no more than five percent of a manager’s equity portfolio may be invested in any one company (valued at cost), and no more than 10% of a manager’s equity portfolio may be invested in any one company (valued at market). In addition, investments may not exceed the benchmark index by 20% of the GICS economic sector allocation of the appropriate benchmark. In addition, except for U.S. Treasury and Agency obligations, a managers fixed-income portfolio may not exceed more than 10% (valued at market) of a given domestic issuer. There were no investments in the pension trust fund that constituted more than five percent of the plan assets available for benefits at December 31, 2015. In addition, the plan did not have any investment transactions with related parties during the year.

Interest Rate Risk – The maturities of the debt securities, as a means of managing its investment exposure to fair value losses arising from increases in interest rates, are at the discretion of the investment managers. However, the County’s pension investment policy states that the effective duration of the fixed-income managers should be within 20% of the LB G/C Intermediate Index.

Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of an investment is foreign currency risk. The County has no formal policy relating to foreign currency risk. The County’s investment policy allows for investments in international equities ranging from 7-13% of the portfolio with a target of 10%. International securities may include: equity alternatives, common stock listed on a recognized security exchange, OTC Common Stock, American Depositary Receipts (ADRs), European Depositary Receipts (EDRs), Convertible bonds, preferred stock, non-voting stock if the risk/return characteristics are favorable versus the underlying common equity, and currency hedging. At December 31, 2015, the County had \$23,938,622 invested in international equity mutual funds and did not hold any material foreign currency.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

3. CAPITAL ASSETS

The following is a summary of changes in capital assets related to governmental activities for the year ended December 31, 2015:

	Beginning Balance at January 1, 2015	Additions	Deletions	Ending Balance at December 31, 2015
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,704,544	\$ -	\$ -	\$ 1,704,544
Easements	2,295,858	100,000	-	2,395,858
Construction in progress	7,314,957	207,298	(7,314,957)	207,298
Total capital assets, not being depreciated/amortized	11,315,359	307,298	(7,314,957)	4,307,700
Capital assets, being depreciated/amortized:				
Infrastructure - bridges	25,890,998	434,946	-	26,325,944
Buildings and improvements	63,766,679	9,591,004	-	73,357,683
Furniture and equipment	15,548,082	4,405,927	(470,278)	19,483,731
Total capital assets, being depreciated/amortized	105,205,759	14,431,877	(470,278)	119,167,358
Less accumulated depreciation/amortization:				
Infrastructure - bridges	(12,105,185)	(918,247)	-	(13,023,432)
Buildings and improvements	(18,226,998)	(1,841,354)	-	(20,068,352)
Furniture and equipment	(10,210,035)	(1,068,727)	394,154	(10,884,608)
Total accumulated depreciation/ amortization	(40,542,218)	(3,828,328)	394,154	(43,976,392)
Total capital assets, being depreciated/ amortized, net	64,663,541	10,603,549	(76,124)	75,190,966
Governmental activities capital assets, net	\$ 75,978,900	\$ 10,910,847	\$ (7,391,081)	\$ 79,498,666

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

The following is a summary of changes in capital assets related to business-type activities for the year ended December 31, 2015:

	Beginning Balance at January 1, 2015	Additions	Deletions	Ending Balance at December 31, 2015
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings and improvements	-	-	-	-
Furniture and equipment	7,050,301	146,058	-	7,196,359
Total capital assets, being depreciated	7,050,301	146,058	-	7,196,359
Less: accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Furniture and equipment	(4,912,596)	(545,061)	-	(5,457,657)
Total accumulated depreciation	(4,912,596)	(545,061)	-	(5,457,657)
Total capital assets, being depreciated net	2,137,705	(399,003)	-	1,738,702
Business-type activities capital assets, net	\$ 2,137,705	\$ (399,003)	\$ -	\$ 1,738,702

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government - administrative	\$ 707,302
General government - judicial	158,679
Public safety	1,333,387
Public works	957,419
Human services	542,020
Culture and recreation	125,996
Conservation and development	<u>3,525</u>

Total depreciation expense - governmental activities	<u><u>\$ 3,828,328</u></u>
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Business-type activities:

Emergency Communications 911	<u>\$ 545,061</u>
Total depreciation expense - business-type activities	<u><u>\$ 545,061</u></u>

4. REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. These taxes are billed by the County and collected by elected tax collectors. Taxes paid through April 30 are reduced by a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general County purposes and the rate of taxation for payment of interest and principal on any indebtedness shall be unlimited. Effective January 1, 2010, assessed values are computed at 100% of estimated 1969 valuations. For 2015, County real estate taxes were levied at the rate of 24.628 mills on assessed valuation. Of the total millage rate of 24.628 mills, 20.688 mills are allocated for general purposes, and 3.94 mills for debt service. Total assessed valuation for non-exempt properties in 2015 was approximately \$1.75 billion.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

5. ACCOUNTS RECEIVABLE AND LOANS RECEIVABLE

All trade and taxes receivables, including those for the component units, are shown net of an allowance for uncollectibles. The County estimates the allowance for uncollectibles using historical collection data and in certain cases, specific account analysis. Receivables at December 31, 2015, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities:	<u>General Fund</u>	<u>Children & Youth Services</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Taxes receivable	\$ 4,342,761	\$ -	\$ -	\$ 106,515	\$ 4,449,276
Less: allowance for uncollectibles	<u>(516,474)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(516,474)</u>
Net tax receivables	<u>\$ 3,826,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,515</u>	<u>\$ 3,932,802</u>
Accounts receivable	\$ 158,541	\$ 4,997	\$ 50,431	\$ 51,027	\$ 264,996
Loans receivable	-	-	-	278,013	278,013
Court-related receivables	7,892,054	-	-	-	7,892,054
Less: allowance for uncollectibles	<u>(3,829,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,829,901)</u>
Net account and loan receivables	<u>\$ 4,220,694</u>	<u>\$ 4,997</u>	<u>\$ 50,431</u>	<u>\$ 329,040</u>	<u>\$ 4,605,162</u>

Business-type activities:	<u>Health Choices</u>	<u>Emergency Communications 911 and Wireless 911</u>	<u>Total Business-type Activities</u>
Gross receivables	\$ 5,053,812	\$ 2,080	\$ 5,055,892
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 5,053,812</u>	<u>\$ 2,080</u>	<u>\$ 5,055,892</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2015, as well as interfund transfers for the year ended December 31, 2015, were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental Activities:				
General	\$ 6,850,032	\$ 1,305,732	\$ 2,921,463	\$ 5,584,054
Mental Health/Early Intervention/ Intellectual Disabilities	84,424	234,305	157,203	-
Health Services Block Grant	230,807	993,663	291,183	-
Children & Youth Services	3,915	2,168,992	2,072,775	-
Capital Reserve	374,057	2,541	192,389	-
Other Governmental Funds	442,962	2,947,627	3,059,584	3,441,834
Business-Type Activities:				
Health Choices	412	58,080	-	-
Emergency Communications 911	364,872	640,541	331,291	-
	<u>\$ 8,351,481</u>	<u>\$ 8,351,481</u>	<u>\$ 9,025,888</u>	<u>\$ 9,025,888</u>

All interfund balances between governmental activities and agency activities are eliminated. All other interfund amounts remaining are reflected as internal balances.

The purpose of the majority of interfund payable amounts due is for short-term advances made to programs that are funded on a monthly and quarterly basis.

The majority of transfers out of the General Fund represent the County's required contribution to various programs based upon Department of Human Services requirements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

7. BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Butler County Employees' Retirement System (plan) is a single employer, defined benefit pension plan governed by the County Pension Law Act 96 of 1971 (Act), as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The plan is administered by the Butler County Employees' Retirement Board (Retirement Board). In accordance with the Act, the Retirement Board consists of five members, including the three elected County Commissioners, the County Controller, and the County Treasurer. Plan provisions and contribution requirements are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. The activity of the plan is reported as the Employees' Retirement Fund in the accompanying financial statements. Separate plan financial statements are not available.

All full-time County employees become plan participants immediately upon becoming an employee. Membership in the plan is optional for elected officials. The plan requires each member to contribute a percentage of their salary to the plan. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

For the 2015 membership period, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	574
Inactive plan members entitled to but not yet receiving benefits	82
Active plan members:	
Vested	400
Nonvested	168
Total plan members	<u><u>1,224</u></u>

Summary of Significant Accounting Policies

Financial information of the County plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

COUNTY OF BUTLER, PENNSYLVANIA

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

Benefits Provided

Retirement Benefit – A participant is entitled to begin receiving retirement benefits at age 60 or after completing 20 years of service and attaining age 55. A participant is eligible for voluntary early retirement upon completion of 20 years of service and involuntary retirement upon completion of eight years of service. For participants hired prior to April 1, 2009, the scheduled monthly retirement benefit is 2.500% of the participant's final average salary multiplied by years of credited service on the 1/40 Class plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. For participants hired on or after April 1, 2009, the scheduled monthly retirement benefit is 1.667% of the participant's final average salary multiplied by years of credited service on the 1/60 Class plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the County.

Disability Benefit – All participants are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. The scheduled benefit is a total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the participant's final average salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

Death Benefit – If a participant's death occurs after having attained age 60 or having completed ten years of credited service, the beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated above based on the member's final average salary and credited service at time of death plus the member's accumulated contributions with interest at time of death. If a participant's

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

death occurs after retirement, the beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member's accumulated contributions with interest.

Cost-of-Living Adjustments – On an ad hoc basis, cost-of-living adjustments must be reviewed at least once every three years by the Retirement Board. The adjustment, should the Retirement Board elect to give one, is a percentage of the change in the Consumer Price Index (CPI).

Contributions and Funding Policy

The plan funding policy provides for periodic employer contributions at actuarially determined rates, that expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal funding method and the same actuarial assumptions is used to calculate the net pension liability.

As a condition of participation, employees are to contribute 9% to 19% (currently 9%) of their salary as stipulated in the Act. Interest is credited to employee accounts each year at an annual rate of 5.5% as voted upon by the Retirement Board.

Administrative expenses generally are to be paid from the County's General Fund and not from plan assets. However, administrative expenses may from year to year be paid from the plan, unless it is determined by the actuary that such payment will impair the actuarial soundness of the plan.

In 2015, the County's annual required contribution to the plan was \$5,052,744 as determined by the January 1, 2015 actuarial valuation. The 2015 employee contributions were \$3,188,497.

Net Pension Liability

The components of the net pension liability of the plan at December 31, 2015 were as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Total pension liability	\$ 208,895,531
Plan fiduciary net position	<u>(175,922,688)</u>
Net pension liability	<u>\$ 32,972,843</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.22%</u>

Changes in the Net Pension Liability

The changes in the net pension liability of the County for the year ended December 31, 2015 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 202,454,959	\$ 179,990,326	\$ 22,464,633
Changes for the year:			
Service cost	1,638,371	-	1,638,371
Interest	14,910,103	-	14,910,103
Differences between expected and actual experience	670,865	-	670,865
Contributions - employer	-	5,052,744	(5,052,744)
Contributions - employee	-	3,188,497	(3,188,497)
Net investment income	-	(1,390,684)	1,390,684
Benefit payments, including refunds	(10,778,767)	(10,778,767)	-
Administrative expense	-	(139,428)	139,428
Other changes	-	-	-
Net changes	<u>6,440,572</u>	<u>(4,067,638)</u>	<u>10,508,210</u>
Balances at December 31, 2015	<u>\$ 208,895,531</u>	<u>\$ 175,922,688</u>	<u>\$ 32,972,843</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>84.22%</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2015 and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	3.5%
Underlying inflation rate	3.0%
Cost of living adjustments	N/A

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

Actuarial assumptions are based on past experience under the plan and reasonable future expectations which represent the actuary's best estimate of anticipated experience under the plan. An experience study has not been performed in the last five years.

N/A - not applicable

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

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

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	15 - 65%	5.4 - 6.4%
International equity	5 - 25%	5.5 - 6.5%
Fixed income	0 - 75%	1.3 - 3.3%
Real estate	0 - 10%	4.5 - 5.5%
Cash	0 - 5%	0.0 - 1.0%
	100%	

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2015, the annual money-weighted rate of return on the plan investments, net of investment expense, was (0.74%).

Concentrations – There were no plan investments that constituted more than five percent of the plan's fiduciary net position at December 31, 2015.

Discount Rate – The discount rate used to measure the total pension liability for the plan was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the plan calculated using the discount rates described above, as well as what the plan's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	\$ 49,958,404	\$ 32,972,843	\$ 13,124,669

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of approximately \$3.2 million. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflow of Resources:</u>	
Differences between expected and actual experience	\$ 551,068
Changes in assumption	-
Net difference between projected and actual earnings on pension plan investments	<u>11,831,972</u>
Total deferred outflows of resources	<u><u>\$ 12,383,040</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 3,077,790
2017	3,077,790
2018	3,077,790
2019	3,077,790
2020	<u>71,880</u>
Total	<u><u>\$ 12,383,040</u></u>

8. DEBT

Tax Anticipation Note

In January 2015, the County issued a tax and revenue anticipation note in the amount of \$7.5 million. The note was paid in full by December 31, 2015.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

Capital Leases

In February 2014, the County entered into a capital lease agreement as lessee for financing the acquisition of three vehicles for the County's Children & Youth Services program. The lease qualifies as a capital lease and the agreement stipulates a minimum lease payment of approximately \$20,083, including interest, for a term of five years. \$93,069 is included in capital assets - furniture and equipment as capital leases.

In March 2014, the County entered into a capital lease agreement as lessee for financing the acquisition of a truck for the Liquid Fuels Tax fund. The lease qualifies as a capital lease and the agreement stipulates a minimum lease payment of approximately \$35,918, including interest, for a term of five years. \$166,452 is included in capital assets - furniture and equipment as capital leases.

The future minimum lease obligations on capital leases are as follows as of December 31, 2015:

Year Ending December 31,	Amount
2016	\$ 49,857
2017	51,826
2018	53,875
Total minimum lease payments	<u>\$ 155,558</u>

Capital Bond Issue 2006

In July 2006, the County issued \$10,215,000 in General Obligation Bonds (2006 Bonds), of which \$4,860,000 was used to advance refund a portion of the Series of 2003 Bonds. In connection with this advance refunding, a portion of the proceeds was deposited into an irrevocable trust with an escrow agent to provide for certain debt service payments on the refunded debt. The defeased debt outstanding on the Capital Bond Issue 2003 Bonds as of December 31, 2015 is \$0. An additional \$998,269 was used to current refund a portion of the Series of 2002 Bonds. \$4,000,000 of the 2006 Bonds proceeds were used to fund the costs of miscellaneous capital expenditures, including providing capital for the completion of the County's prison, acquisition of voting machines, Phase 1 and 2 recreational improvements of Alameda Park, and various capital projects. The 2006 Bonds, whose last scheduled

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debt maturity is July 15, 2024, have interest rates that range between 4.00% and 5.00%.

Capital Bond Issue 2014

In May 2014, the County issued the Series 2014 General Obligation Bonds (2014 Bonds) in the amount of \$38,405,000. Proceeds of the bonds were used to current refund the 2004 Bonds and pay the costs related to the issuance of the 2014 Bonds. \$2,155,000 of the 2014 proceeds were allocated to the Emergency Communication 911 Proprietary Fund as a portion of the 2004 Bonds proceeds had been used for construction of the 911 Center. The 2014 Bonds, whose last scheduled debt maturity is July 15, 2026, range in interest rates from 3.00% to 5.00%.

For the governmental activities portion of the bond refunding, there was an accounting loss of \$1,431,546, which will be amortized through 2026. The unamortized portion of the loss at December 31, 2015 is reported as a deferred outflow of resources on the statement of net position.

For the business-type activities portion of the bond refunding, there was an accounting gain of \$40,324, which will be amortized through 2018. The unamortized portion of the gain at December 31, 2015 is reported as a deferred inflow of resources on the statement of net position.

The County has evaluated its debt obligations for arbitrage regulations. No liability has been determined.

The County's general obligation debt payable at December 31, 2015 comprises the following individual issues:

Series	Interest Rates	Final Maturity	Total Debt Outstanding
Capital bond issue 2014	3.00% - 5.00%	2026	\$ 36,585,000
Capital bond issue 2006	4.00% - 5.00%	2024	6,875,000
Total capital bond issues			<u>43,460,000</u>
General obligation debt			<u>\$ 43,460,000</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Annual debt service requirements to maturity related to the above-discussed bonds are as follows:

Years Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,835,000	\$ 1,719,225	\$ 525,000	\$ 77,000
2017	2,955,000	1,599,075	545,000	56,000
2018	3,090,000	1,458,375	575,000	28,750
2019	3,845,000	1,311,225	-	-
2020	4,030,000	1,126,675	-	-
2021-2025	21,210,000	2,795,900	-	-
2026	3,850,000	115,500	-	-
	<u>\$ 41,815,000</u>	<u>\$ 10,125,975</u>	<u>\$ 1,645,000</u>	<u>\$ 161,750</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Governmental Activities			Business-Type Activities		
	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Due Within One Year	
Workmen's compensation	\$ 655,634	\$ 146,513	\$ (224,254)	\$ 577,893	\$ 224,254	
Compensated absences	2,359,208	1,833,483	(1,824,349)	2,368,342	1,810,668	
Capital lease payable	203,520	-	(47,962)	155,558	49,857	
Bonds payable	43,775,000	-	(1,960,000)	41,815,000	2,835,000	
Long-term liabilities	<u>\$ 46,993,362</u>	<u>\$ 1,979,996</u>	<u>\$ (4,056,565)</u>	<u>\$ 44,916,793</u>	<u>\$ 4,919,779</u>	
	Governmental Activities			Business-Type Activities		
	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Due Within One Year	
Compensated absences	\$ 116,685	\$ 76,937	\$ (80,119)	\$ 113,503	\$ 78,739	
Bonds payable	2,155,000	-	(510,000)	1,645,000	525,000	
Long-term liabilities	<u>\$ 2,271,685</u>	<u>\$ 76,937</u>	<u>\$ (590,119)</u>	<u>\$ 1,758,503</u>	<u>\$ 603,739</u>	

Bonds payable above do not reflect a bond premium in the amount of \$2,971,291 for governmental activities and \$133,803 for business-type activities. These amounts are amortized over the life of the bonds using the effective interest method.

COUNTY OF BUTLER, PENNSYLVANIA

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The liability for compensated absences is liquidated from the governmental funds where the corresponding payroll costs for the respective employees are allocated. The significant funds used to liquidate are the General Fund, the Mental Health/Early Intervention/Intellectual Disabilities Fund, the Health Service Block Grant Fund, and the Children & Youth Services Fund. The liability for workmen's compensation is liquidated from the General Fund. The liabilities for the capital leases are liquidated from the Children & Youth Services Fund and Liquid Fuels Tax Fund, respectively.

9. SELF-INSURANCE

The County of Butler is self-insured for its workers compensation and occupational disease liability as permitted by the Pennsylvania Workers Compensation Act (the "Act"), 77 P.S. p.1 et. Seq. The County of Butler has long been granted an exemption from the necessity of insuring its liability to pay compensation under the Act, such exemption being commonly referred to as self-insured status. In order to continue to remain in self-insured status, the County secures the payment of benefits under the Act in accordance with section 501 of the Act and applicable regulations.

On a regular basis, the Pennsylvania Department of Labor and Industry, Bureau of Workers Compensation Division, calculates the funding status of the County of Butler's Workers Compensation dedicated asset account. This dedicated asset account must meet the required asset level as prescribed by applicable regulations. The County has recently received exemption from the Department of Labor from the necessity of insuring its liability to pay compensation as provided for and subject to the Act and authorized it to operate as a self-insurer for the period of January 1, 2014 to January 1, 2015. The State has changed the beginning of the future annual self-insurance periods to January 1, the beginning of the County's fiscal year. This realignment will enable the State to monitor the filing of each renewal application.

The outstanding liability is calculated based on taking an average of the last three years' outstanding liabilities. The average calculation took into consideration any change in the number of claims between years and any change in the number of long-term claims. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The dedicated asset account balance at December 31, 2015 of \$1,187,779 is in excess of the Department's requirements. Current claims are expensed as paid by the related fund. Workmen's compensation claims paid during 2015 were \$224,254. The liability for claims outstanding at December 31, 2015 was \$577,893.

COUNTY OF BUTLER, PENNSYLVANIA

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The following represents changes in those aggregate liabilities for workmen's compensation for the years ended December 31, 2015 and 2014:

	2015	2014
Unpaid claims and claim adjustment expenses at beginning of year	\$ 655,634	\$ 685,659
Incurring claims and claim adjustments	(19,469)	(80,446)
Payments on claims and claim adjustment expenses:		
Claims and claim adjustment expenses attributable to insured events of current year	146,513	197,139
Claims and claim adjustment expenses attributable to insured events of prior years	(204,785)	(146,718)
Total payments	(58,272)	50,421
Total unpaid claims and claim adjustment expenses at end of year	\$ 577,893	\$ 655,634

10. LEASES

Mental Health Residential Facility

In December 2003, the County entered into an Enhanced-Use Lease with the U.S. Department of Veterans Affairs (Department) for approximately 1.3 acres of land in order to enable the Butler County MH/ID to construct a 16-bed mental health residential facility (Facility) on the Veterans Administration Medical Center (VAMC) grounds. The term of the lease is 50 years. The terms of the lease require the County to construct the Facility within two years of the approval of the lease; the Facility was completed in 2005. The VAMC is to have priority placement for two beds (730 bed days of care) per calendar year. The terms of the lease also require the County to establish a "funded maintenance account" on the 1st day of "lease-up" (i.e. when the first referred veteran is at the Facility) in an amount equal to \$2.00/sq ft per year for the rentable area of the facility, but not in excess of \$22,000. During the term of the lease, the County is to pay the Department for all ancillary services (actual cost of food, laundry, housekeeping, pest control) on a monthly basis. The County pays for all costs of operation. At the termination of the lease, the Facility and permanent improvements become the property of the Department.

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Tier Garage

In March 2005, the County entered into a three-year lease agreement for 9,688 square feet of space for temporary housing of prisoners. The County renewed the lease for an additional five years beginning on July 1, 2008 and again on July 1, 2013 for an additional two years, and again on July 1, 2015 for an additional six months, at the same rate of \$10 per square foot (\$96,980 annually). As the construction of the new Government Center Annex eliminated the need for space to house the County's Adult Probation offices, the County has not renewed the lease agreement for 2016.

District Justice Offices

The County has leases for four of the District Justice offices, of varying amounts and terms.

Future Minimal Rental Payments

The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2015:

<u>Years</u>	<u>Total</u>
2016	\$ 84,329
2017	86,076
2018	54,576
2019	43,729
2020	32,729
Thereafter	<u>261,046</u>
Total minimum payments required	<u><u>\$ 562,485</u></u>

11. OIL AND GAS LEASE

In February 2011, the County entered into an agreement for the lease of land for oil and gas drilling. The terms of the lease are for a five-year period, and as long thereafter as oil or gas is produced. The lease called for an up-front payment of \$579,960 and a one-time bonus of \$116,000 totaling \$695,960, which the County received during 2011. Unearned revenue is recognized into revenue in the amount of

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\$115,992 each year in accordance with the lease agreement. The amount recognized as revenue during 2015 was \$115,992. As acceptable gas is extracted from the property, the County will receive an 18% royalty of the proceeds received for all gas produced, metered and sold, less the lessor's pro rata share of any severance or excise tax imposed by any governmental body. The amount of royalties received in 2015 was \$73,842.

12. LEASE REVENUE

In 2013, the County entered into a lease agreement with Sheetz, Inc. for the lease of a 2.96 acre parcel. The cost and carrying amount of the land is \$100. The terms of the lease are for a fifteen-year period, with an option to renew, commencing on February 1, 2014 and ending on February 1, 2028. The annual rent begins at \$6,250 per month for the first ten years, and will increase to \$6,875 per month for the last five years of the lease.

Future minimum annual rental payments for the lease are as follows:

2016	\$ 75,000
2017	75,000
2018	75,000
2019	75,000
2020	75,000
Thereafter	<u>637,500</u>
	<u>\$ 1,012,500</u>

13. COMMITMENTS AND CONTINGENCIES

Revenues provided to the County by the state and federal governments are subject to audit by respective grantor agencies. Potential reimbursements may be required as a result of such audits. No provision has been made for potential reimbursements in the financial statements as material amounts are considered to be unlikely.

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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded

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commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

The County is insured for various types of insurance including the following: general liability, auto, crime, law enforcement liability, public officials/employee practices liability, and property/equipment breakdown insurance. Deductibles range from \$1,000 to \$25,000 per claim or occurrence. Maximum limits for general liability, auto, public officials/employee practices, and law enforcement are \$5,000,000 per occurrence. The maximum limit for crime coverage is \$1,000,000 per occurrence. Property is covered on the total insured value subject to a maximum limit of \$500 million and equipment breakdown is insured at \$100 million per accident.

The County is also involved in contracts related to various projects. Construction and development commitments outstanding related to these projects as of December 31, 2015 totaled approximately \$738,000.

There are various other matters of pending litigation in which the County is involved. The County Solicitor believes that it is unlikely such matters would significantly affect the financial position of the County.

Guaranteed Loans

As part of a local retail department store's (store) bankruptcy reorganization, the County closed on a Section 108 loan on behalf of the store in the amount of \$5.8 million in May 2009. The store is responsible for repayment of the loan, but the County was required to pledge future Community Development Block Grant allocations for the life of the loan to be used in the event of default by the store. The loan is required to be repaid over a 20-year period.

In June 2014, the County approved a loan guarantee in the amount of \$500,000 to the Butler County Airport Authority for a loan from the Pennsylvania Infrastructure Bank. The loan, which will fund construction of two general aviation T-hangars at the airport facility, requires repayment over a 10 year period. Under the guarantee, the County's responsibility for financial obligation in any year is limited to the amount of the County's annual liquid fuels tax fund allocation for that year.

Health Choices

The County, along with Armstrong, Indiana, Lawrence, Washington and Westmoreland Counties (SW-6 Counties), are the contractors with the Pennsylvania

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Department of Human Services (DHS) for providing services under the Health Choices Program. Health Choices is Pennsylvania's managed care program for adults and children on Medical Assistance. Value Behavioral Health of Pennsylvania (VBH-PA) was selected as the Behavioral Health Managed Care Organization (BHMCO) for the SW-6 Counties. In addition, the SW-6 Counties formed a private non-profit, Southwest Behavioral Health Management, Inc. (Corporation) for the purpose of monitoring the behavioral health services of the Health Choices Program.

During 2012, the SW-6 Counties entered into an intergovernmental agreement for the purpose of authorizing the transfer of funds designated for risk and contingency and for medical funding to the Corporation. The County currently has a receivable recorded in the amount of \$5,053,812 in the Health Choices fund. The receivable represents the amount of cash held by the Corporation on behalf of the County at December 31, 2015. In the agreement effective January 1, 2012 between the SW-6 Counties and VBH-PA, the Counties retained the right to meet the full DHS contractual risk requirements, including insolvency and equity; however, the 2012 SW-6 Counties and VBH-PA agreement allowed for risk sharing and that option was exercised for 2012. Under this option, the SW-6 Counties were at risk for total medical funds plus 9.50% over the medical funds, then VBH-PA assumed the aggregate risk. Effective January 1, 2013, the SW-6 Counties met the equity and insolvency requirements imposed by DHS using risk and contingency dollars held by the Corporation and allowable financial instruments. This change resulted in VBH-PA moving to an administrative services relationship with the SW-6 Counties from the 2012 risk sharing relationship.

14. SUBSEQUENT EVENTS

Health Choices

During 2015, the SW-6 Counties authorized Southwest Behavioral Health Management, Inc. (SBHM) to enter into a single contract with DHS to manage the Health Choices program. This change, effective January 1, 2016, will transfer the risk from the SW-6 Counties to SBHM. The SW-6 Counties will be reimbursed for some administrative functions that they will perform but will not receive any other Health Choices funds, including reinvestment funds. As noted above, the County has a receivable recorded in the amount of \$5,053,812 in the Health Choices fund at December 31, 2015 for the risk and contingency funds held by SBHM. Although there is no financial statement effect at December 31, 2015, the receivable will be removed and a transfer to SBHM will be recorded January 1, 2016.

COUNTY OF BUTLER, PENNSYLVANIA

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Budget

The County Commissioners approved a \$150.7 million budget for 2016 with a 3 mill increase to the property tax rate, from 24.628 mills to 27.628 mills.

Debt

In January 2016, the County issued a tax anticipation note in the amount of \$7.5 million. It is intended that the note will be repaid during 2016.

In January 2016, the County also issued a revenue anticipation note in the amount of \$8,000,000. The note was repaid in April 2016.

In April 2016, the County Commissioners approved the issuance of General Obligation Notes, Series A of 2016 and Series B of 2016. The Series A note will be used to refund \$3,180,000 of the Series 2006 bond issue, which will result in an estimated net savings of approximately \$240,000. The Series B note proceeds will be used to fund capital projects.

B. BUTLER COUNTY COMMUNITY COLLEGE

1. ORGANIZATION

The Butler County Community College (BCCC), chartered in 1965, was the first community college in Western Pennsylvania. On September 26, 1966, BCCC opened its doors to 242 day and 190 evening students. During the current fiscal year, 4,920 students were enrolled in credit programs and another 9,756 people took part in the many other educational opportunities available on the BCCC main campus, and the Cranberry, Lawrence, Brockway, and Mercer sites. BCCC is dedicated to providing quality and comprehensive educational opportunities accessible to all that can benefit.

Reporting Entity

BCCC is a component unit of the County of Butler (County), Pennsylvania. The Commissioners of the County appoint all members of the governing Board of Trustees (Board) of BCCC. As sponsor of BCCC, the County provides funding for up to one-third of operating expenses and one-half of the capital expenses. In addition, the County's approval is required for the issuance of any bonded debt by

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BCCC, as the County is legally committed for a portion of the repayment of such debt.

In evaluating BCCC as a reporting entity in accordance with the Governmental Accounting Standards Board (GASB), management has addressed all potential component units. Consistent with applicable guidance, the criteria used by BCCC to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship.

Following is a brief description of the component unit that is included within the financial reporting entity because of the nature and significance of the relationship:

Butler County Community College Education Foundation (Foundation)

The Foundation is a non-profit organization incorporated on October 1, 1985. The purpose of the Foundation is to promote the educational efforts of BCCC. A twenty-one member Board of Directors governs the Foundation. The President of BCCC is a member of the Board of Directors and the Executive Director of the Foundation is an employee of BCCC. Separate financial statements of the Foundation are prepared and can be obtained through the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of BCCC have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. GASB is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. BCCC's significant accounting policies are as follows:

Basis of Accounting

The financial statements of BCCC have been prepared on the accrual basis. Accordingly, revenues are recorded when earned and expenses are recognized when the liability is incurred. BCCC records student receivables at the time of registration for classes. As of June 30, 2015, BCCC determines the portion of the receivable and the tuition that has been paid that relates to classes that will take place after June 30. This amount is reported as unearned revenue.

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Operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of BCCC. Operating revenues consist of tuition and fees and government grants. Nonoperating revenues and expenses consist of those revenues and expenses relating to subsidies and capital items.

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. If expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Financial Reporting

BCCC elects to report its activity as "business-type activities only" financial statements.

Classification of Net Position

Accounting standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those

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assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Two categories are used to further describe restricted net position:

Expendable – can be expended in compliance with the external restriction

Nonexpendable – net position that is required to be retained in perpetuity

Expendable restricted net position at June 30, 2015 of BCCC consisted of \$5,613,798 related to the support agreement receivable and \$2,038,455 related to unspent loan proceeds for renovations.

Net position related to the Foundation is described in Note 9.

- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

BCCC uses restricted resources, when available, before using unrestricted resources to pay expenditures.

Inventory

Inventory consisting of books and merchandise held for sale in the bookstore is stated at average cost and is expensed as sold or used.

Allowance for Uncollectible Receivables

BCCC maintains the most current two academic years as student receivables. All other student receivables are considered to be uncollectible and are written off. During the year, BCCC wrote off \$190,484 of receivables considered to be uncollectible.

Capital Assets and Depreciation/Amortization

Physical plant and equipment are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. Depreciation/amortization on assets has

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been provided using the straight-line method over the estimated useful lives, as follows:

Buildings	30-60 years
Furniture and fixtures	15-20 years
Library reference materials and books	5 years
Maintenance equipment	10 years
Office and computer equipment	5-10 years
Vehicles	2-5 years
Technology software	5 years

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments purchased by BCCC consist of U.S. Government Obligations and are carried at fair value. Investments of the Foundation are reported at fair value with the exception of stock held in a non-publicly traded entity as discussed in Note 3.

Bond Discounts

Original issue bond discounts are deferred and amortized over the life of the related bonds using the straight-line method of amortization. The unamortized balance of the bond discount is recorded as a reduction of the related bond payable.

Adopted Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," were adopted in the current year by BCCC. As a result of this implementation, the net position as of July 1, 2014 was restated with a decrease of \$6,493,576 to record BCCC's proportionate share of the state-wide Public School Employees' Retirement System (PSERS) total pension liability. The proportionate share is calculated utilizing BCCC's one-year

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reported covered payroll as it relates to the total one-year reported covered payroll. The pension liability and its related components are described more fully in Note 5.

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Deferred Outflows of Resources - Refunding

The deferred charge on refunding is treated as a deferred outflow of resources and resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows and Outflows of Resources Related to Pensions

In conjunction with the adoption of GASB Statement Nos. 68 and 71, the effect of the change in BCCC's proportion, the difference between expected and actual investment earnings, and payments made to PSERS subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions on the financial statements. These amounts are determined based on the actuarial valuation performed for the PSERS plan. The effect of the change in BCCC's proportion is recognized over the average expected remaining service lives of active and inactive members, which was 5.15 years as of June 30, 2013. The difference between expected and actual investment earnings is recognized over five years. Payments subsequent to the measurement date will be recorded as a reduction to the pension liability in the next fiscal year. Note 5 presents additional information about the PSERS plan.

Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on BCCC's financial statements.

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GASB Statement No. 72, *“Fair Value Measurement and Application,”* effective for fiscal years beginning after June 15, 2015 (BCCC’s financial statements for the year ending June 30, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,”* effective for fiscal years beginning after June 15, 2015 (BCCC’s financial statements for the year ending June 30, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (BCCC’s financial statements for the year ending June 30, 2017). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,”* effective for fiscal years beginning after June 15, 2016 (BCCC’s financial statements for the year ending June 30, 2017). This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,”* effective for fiscal years beginning after June 15, 2017 (BCCC’s financial statements for the year ending June 30, 2018). This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* effective for fiscal years beginning after June 15, 2015 (BCCC’s financial statements for the year ending June 30, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

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GASB Statement No. 77, "*Tax Abatement Disclosures*," effective for fiscal years beginning after December 15, 2015 (BCCC's financial statements for the year ending June 30, 2017). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances.

Because BCCC is a component unit of the County, GASB standards are implemented by BCCC in the fiscal period that relates to the calendar year of implementation by the County.

3. DEPOSITS AND INVESTMENTS

Deposits

Under Section 440.1 of the Pennsylvania Public School Code for 1949, as amended, BCCC is permitted to invest funds consistent with sound business practices in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.

The deposit and investment policy of BCCC adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of BCCC.

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The majority of BCCC's investments is in U.S. Government Obligations and is therefore not exposed to this type of risk.

COUNTY OF BUTLER, PENNSYLVANIA

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Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year-end, the carrying amount of BCCC's cash and deposits was \$10,574,332 and the related bank balances totaled \$10,722,896, of which \$525,000 was covered by FDIC. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution's name.

Additionally, at year-end, the carrying amount of the Foundation's cash and deposits was \$1,825,743 and the related bank balance totaled \$1,826,509, \$106,862 of which was covered under FDIC insurance. There were no amounts in excess of FDIC limits. The remaining balance was invested in "sweep" repurchase agreement accounts, which are not FDIC insured. The financial institution holding the Foundation's "sweep" balances has pledged assets in a coverage ratio of 1.05%. For every one dollar in uninsured "sweep" funds, the financial institution has pledged \$1.05 in assets.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of BCCC's investments was \$2,454,535.

BCCC's investments at June 30, 2015 are composed of the following:

Government and agency securities	\$ 1,039,916
Corporate bonds	250,052
Cash equivalent investments	<u>1,164,567</u>
	<u>\$ 2,454,535</u>

At year-end, \$245,798 of the cash equivalent investments was covered by federal depository insurance. The remaining \$2,208,737 of BCCC's investments are not insured or registered and are held by the financial institution's trust department or agent on behalf of BCCC, but are not in BCCC's name. Investments may be held in the name of a nominee, as long as the investments are held on behalf of BCCC.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such changes could materially affect the amount reported on the

COUNTY OF BUTLER, PENNSYLVANIA

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statement of net position.

The Foundation's investments at June 30, 2015 are composed of the following:

Cash and cash equivalents	\$ 940,669
Mutual funds	2,933,073
Municipal bonds	-
Common stock	<u>687,157</u>
	<u>\$ 4,560,899</u>

The Foundation's investments are not insured or registered and are held by the financial institution's trust department or agent on behalf of the Foundation, but are not in the Foundation's name. Investments may be held in the name of a nominee, as long as the investments are held on behalf of the Foundation. Those amounts identified above as cash and cash equivalents include funds being held in highly liquid money market mutual funds that are invested in governmental debt securities with maturities from the date of purchase of three months or less.

4. BONDS PAYABLE

Long-term debt consists of the following:

	Balance at June 30, 2014	Issuance	Payments	Accretion	Balance at June 30, 2015	Due within one year
General obligation bonds:						
Series D of 2000	\$ 831,619	\$ -	\$ (295,000)	\$ 34,332	\$ 570,951	\$ 295,000
Series G of 2000	4,600,955	-	-	277,042	4,877,997	-
Series A & B of 2011	11,940,000	-	(750,000)	-	11,190,000	765,000
Series A & B of 2012	<u>8,040,000</u>	<u>-</u>	<u>(365,000)</u>	<u>-</u>	<u>7,675,000</u>	<u>375,000</u>
	<u>\$ 25,412,574</u>	<u>\$ -</u>	<u>\$ (1,410,000)</u>	<u>\$ 311,374</u>	24,313,948	<u>\$ 1,435,000</u>
				Unaccreted interest	<u>4,306,052</u>	
					<u>\$ 28,620,000</u>	

Amounts above do not reflect an original issue discount in the amount of \$213,270 for the bonds. This amount is amortized using the straight-line method.

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In March 2000, the State Public School Building Authority (SPSBA) undertook the financing of a project on behalf of BCCC with the proceeds of bonds in the amount of \$16,533,643. The proceeds of Series D of 2000 (Series D) Bonds were used to finance the construction of a new science/technology building which includes classrooms, labs, theatre, cultural center, and other capital projects such as campus-wide networking, paving, HVAC, roofing projects, and various other projects. In addition, a Fire Science Training Center was constructed including classrooms, training tower, controlled-burn building, and training pad. Approximately, \$2,470,000 of the proceeds was used to defease the 1992 Series L Bonds. The interest rates on the bonds range from 4.0% to 5.50% with the final bonds maturing July 15, 2016.

During 2001, the SPSBA and BCCC issued Series G of 2000 (Series G) Bonds in the amount of \$4,121,861. The Series G Bonds include current interest bonds in the amount of \$2,060,000 and capital appreciation bonds in the amount of \$2,061,861. The Series G Bonds were issued to cover additional costs associated with the construction of the science/technology building. The interest rates on the Series G Bonds range from 4.5% to 6.0% with the bonds maturing January 15, 2031.

In July 2011, the SPSBA and BCCC issued Series A and B Bonds in the amount of \$7,840,000 and \$5,795,000, respectively. The Series A Bonds were issued to (1) refund, on a current basis, BCCC's Refunding Series A-I of 2001 Bonds; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series A Bonds. The Series B Bonds were issued to (1) refund, on a current basis, BCCC's Refunding Series A-II of 2001 Bonds; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series B Bonds. The interest rates on the Series A Bonds range from 0.75% to 4.45% with the bonds maturing from 2012 until 2029. The interest rates on the Series B Bonds range from 0.50% to 3.25% with the bonds maturing from 2012 until 2020. During the year, BCCC paid interest of \$383,773.

In September 2012, the SPSBA and BCCC issued Series A and B Bonds in the amount of \$4,610,000 and \$4,165,000, respectively. The Series Bonds were issued to (1) refund, on a current basis, BCCC's outstanding College Revenue Bonds, Series A of 2008; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series a Bonds. The Series B Bonds were issued to (1) refund, on a current basis, BCCC's outstanding College Revenue Bonds, Series B of 2008; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series B Bonds. The interest rates on the Series A and B Bonds

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range from 0.80% to 3.70% with the bonds maturing from 2013 until 2024. During the year, BCCC paid interest of \$238,149.

Subsequent to year-end, Moody's Investor Service downgraded BCCC's credit rating from A1 to A3.

The scheduled retirement of bonds is as follows:

	Principal	Interest	Total
2016	\$ 1,435,000	\$ 589,550	\$ 2,024,550
2017	1,450,000	567,989	2,017,989
2018	1,460,000	537,329	1,997,329
2019	1,500,000	499,225	1,999,225
2020	1,550,000	455,934	2,005,934
2021 to 2025	9,100,000	1,712,915	10,812,915
2026 to 2030	9,550,000	798,575	10,348,575
2031 to 2035	2,060,000	222,685	2,282,685
2036 to 2037	515,000	28,675	543,675
	28,620,000	\$ 5,412,877	\$ 34,032,877
Less unaccreted interest	(4,306,052)		
	<u>\$ 24,313,948</u>		

5. PENSION AND RETIREMENT PLANS

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is expected to be paid from the Operating Fund.

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of

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Pennsylvania. The members eligible to participate include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

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Health Insurance Premium Assistance Program

In addition, PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible annuitants must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Premium Assistance is not included in the calculation of the net pension liability as it does not qualify under the provisions of GASB Statement No. 68.

Member Contributions:

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

Active members who joined PSERS prior to July 22, 1983:

Membership Class T-C	5.25%
Membership Class T-D	6.50%

Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:

Membership Class T-C	6.25%
Membership Class T-D	7.50%

Members who joined PSERS after June 30, 2001, and before July 1, 2011:

Membership Class T-D	7.50%
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Members who joined PSERS after June 30, 2011:

Membership Class T-E*	7.50%
Membership Class T-F**	10.30%

- * Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.

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** Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.

Employer Contributions:

BCCC's contractually required pension contribution rate for the fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, BCCC was required to contribute 0.90% of covered payroll to Premium Assistance Program.

The contribution rate will increase to 25.84% in fiscal year 2016 and is projected to grow to 31.83% by fiscal year 2025.

BCCC contributed \$481,747, \$383,424, and \$274,865 to PSERS for the years ended June 30, 2015, 2014, and 2013, respectively, which represents its contribution towards pension benefits and Premium Assistance. Approximately \$130,000 is owed to PSERS as of June 30, 2015, which represents BCCC's required contribution for the end of year payroll. Contributions are remitted quarterly.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2015, BCCC reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to BCCC. The amount recognized by BCCC as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated to BCCC were as follows:

BCCC's proportionate share of the net pension liability	\$ 7,006,000
State's proportionate share of the net pension liability associated with BCCC	<u>7,032,050</u>
Total	<u>\$ 14,038,050</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2013 to June 30, 2014. BCCC's proportion of the net pension liability was calculated utilizing the employer's one-

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year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2014, BCCC's proportion was 0.0177%, which was an increase of 0.0009% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, BCCC recognized pension expense of \$1,093,260 and revenue of \$376,836. At June 30, 2015, BCCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 501,000
Changes in proportion	297,000	-
BCCC contributions subsequent to the measurement date	481,747	-
Total	<u>\$ 778,747</u>	<u>\$ 501,000</u>

\$481,747 reported as deferred outflows of resources resulting from BCCC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Date Year Ending June 30:	Reporting Date Year Ending June 30:	Amortization Amount
2015	2016	\$ (53,600)
2016	2017	(53,600)
2017	2018	(53,600)
2018	2019	(53,600)
2019	2020	10,400
	Total	<u>\$ (204,000)</u>

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Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward PSERS' total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1.0%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	-9%	1.1%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of BCCC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents BCCC's proportionate share of the net pension liability calculated using the discount rates described above, as well as what BCCC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
BCCC's proportionate share of the net pension liability	<u>\$ 8,739,000</u>	<u>\$ 7,006,000</u>	<u>\$ 5,526,000</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found on the PSERS' website at www.psers.state.pa.us.

Teachers Insurance and Annuity Association/College Retirement Equities Fund

All regular BCCC employees who are classified as staff-exempt, faculty, or other academic may enroll in an optional retirement plan through the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). This is in lieu of participation in the PSERS Board plan as detailed above. Employees electing TIAA-CREF contributed 5.25% of their regular monthly compensation if they began participation in the plan prior to July 22, 1983, or 6.25% if their participation began after July 22, 1983. BCCC's contribution rate for the fiscal year ended June 30, 2015 was 10%.

During fiscal year 2015, BCCC contributed \$922,098 to this plan. The participants have personal contracts with TIAA-CREF and personally own annuities. This full vesting allows participants to transfer to other employers that participate in TIAA-CREF and continue to accumulate retirement benefits. The optional Retirement Plan offered through TIAA-CREF is a Defined Contribution Plan. Accordingly, benefits depend solely on amounts contributed to the Defined Contribution Plan plus investment earnings.

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6. ACCUMULATED COMPENSATED ABSENCES

Accumulated compensated absences were comprised of the following at June 30, 2015:

Early Retirement Incentive	Accumulated Sick Leave	Unused Vacation Pay	Total
<u>\$ 30,000</u>	<u>\$ 815,040</u>	<u>\$ 220,757</u>	<u>\$ 1,065,797</u>

Based on actual experience of BCCC, all amounts above are assumed to be long-term.

7. CAPITAL ASSETS

BCCC's capital asset balances at June 30, 2015 consisted of the following:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated/amortized:				
Land and improvements	\$ 5,245,478	\$ 496,214	\$ (522,142)	\$ 5,219,550
Construction in progress	-	318,228	-	318,228
Total capital assets, not being depreciated/amortized	<u>5,245,478</u>	<u>814,442</u>	<u>(522,142)</u>	<u>5,537,778</u>
Capital assets, being depreciated/amortized:				
Buildings	46,182,868	187,914	(156,800)	46,213,982
Vehicles	295,482	43,980	(58,211)	281,251
Equipment, furniture, and fixtures	<u>12,615,189</u>	<u>439,563</u>	<u>(669,624)</u>	<u>12,385,128</u>
Total capital assets, being depreciated/amortized	<u>59,093,539</u>	<u>671,457</u>	<u>(884,635)</u>	<u>58,880,361</u>
Less total accumulated depreciation/amortization	<u>(33,354,905)</u>	<u>(2,162,905)</u>	<u>1,343,839</u>	<u>(34,173,971)</u>
Net capital assets, being depreciated/amortized	<u>25,738,634</u>	<u>(1,491,448)</u>	<u>459,204</u>	<u>24,706,390</u>
Net capital assets	<u>\$ 30,984,112</u>	<u>\$ (677,006)</u>	<u>\$ (62,938)</u>	<u>\$ 30,244,168</u>

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The Foundation's capital asset balances at June 30, 2015 consisted of the following:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 455,991	\$ -	\$ -	\$ 455,991
Total capital assets, not being depreciated	455,991	-	-	455,991
Capital assets, being depreciated:				
Buildings	2,820,695	-	-	2,820,695
Total capital assets, being depreciated	2,820,695	-	-	2,820,695
Less total accumulated depreciation	(417,865)	(112,820)	-	(530,685)
Net capital assets, being depreciated	2,402,830	(112,820)	-	2,290,010
Net capital assets	\$ 2,858,821	\$ (112,820)	\$ -	\$ 2,746,001

Depreciation expense is included in rental expense on the statement of revenues, expenses, and changes in net position, as the entire amount for the year ended June 30, 2015 relates to a building the Foundation rents to BCCC.

8. INSURANCE

BCCC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BCCC maintains insurance through an independent insurance carrier for these types of business losses. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage since the prior fiscal year. Management believes the insurance coverage is sufficient to cover BCCC against potential losses.

9. BUTLER COUNTY COMMUNITY COLLEGE EDUCATION FOUNDATION

The Foundation is a non-profit Pennsylvania corporation. It is organized and operated exclusively for educational and cultural purposes to assist in developing and fostering scholarship and charitable activities. A nineteen-member Board of Directors that oversees the holding, investing, managing, and awarding of Foundation assets governs the Foundation. The Internal Revenue Service considers the Foundation exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

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The Foundation reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Minimal modifications have been made to the Foundation's financial information in BCCC's reporting entity for those differences, as the differences were not significant to the reporting entity.

	Available for educational and related purposes (Expendable)	Held in perpetuity as designated by donor (Nonexpendable)	Total
Foundation Net Position at June 30, 2015:			
Net investment in capital assets	\$ 272,766	\$ -	\$ 272,766
Restricted:			
Expendable	3,511,729	-	3,511,729
Nonexpendable	-	2,340,524	2,340,524
Unrestricted	1,249,958	-	1,249,958
Total Net Position	<u>\$ 5,034,453</u>	<u>\$ 2,340,524</u>	<u>\$ 7,374,977</u>

Support Agreement and Investment Agreement

The Foundation has made a committed effort to make capital improvements to BCCC and as a part of that commitment in October 2000, BCCC entered into a support agreement with the Foundation. Funding was provided beginning in fiscal year 2002 and will end in fiscal year 2031. The support agreement outlines the minimum yearly contributions BCCC will receive from the Foundation. Below is the schedule of minimum payments that are to be made under the support agreement:

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<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 127,000
2017	127,000
2018	123,200
2019	120,200
2020	121,200
2021-2025	4,235,900
2026-2030	5,139,000
Thereafter	920,000
	<u>\$ 10,913,500</u>

As a result of the support agreement, BCCC has recorded a receivable at net present value in the amount of \$5,613,798.

In November 2000, the Foundation entered into an investment agreement with a financial institution to provide funds to meet its obligation to make the minimum payments to BCCC. The investment agreement required that the Foundation make a one-time payment of \$3,200,000; in return, they would receive payments totaling \$12,627,189 through 2031. The payments are guaranteed only by the financial institution and are not insured.

The investment agreement requires that the investment be collateralized if the financial institution's S&P or Moody's rating falls below 'AA-' or 'Aa3', respectively. During 2009, the rating was downgraded below this level, and the Foundation entered into a collateral agreement in which a third party provided collateral in the amount of 105% of the investment value. The collateral assets are comprised of U.S. Treasury Securities and held in the name of the Foundation by a Trustee. The collateral agreement ceases to exist if the S&P or Moody's rating of the original agreement is upgraded above the required ratings.

The investment agreement also requires that if the financial institution's S&P or Moody's rating is withdrawn or suspended, or falls below 'A', the provider must 1) assign the investment agreement to an alternative provider acceptable to the Foundation that is rated at least 'AA-' or 'Aa3' by S&P or Moody's, respectively, or 2) at the direction of the Foundation within 10 days of receipt of such direction, repay the contract proceeds, computing any gains or losses arising from the termination. During 2014, the Moody rating was downgraded below the 'A' level. The

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Foundation believes it has the right to waive either option and continue with the investment.

The value of the investment and payable is recorded at June 30, 2015 in the amount of \$5,613,798. The expected rate of return on the investment is approximately 7%.

Pledges Receivable

Foundation pledges receivable are expected to be received as follows:

<u>Fiscal Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 283,669
2017	266,339
2018	248,377
2019	232,544
2020	3,120
	<u>1,034,049</u>
Allowance for uncollectible pledges	<u>(38,636)</u>
Pledges receivable, net	<u><u>\$ 995,413</u></u>

The Foundation's estimate for allowance for uncollectible pledges is estimated at approximately 2%, based on the last capital campaign. Decisions to charge off uncollectible pledges are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that the Foundation's estimate of an allowance for uncollectible pledges will change.

In 2013, the Foundation began a comprehensive campaign, the Pioneer Proud Campaign, with a fundraising goal of \$5.5 million. Funds raised through the campaign will be used for three initiatives; transforming the Beck Library into a Learning Commons, sustaining student access and success, and supporting economic development. Through June 30, 2015, pledges to the campaign have totaled approximately \$3.2 million; of this, approximately \$2 million has been received. Gifts and pledges to the capital campaign are recorded in the statements of activities as grants and donations.

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Split-Interest Agreements

The Foundation administers five charitable remainder trusts, in the form of gift annuities. The gift annuities provide for the payment of distributions to the grantor or other designated beneficiaries over the term of the annuity. At the end of the term, the remaining assets are available for the Foundation's use. In the period the trust is established, the portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the statement of activities as a contribution. Such contributions totaled \$26,823 in 2015. Assets held for gift annuities totaled \$283,791 at June 30, 2015 and are reported at fair value in the Foundation's statement of financial position as unrestricted investments. The Foundation records a liability to make distributions to the designated beneficiaries; the estimated future payments total \$81,886 at June 30, 2015.

10. LEASES

Operating Leases

BCCC has entered into various leases for buildings and miscellaneous equipment. It is expected that in the normal course of business, such leases will continue to be required. Net expenditures for rentals under leases for the year ended June 30, 2015 amounted to approximately \$920,401.

In April 2007, BCCC entered into a lease agreement for a site in Lawrence County to begin during 2008. The terms of the lease begin April 1, 2008 and extend for 10 years through and including March 31, 2018. In August of 2015, the terms of the lease were amended. The commencement date changed from April 1, 2008 to October 1, 2015 and the expiration date changed from March 31, 2018 to June 30, 2025.

In February 2010, BCCC entered into a lease agreement for a site in Mercer County with the Foundation. The terms of the lease begin March 1, 2010 and extend for 11 years through February 28, 2021.

In September 2014, BCCC renewed a lease agreement with ComDoc for their printers. The terms of the lease begin January 2015 and extend for five years through December 2020.

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In September 2014, BCCC entered into a lease agreement for a site in Brockway, Pennsylvania. The terms of the lease begin September 2013 and extend for five years through June 30, 2018.

In April 2015, BCCC entered into a lease agreement for a site in Manor Township, Pennsylvania. The terms of the lease begin July 1, 2015 and extend for three years through June 30, 2017.

Future minimum lease payments on the leases are as follows:

Fiscal Year	Amount
2016	\$ 1,234,295
2017	1,250,532
2018	900,900
2019	730,500
2020	685,638
Thereafter	1,903,880
	<u>\$ 6,705,745</u>

11. LINES OF CREDIT

Lines of credit consist of the following at June 30, 2015:

	Balance at June 30, 2014	Proceeds	Payments	Balance at June 30, 2015
State Public School Building Authority: Lines of credit	<u>\$ 659,036</u>	<u>\$ 197,522</u>	<u>\$ (291,886)</u>	<u>\$ 564,672</u>

During 2014, BCCC obtained a line of credit with the State Public School Building Authority for capital purchases. At June 30, 2015, BCCC had an outstanding balance of \$564,672. The line of credit has a maximum borrowing amount of \$1,419,297 with an interest rate of 2%, and matures in January 2019.

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12. NOTE PAYABLE

Notes payable consists of the following:

	Balance at June 30, 2014	Proceeds	Payments	Balance at June 30, 2015	Due within one year
Equipment loan	\$ 52,902	\$ -	\$ (34,932)	\$ 17,970	\$ 17,970
Library loan	2,350,000	-	(198,189)	2,151,811	205,383
	<u>\$ 2,402,902</u>	<u>\$ -</u>	<u>\$ (233,121)</u>	<u>\$ 2,169,781</u>	<u>\$ 223,353</u>

In December 2012, BCCC obtained a loan in the amount of \$103,000 to finance the cost of purchasing computers and technology equipment at the off-campus sites. The loan has a stated interest rate of 3.75% with monthly principal and interest payments of \$3,028, and a maturity of three years ending on December 12, 2015. The outstanding balance at June 30, 2015 was \$17,970. Interest paid during fiscal year 2015 was \$1,408.

In June 2014, BCCC obtained a loan in the amount of \$2,350,000 to finance the cost of construction, renovation and equipping of the Heaton Family Learning Commons (formerly Beck Library) and the cost of issuing the Note. The loan has a stated interest rate of 3.65% with semi-annual principal and interest payments of \$141,680, and a maturity of ten years ending on June 30, 2024. The outstanding balance at June 30, 2015 was \$2,151,811. Interest paid during fiscal year 2015 was \$85,171.

The future annual payments required to amortize all debt outstanding as of June 30, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 223,353	\$ 78,177	\$ 301,530
2017	213,262	70,098	283,360
2018	221,227	62,133	283,360
2019	229,490	53,870	283,360
2020	237,943	45,417	283,360
2021-2024	1,044,506	88,930	1,133,436
	<u>\$ 2,169,781</u>	<u>\$ 398,625</u>	<u>\$ 2,568,406</u>

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In February 2010, the Foundation authorized the Mortgage Revenue Drawdown Note, Series of 2010 in the aggregate principal amount of \$2,940,000, to assist with the construction costs of the LindenPointe expansion project. The 2010 Note bears an interest rate of the Federal Home Loan Bank (FHLB) rate plus 2.50%, fixed for the first five years, then reset to the current FHLB rate plus 2.50% for the next five years, with a final one-year reset to the then-existing FHLB rate plus 2.50%. The Note is secured by property of the Foundation and matures in 2021. The interest rate at June 30, 2015 approximated 2.866%. At June 30, 2015, \$2,473,235 remains outstanding.

The annual maturities of long-term debt are as follows:

Year Ending June 30,	
2016	\$ 117,989
2017	122,552
2018	127,291
2019	132,213
2020	137,325
Thereafter	<u>1,835,865</u>
Total	<u>\$ 2,473,235</u>

In February 2010, the Foundation was given land valued at \$113,883 to be used as a parking facility for the College's LindenPointe campus. An interest-free Mortgage Note was attached to the land to be repaid only in the event that the Foundation transfer the property to another entity or use the property for any purpose other than as a parking facility for the College.

The Note obligation decreases by ten percent each anniversary date for ten years from the date of the Note such that the entire Note will be forgiven as of February 9, 2020. As of June 30, 2015, the value of the contingent obligation on the Note is \$56,942 and is reported in unearned revenue on the statement of net position.

13. CONTINGENCIES

BCCC is subject to state and federal audits by grantor agencies. Applicable laws and regulations are complex and subject to interpretation. BCCC is not aware of any pending audit findings involving prior or current years. However, compliance with

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such laws and regulations can be subject to future reviews and interpretation which could result in disallowed costs.

14. COMMITMENTS

For the year ended June 30, 2015, BCCC has various outstanding construction contracts that are material to BCCC's financial statements. The total on all outstanding contracts is \$5,011,000 and relates to construction contracts for the Library Renovation Project. These contracts were approved in June 2015; however, contracted work did not begin before year-end. As such, the total on all outstanding contracts of \$5,011,000 relates to the full contracted amounts.

15. SUBSEQUENT EVENTS

BCCC had a tuition rate increase for fiscal year 2016. The approved 2015-2016 tuition rate increased to \$100 per credit hour for Butler County residents from \$96 per credit hour in 2014-2015, \$200 per credit hour for non-sponsored Pennsylvania residents from \$192 per credit hour in 2014-2015, and \$300 per credit hour for out-of-state residents from \$288 per credit hour in 2014-2015.

C. BUTLER COUNTY AIRPORT AUTHORITY

1. ORGANIZATION

The Butler County Airport Authority (Authority) is a municipal authority, which was created and exists under the Municipality Authorities Act of May 2, 1945.

The Authority was created to maintain the Airport facility and grounds for the benefit of Butler County (County) corporations, businesses, and the general public desiring to engage in aeronautical activity. Federal and state grants are applied for and utilized for the purpose of maintaining a reliever airport status and to continue to improve the Airport. The Authority enters into land leases for corporate and private hangar construction and aviation business as a representative political entity of the County.

The Authority is a component unit of the County of Butler, Pennsylvania. The County Commissioners ratify the appointment of members to the Authority's Board of Directors (Board) and have a financial burden in that bonded debt cannot be issued without the guarantee of the County.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The Authority utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operations are accounted for as an Enterprise Fund that is financed and operated in a manner similar to private business enterprises, where the intent of the Authority is that the costs (expenses, including depreciation where applicable) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with maturities of three months or less when purchased.

Bad Debts

The Authority uses the direct write-off method of accounting for bad debts, which recognizes the expense in the period in which the accounts are determined to be uncollectible. No reserve for doubtful accounts is included in accounts receivable at December 31, 2015, as such amounts are immaterial.

Capital Assets

Land, buildings, and equipment are carried at cost and include expenditures for new facilities and major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. The carrying value of buildings and equipment retired or otherwise disposed of and the accumulated depreciation thereon are eliminated from the asset and related reserve accounts, and the resulting difference, after giving effect to any proceeds from sales, is applied to income accounts.

The Authority provides for depreciation on the straight-line method. Land improvements, buildings, and equipment are depreciated at rates which it is estimated will provide reserves equal to the amounts at which the assets are recorded on the

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books, less their estimated salvage values when retired from service in the ordinary course of business. The estimated useful lives are as follows:

Land improvements	30 years
Buildings	30 years
Runways and taxiways	5-30 years
Vehicles and equipment	10 years

Use of Estimates in the Preparation of Financial Statements

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pending Pronouncements

GASB Statement No. 72, *“Fair Value Measurement and Application,”* effective for fiscal years beginning after June 15, 2015 (the Authority’s financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,”* effective for fiscal years beginning after June 15, 2015 (the Authority’s financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the Authority’s financial statements for the year ending December 31, 2017). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* effective for fiscal years beginning after June 15, 2015 (the Authority’s financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the

COUNTY OF BUTLER, PENNSYLVANIA

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accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*," effective for fiscal years beginning after June 15, 2015 (the Authority's financial statements for the year ending December 31, 2016). This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*," effective for fiscal years beginning after June 15, 2016 (the Authority's financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*," effective for fiscal years beginning after June 15, 2016 (the Authority's financial statements for the year ending December 31, 2017). The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*."

Management has not yet determined the impact of these statements on the Authority's financial statements.

3. DEPOSITS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow pooling of governmental funds for investment purposes.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

The following is a description of the Authority's deposit risks:

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2015, \$1,538,718 of the Authority's bank balance of \$1,788,718 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature. This requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$1,738,153 as of December 31, 2015, which are reported as cash and cash equivalents in the statements of net position.

4. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 consists of government grants receivable of \$136,837 and \$24,849 of accounts receivable for operating revenues.

5. LAND, BUILDINGS, AND EQUIPMENT

A summary of changes in capital assets is as follows for 2015:

COUNTY OF BUTLER, PENNSYLVANIA

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FOR THE YEARS ENDED DECEMBER 31, 2015 OR JUNE 30, 2015

	December 31, 2014	Additions	Deletions/ Transfers	December 31, 2015
Capital assets, not being depreciated:				
Land	\$ 1,296,580	\$ -	\$ -	\$ 1,296,580
Construction in progress	365,297	171,870	(360,298)	176,869
Total capital assets, not being depreciated	1,661,877	171,870	(360,298)	1,473,449
Capital assets, being depreciated:				
Equipment	420,688	8,325	-	429,013
Buildings	3,530,050	1,571,366	-	5,101,416
Runway and taxiway	15,598,465	353,280	-	15,951,745
Land improvements	644,007	-	-	644,007
Total capital assets, being depreciated	20,193,210	1,932,971	-	22,126,181
Accumulated depreciation	(9,696,038)	(808,140)	-	(10,504,178)
Total capital assets being depreciated, net	10,497,172	1,124,831	-	11,622,003
Total capital assets, net	\$ 12,159,049	\$ 1,296,701	\$ (360,298)	\$ 13,095,452

Construction in progress as of December 31, 2015 represents capitalized costs to the Airport feasibility study and property acquisition.

6. DEBT

In October 2010, the Authority obtained a Pennsylvania Infrastructure Bank loan in the amount of \$500,000 to finance the construction of two, steel, 10-unit nested T-hangars. The loan has a stated interest rate of 1.625% with monthly principal and interest payments of \$4,517, and a maturity of 10 years beginning on October 18, 2010. During 2011, the Authority made an additional principal payment of \$71,284. As a result of the reduction, the loan is now payable through May 2019. The outstanding balance at December 31, 2015 was \$177,378. Interest paid during 2015 was \$3,331.

In October 2014, the Authority obtained a Pennsylvania Infrastructure Bank loan in the amount of \$500,000 to finance the final design/right-of-way acquisition and construction of two general aviation T-hangars at the airport facility along with the installation of a 500 gallon self-service fuel station. The loan has a stated interest rate of 1.625% with monthly principal and interest payments of \$4,520, and a maturity of 10 years beginning on October 1, 2015. The outstanding balance at December 31, 2015 was \$442,149. Interest paid during 2015 was \$9,953.

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NOTES TO FINANCIAL STATEMENTS

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The future annual payments required to amortize all debt outstanding as of December 31, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 99,007	\$ 9,442	\$ 108,449
2017	100,627	7,822	108,449
2018	102,273	6,176	108,449
2019	69,557	4,621	74,178
2020	50,524	3,719	54,243
Thereafter	197,539	6,476	204,015
	<u>\$ 619,527</u>	<u>\$ 38,256</u>	<u>\$ 657,783</u>

7. LEASES AND UNEARNED OPERATING REVENUE

Fixed Base Operation Lease Agreements

On September 9, 2004, the Authority entered into a Fixed Base Operation Lease Agreement (FBO Agreement) with AirQuest Aviation, L.P. (AirQuest). The Authority has leased the premises to AirQuest for a period of 15 years commencing on August 9, 2004 and ending August 9, 2019. On September 17, 2008, the Authority entered into an additional FBO Agreement with AirQuest. The Authority has leased the additional premises to AirQuest for a period of 11 years commencing on August 9, 2008 and ending August 9, 2019. The business is operated in conformance with standards and guidelines promulgated by the Authority and include the following services – aircraft charter, aircraft rental and sales, flight instruction, fuel and oil sales, aircraft and aircraft engine maintenance, and such other commercial activities approved by the Authority.

The FBO Agreements also contain an option for renewal for an additional 14 years. For this time period, the FBO Agreements provide for payments from AirQuest for a land area component, a fuel sale component, and a percentage of business component. The land area component is equal to ten cents per square foot leased, adjusted after each five-year period for changes in the consumer price index. The fuel sale component is equal to eight cents per gallon of fuel sold, or \$20,000 annually, whichever is greater, for the first five years, increasing to nine cents per gallon, or a minimum of \$22,500 annually for the sixth through tenth years; and ten cents per

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gallon, or a minimum of \$25,000 annually thereafter. The percentage of business component is equal to the greater of \$2,000 or two percent of the Lessee's gross sales.

Restaurant Lease Agreement

On October 1, 2010, the Authority entered into an agreement with the Runway Restaurant Sports Bar & Grille, LLC (Restaurant) for the lease of the second floor of its terminal building. The terms of the lease were for a four-year period commencing on October 1, 2010 and ending on September 30, 2014. The annual rent began at \$500 per month, and increased at a rate of \$500 per month each year. On October 1, 2014, the Authority entered into a new lease with the Restaurant for the same space for a one-year period commencing on October 1, 2014 and ending on September 30, 2015 with the option to renew an additional three-year term. The annual rent is \$2,000 per month and will be adjusted annually based upon the consumer price index if extended. As of January 1, 2016, the Restaurant no longer leased the space.

Life Flight Agreement

On October 1, 2010, the Authority entered into an agreement with West Penn Allegheny Health System for the lease of Hangars C-3, C-5, and T4-3. The terms of the lease were for a five-year period commencing on March 1, 2015 and ending on February 28, 2020. The monthly rental payment is \$3,390.

Future minimum annual rental receivables for all Authority leases are as follows:

2016	\$ 136,768
2017	136,768
2018	136,768
2019	99,482
2020	19,032
Thereafter	<u>31,224</u>
	<u>\$ 560,042</u>

In addition, the Authority has entered into lease arrangements with businesses and individuals for hangar space. These leases are generally short-term and on an individual basis not material to the financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

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Unearned Operating Revenue

Unearned operating revenue represents the remaining balance of prepaid lease payments made by two businesses in 2015 that prepaid their 10-year lease extensions in one lump sum, as per their lease agreements.

8. OIL AND GAS LEASE AGREEMENT

The Authority entered into an agreement for the lease of land for oil and gas drilling. The terms of the lease are for a five-year period commencing on May 9, 2011 and ending May 9, 2016, and as long thereafter as oil or gas is produced. The lease called for an up-front payment of the full lease amount of \$1,068,856 and a one-time bonus of \$213,784 totaling \$1,282,640, which the Authority received during 2011. The amount recognized as revenue during 2015 was \$213,772, with \$0 reported as unearned revenue related to this on the statements of net position. During the term of the lease, the Authority will receive royalties of 18% of the proceeds received for all gas produced, metered, and sold. The Authority received royalties of \$34,565 in 2015.

9. PENSION PLAN

Under the authority of the Board, a Simplified Employee Pension Plan (Plan) was established. The Board has the authority to amend the Plan as needed. The AIM Family of Funds administers the Plan. Any full-time or part-time employee who works more than 1,040 hours per calendar year is eligible. The percentage rate of contribution by the Authority is determined annually by the Board and was 3% in 2015. Contributions to the Plan during 2015 were \$3,625. Employees currently are not eligible to individually contribute to the Plan.

10. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

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NOTES TO FINANCIAL STATEMENTS

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11. CONTINGENT LIABILITIES

The Authority is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

12. COMMITMENTS

For the year ended December 31, 2015, the Authority had various outstanding construction contracts that are material to the Authority's financial statements. The total on all outstanding contracts is \$265,383 and relates to the data feasibility study, extending the south side taxiway, and fuel farm projects. The Authority has received federal and state grants to help fund these projects.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

LAST TEN YEARS*

	2014	2015
Total Pension Liability:		
Service cost	\$ 2,208,948	\$ 1,638,371
Interest	14,158,970	14,910,103
Changes of benefit terms	-	-
Differences between expected and actual experience	7,271,154	670,865
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(15,247,231)	(10,778,767)
Net Changes in Total Pension Liability	8,391,841	6,440,572
Total Pension Liability - Beginning	194,063,118	202,454,959
Total Pension Liability - Ending (a)	<u>\$ 202,454,959</u>	<u>\$ 208,895,531</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 6,152,213	\$ 5,052,744
Contributions - member	3,376,281	3,188,497
Net investment income	14,040,640	(1,390,684)
Benefit payments, including refunds of member contributions	(15,247,231)	(10,778,767)
Administrative expense	(161,259)	(139,428)
Other	-	-
Net Change in Plan Fiduciary Net Position	8,160,644	(4,067,638)
Plan Fiduciary Net Position - Beginning	171,829,682	179,990,326
Plan Fiduciary Net Position - Ending (b)	<u>\$ 179,990,326</u>	<u>\$ 175,922,688</u>
Net Pension Liability - Ending (a-b)	<u>\$ 22,464,633</u>	<u>\$ 32,972,843</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>88.90%</u>	<u>84.22%</u>
Covered Employee Payroll	<u>\$ 36,891,238</u>	<u>\$ 28,933,497</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	60.89%	113.96%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information.

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,572,844	\$ 4,804,224	\$ 4,712,669	\$ 6,486,486	\$ 6,095,561	\$ 6,564,903	\$ 6,860,358	\$ 7,313,625	\$ 6,152,213	\$ 5,052,744
Employer contributions in relation to the actuarially determined contribution	<u>4,572,844</u>	<u>4,804,224</u>	<u>4,712,669</u>	<u>6,486,486</u>	<u>6,095,561</u>	<u>6,564,903</u>	<u>6,860,358</u>	<u>7,313,625</u>	<u>6,152,213</u>	<u>5,052,744</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 28,424,865</u>	<u>\$ 29,360,062</u>	<u>\$ 29,936,923</u>	<u>\$ 30,575,991</u>	<u>\$ 31,576,155</u>	<u>\$ 33,098,062</u>	<u>\$ 34,891,445</u>	<u>\$ 36,117,283</u>	<u>\$ 36,891,238</u>	<u>\$ 28,933,497</u>
Employer contributions as a percentage of covered employee payroll	16.09%	16.36%	15.74%	21.21%	19.30%	19.83%	19.66%	20.25%	16.68%	17.46%

See accompanying notes to schedules of required supplementary information.

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF INVESTMENT RETURNS

LAST TEN YEARS*

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	8.36%	-0.74%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

	2014	2015
Actuarial valuation date	12/31/2014	12/31/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	21 years	20 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years	Market value adjusted for unrecognized gains and losses from prior years
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	3.5%	3.5%
Underlying inflation rate	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A
Mortality table	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Following are the Special Revenue Funds used by the County:

The **Human Service Special Revenue Funds** are used to account for the proceeds of revenue received from various federal, state, and county sources. These funds, which are restricted for the provision of specified social services to eligible recipients, include:

- Area Agency on Aging Program
- Medical Assistance Transportation Grant
- State Food Program
- Health Choices Reinvestment
- Community Services Block Grant
- Council on Drug and Alcohol
- Senior Aide Program
- Welfare to Work Transportation Grant
- Project Hope Program
- Independent Living Grant
- Shared Ride Transportation Funds

The **Hotel Tax Fund** accounts for the monies collected from the County's 3% hotel/motel tax.

The **Marcellus Shale Fund** accounts for state revenue to be used per Act 13 of 2012 Marcellus Shale Impact Fee guidelines.

The **Act 13 Bridge Improvement Fund** accounts for state revenue used to fund replacement or repair of at-risk deteriorated bridges.

The **Act 89 Bridge Improvement Fund** accounts for state revenue used to fund the building and improvement of roads and bridges.

The **Liquid Fuels Tax Fund** and the **Act 44 Liquid Fuels Fund** account for state aid revenues used for building and improving roads and bridges.

The **Path Transitions Project Fund** accounts for federal funds used to provide services to homeless individuals with mental health and drug and alcohol issues.

The **Domestic Relations Operating Fund** is used to account for expenditures and revenue related to the operation of the County's child support enforcement program, which is funded by federal, state, and county funds.

The **Conservation District Fund** accounts for state grants and aid and other contributions and donations to be used for conservation and development of the County's natural resources.

The **Dirt and Gravel Roads Fund** accounts for state funds from the Conservation Commission to fund safe, efficient, and environmentally sound maintenance of sections of dirt and gravel roads which have been identified as sources of sediment and dust pollution.

The **Grant Fund** is used to account for conservation grants that are not to be commingled with other conservation grants.

The **Landfill Closure Fund** accounts for monies received via Act 68 due to landfill closures.

HAZMAT Emergency Response Fund accounts for monies received from companies who have hazardous waste removed from their premises. These funds are to be used in the event of a hazardous waste accident.

Waste Management Fund accounts for monies received from recycling grants, landfill host county fees, and county solid waste management administrative fees. These funds are to be used for recycling and solid waste compliance programs.

The **County Records Improvement Fund and Recorder of Deeds Records Improvement Fund** are used to account for a \$2 recording fee surcharge that is allocated evenly between the two funds. The money is to be expended in accordance with a comprehensive records management plan based on the goal of standardizing and equalizing the capabilities of all County offices consistent with their need to receive, manage, and provide information to the public as efficiently as possible.

The **Central Booking Fund** is used to account for fees collected from individuals when obtaining electronic photos and fingerprints. The fee is collected to offset the costs of equipment, supplies and wages incurred in order to obtain the photos and fingerprints.

The **Juvenile Court Restitution Fund** is used to account for fees collected from juveniles on probation. Juveniles are able to obtain money from this fund based upon hours worked in community service projects. For every hour a juvenile probationer works, a certain sum is then released from the fund for application to the restitution owed.

The **Clerk of Courts Automation Fee Fund, Prothonotary Automation Fee Fund, and Register of Wills/Orphan Court Automation Fee Fund** are used to account for fee surcharges collected by the respective departments, which will be used solely for the purpose of automation and continued automation updates for the respective departments.

The **Emergency Shelter Reno Grant Fund** accounts for the revenue and expenditures appropriated by the Stewart B. McKinley Homeless Assistance Act of 1987 for the purpose of the renovation of a shelter for homeless teenagers.

The **Recreation Fund** accounts for state and local grant revenue and expenditures designated for the purpose of adding and upgrading park and recreation facilities.

The **General Fund Grant Fund** is used to account for grants that had previously been reported in the general fund and that are not associated with any other specific fund in order to more closely monitor the funds and the need for contributions from the General Fund.

The **Supportive Services for Veteran Families Fund** accounts for federal grant revenue and expenditures designated for the purpose of providing supportive services to low-income veteran families living in or transitioning to permanent housing.

Capital Projects Funds

The following Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds:

The **HOME Grant Fund** accounts for the revenue and expenditures appropriated from the National Affordable Housing Act of 1990 for the purpose of housing rehabilitation.

The **Communities Development Block Grant Fund** accounts for the revenue and expenditures appropriated from the Housing and Community Act of 1974 for the purpose of improving water systems, sanitary sewer systems, storm sewers, housing rehabilitation, public/community facilities, streets and roads, and the removal of architectural barriers.

The **Affordable Housing Program Fund** accounts for the revenue and expenditures authorized by Act 137 of 1992 by the General Assembly of the Commonwealth of PA for the purpose of funding affordable housing efforts in the County, which increases the availability of quality housing, either sales or rentals, to any County resident whose annual income is less than the median income of the County.

The **Shared Ride Capital Grant and 16-B Capital Grant** accounts for grant revenue and expenditures designated for the purpose of adding or upgrading transportation equipment.

Debt Service Fund

The following Debt Service Fund is used to account for the accumulation of funds to pay debt service in future years:

The **Sinking Fund** is used to account for the accumulation of resources for, and payment of, debt service payments.

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	Special Revenue										
	Hotel Tax Fund	Marcellus Shale Fund	Act 13 Bridge Improvement Fund	Act 89 Bridge Improvement Fund	Liquid Fuels Tax Fund	Liquid Fuels Fund	Council on Drug and Alcohol	Path Transitions Project Fund	Area Agency on Aging Program	Independent Living Grant	Shared Ride Transportation Funds
Assets											
Cash and cash equivalents	\$ 111,289	\$ 623,240	\$ 571,597	\$ 234,453	\$ -	\$ 480,260	\$ 125,968	\$ -	\$ 218,150	\$ 3,109	\$ 80,313
Investments	-	-	-	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-	-	-	30,000
Taxes receivable	106,515	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	4,085	-	23,243
Due from other funds	-	-	-	-	98,712	-	48,810	-	226,680	13,678	-
Due from other governments	-	1,929,170	-	-	-	101,955	462,680	42,628	1,919,937	114,882	100,554
Prepays	-	-	-	-	-	-	-	-	2,139	-	-
Total Assets	\$ 217,804	\$ 2,552,410	\$ 571,597	\$ 234,453	\$ 98,712	\$ 582,215	\$ 637,458	\$ 42,628	\$ 2,370,991	\$ 131,669	\$ 234,110
Liabilities, Deferred Inflows of Resources, and Fund Balance											
Liabilities:											
Accounts payable	\$ 213,446	\$ -	\$ 1,028	\$ -	\$ 46,776	\$ -	\$ 148,270	\$ 41,865	\$ 811,979	\$ 128,560	\$ 72,063
Accrued payroll and payroll taxes	-	-	-	-	4,550	-	5,917	-	23,300	-	-
Unearned revenue	-	438,451	-	-	-	-	393,577	-	-	-	158,518
Due to other funds	4,358	-	-	-	47,386	1,686	89,694	763	1,230,012	-	3,529
Due to other governments	-	-	-	-	-	-	-	-	-	3,109	-
Total Liabilities	217,804	438,451	1,028	-	98,712	1,686	637,458	42,628	2,065,291	131,669	234,110
Deferred Inflows of Resources:											
Unavailable revenue - impact fees	-	1,929,170	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	1,929,170	-	-	-	-	-	-	-	-	-
Fund Balance:											
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	2,139	-	-
Restricted for:											
Act 13	-	184,789	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	570,569	234,453	-	580,529	-	-	-	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	-	-	-	-	-	-
Conservation District	-	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	303,561	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	184,789	570,569	234,453	-	580,529	-	-	305,700	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 217,804	\$ 2,552,410	\$ 571,597	\$ 234,453	\$ 98,712	\$ 582,215	\$ 637,458	\$ 42,628	\$ 2,370,991	\$ 131,669	\$ 234,110

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Continued)

	Special Revenue										
	Medical Assistance Transportation Grant	Community Services Block Grant	State Food Program	Welfare to Work Transportation Grant	Project Hope Program	Senior Aide Program	Domestic Relations Operating Fund	Conservation District Fund	Dirt and Gravel Roads Fund	Grant Fund	Landfill Closure Fund
Assets											
Cash and cash equivalents	\$ 24,359	\$ 1,415	\$ 32,265	\$ 426	\$ 4	\$ -	\$ 170,660	\$ 584,510	\$ 212,432	\$ -	\$ 208,454
Investments	-	-	-	-	-	-	-	-	-	-	-
Advances receivable	225,000	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	71	-	-	-	-	3,222	231	-	11,420	-
Due from other governments	60,297	265,687	627	10,180	37,975	18,693	454,619	22,572	-	29,974	-
Prepays	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 309,656	\$ 267,173	\$ 32,892	\$ 10,606	\$ 37,979	\$ 18,693	\$ 628,501	\$ 607,313	\$ 212,432	\$ 41,394	\$ 208,454
Liabilities, Deferred Inflows of Resources, and Fund Balance											
Liabilities:											
Accounts payable	\$ 183,898	\$ 98,777	\$ 142	\$ 10,180	\$ 37,975	\$ 1,110	\$ 2,771	\$ 1,547	\$ -	\$ 5	\$ -
Accrued payroll and payroll taxes	-	-	-	-	-	1,830	22,499	2,613	-	689	-
Unearned revenue	121,459	29,041	23,398	426	4	2	-	320,736	212,432	4,911	208,454
Due to other funds	4,299	139,355	9,352	-	-	15,751	603,231	30,248	-	35,789	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	309,656	267,173	32,892	10,606	37,979	18,693	628,501	355,144	212,432	41,394	208,454
Deferred Inflows of Resources:											
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Fund Balance:											
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Act 13	-	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	-	-	-	-	-	-
Conservation District	-	-	-	-	-	-	-	252,169	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	252,169	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 309,656	\$ 267,173	\$ 32,892	\$ 10,606	\$ 37,979	\$ 18,693	\$ 628,501	\$ 607,313	\$ 212,432	\$ 41,394	\$ 208,454

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Continued)

	Special Revenue										
	HAZMAT Emergency Response Fund	Waste Management Fund	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Central Booking Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	Emergency Shelter Reno Grant Fund	Recreation Fund
Assets											
Cash and cash equivalents	\$ 31,191	\$ -	\$ 376,722	\$ 80,834	\$ 175,056	\$ 8,579	\$ 25,504	\$ 73,035	\$ 109,417	\$ -	\$ 237,492
Investments	-	-	-	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	2,734	20,884	-	-	-	-	-	-	-	-	-
Due from other funds	37,135	-	-	-	265	-	-	-	-	-	611
Due from other governments	16,055	153,955	-	-	-	-	-	-	-	-	217,642
Prepays	6,570	-	-	30,945	-	-	-	-	-	-	-
Total Assets	\$ 93,685	\$ 174,839	\$ 376,722	\$ 111,779	\$ 175,321	\$ 8,579	\$ 25,504	\$ 73,035	\$ 109,417	\$ -	\$ 455,745
Liabilities, Deferred Inflows of Resources, and Fund Balance											
Liabilities:											
Accounts payable	\$ 839	\$ 4,626	\$ 75	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,534
Accrued payroll and payroll taxes	795	468	-	-	1,560	-	-	-	-	-	2,210
Unearned revenue	85,581	-	-	-	-	-	-	-	-	-	68,663
Due to other funds	6,470	169,745	-	-	7,760	-	-	-	-	-	362,893
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	93,685	174,839	75	-	9,328	-	-	-	-	-	453,300
Deferred Inflows of Resources:											
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Fund Balance:											
Nonspendable - prepaid items	6,570	-	-	30,945	-	-	-	-	-	-	-
Restricted for:											
Act 13	-	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-	-
Records improvement/automation	-	-	376,647	80,834	-	-	25,504	73,035	109,417	-	-
Central booking/court restitution	-	-	-	-	165,993	8,579	-	-	-	-	-
Conservation District	-	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	2,445
Unassigned	(6,570)	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	376,647	111,779	165,993	8,579	25,504	73,035	109,417	-	2,445
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 93,685	\$ 174,839	\$ 376,722	\$ 111,779	\$ 175,321	\$ 8,579	\$ 25,504	\$ 73,035	\$ 109,417	\$ -	\$ 455,745

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2015
(Continued)

	Special Revenue				Capital Projects					Debt Service		Total Other Governmental Funds
	General Fund Grant Fund	Supportive Services for Veteran Families Fund	Health Choices Reinvestment	Total Special Revenue	HOME Grant Fund	Communities Development Block Grant Fund	Affordable Housing Program Fund	Shared Ride Capital Grant	16-B Capital Grant	Total Capital Projects	Sinking Fund	
Assets												
Cash and cash equivalents	\$ 1,528	\$ 50,638	\$ -	\$ 4,852,900	\$ 1,860	\$ 2,800	\$ 1,504,707	\$ 25,851	\$ 149	\$ 1,535,367	\$ -	\$ 6,388,267
Investments	-	-	-	-	-	-	-	-	-	-	3,922,149	3,922,149
Advances receivable	-	-	-	255,000	-	-	-	-	-	-	-	255,000
Taxes receivable	-	-	-	106,515	-	-	-	-	-	-	-	106,515
Accounts receivable	-	-	-	50,946	-	-	278,013	-	-	278,013	81	329,040
Due from other funds	2,127	-	-	442,962	-	-	-	-	-	-	-	442,962
Due from other governments	170,113	62,316	-	6,192,511	-	45,999	-	-	-	45,999	-	6,238,510
Prepays	-	-	-	39,654	-	-	-	-	-	-	-	39,654
Total Assets	\$ 173,768	\$ 112,954	\$ -	\$ 11,940,488	\$ 1,860	\$ 48,799	\$ 1,782,720	\$ 25,851	\$ 149	\$ 1,859,379	\$ 3,922,230	\$ 17,722,097
Liabilities, Deferred Inflows of Resources, and Fund Balance												
Liabilities:												
Accounts payable	\$ 39,904	\$ 112,954	\$ -	\$ 1,978,332	\$ -	\$ 23,214	\$ 36,943	\$ -	\$ -	\$ 60,157	\$ -	\$ 2,038,489
Accrued payroll and payroll taxes	2,905	-	-	69,336	-	-	-	-	-	-	-	69,336
Unearned revenue	16,252	-	-	2,081,905	1,860	2,862	1,419,888	25,851	149	1,450,610	-	3,532,515
Due to other funds	114,707	-	-	2,877,028	-	22,723	47,876	-	-	70,599	-	2,947,627
Due to other governments	-	-	-	3,109	-	-	-	-	-	-	-	3,109
Total Liabilities	173,768	112,954	-	7,009,710	1,860	48,799	1,504,707	25,851	149	1,581,366	-	8,591,076
Deferred Inflows of Resources:												
Unavailable revenue - impact fees	-	-	-	1,929,170	-	-	-	-	-	-	-	1,929,170
Unavailable revenue - loans	-	-	-	-	-	-	278,013	-	-	278,013	-	278,013
Total Deferred Inflows of Resources	-	-	-	1,929,170	-	-	278,013	-	-	278,013	-	2,207,183
Fund Balance:												
Nonspendable - prepaid items	-	-	-	39,654	-	-	-	-	-	-	-	39,654
Restricted for:												
Act 13	-	-	-	184,789	-	-	-	-	-	-	-	184,789
Roads and bridges	-	-	-	1,385,551	-	-	-	-	-	-	-	1,385,551
Records improvement/automation	-	-	-	665,437	-	-	-	-	-	-	-	665,437
Central booking/court restitution	-	-	-	174,572	-	-	-	-	-	-	-	174,572
Conservation District	-	-	-	252,169	-	-	-	-	-	-	-	252,169
Area Agency on Aging program	-	-	-	303,561	-	-	-	-	-	-	-	303,561
Capital purchases	-	-	-	2,445	-	-	-	-	-	-	-	2,445
Committed:												
Debt Service	-	-	-	-	-	-	-	-	-	-	3,922,230	3,922,230
Unassigned	-	-	-	(6,570)	-	-	-	-	-	-	-	(6,570)
Total Fund Balance	-	-	-	3,001,608	-	-	-	-	-	-	3,922,230	6,923,838
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 173,768	\$ 112,954	\$ -	\$ 11,940,488	\$ 1,860	\$ 48,799	\$ 1,782,720	\$ 25,851	\$ 149	\$ 1,859,379	\$ 3,922,230	\$ 17,722,097

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue										
	Hotel Tax Fund	Marcellus Shale Fund	Act 13 Bridge Improvement Fund	Act 89 Bridge Improvement Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels Fund	Council on Drug and Alcohol	Path Transitions Project Fund	Area Agency on Aging Program	Independent Living Grant	Shared Ride Transportation Funds
Revenues:											
Taxes	\$ 1,517,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,619,494	296,934	161,367	310,561	101,955	1,029,900	256,386	4,279,380	235,640	613,576
Charges for services	-	-	-	-	-	-	36,273	-	202,442	-	-
Interest	-	3,068	893	168	1	102	-	-	465	-	-
Other	-	-	-	-	4,172	-	1,110	-	162,060	-	-
Total revenues	1,517,098	2,622,562	297,827	161,535	314,734	102,057	1,067,283	256,386	4,644,347	235,640	613,576
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	65,000	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	-	405,655	3,464	-	-	-	-	-
Human services	-	-	-	-	-	-	1,280,573	256,386	4,873,229	263,530	613,576
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	1,486,722	578,523	-	-	-	-	-	-	-	-	-
Capital projects	-	-	406,572	-	41,933	37,323	-	-	-	-	-
Debt service	-	-	-	-	35,918	-	-	-	-	-	-
Total expenditures	1,486,722	643,523	406,572	-	483,506	40,787	1,280,573	256,386	4,873,229	263,530	613,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,376	1,979,039	(108,745)	161,535	(168,772)	61,270	(213,290)	-	(228,882)	(27,890)	-
Other Financing Sources (Uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	168,772	-	213,290	-	223,965	27,890	-
Transfers out	(30,376)	(3,013,031)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(30,376)	(3,013,031)	-	-	168,772	-	213,290	-	223,965	27,890	-
Net Change in Fund Balance	-	(1,033,992)	(108,745)	161,535	-	61,270	-	-	(4,917)	-	-
Fund Balance:											
Beginning of year	-	1,218,781	679,314	72,918	-	519,259	-	-	310,617	-	-
End of year	\$ -	\$ 184,789	\$ 570,569	\$ 234,453	\$ -	\$ 580,529	\$ -	\$ -	\$ 305,700	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Special Revenue										
	Medical Assistance Transportation Grant	Community Services Block Grant	State Food Program	Welfare to Work Transportation Grant	Project Hope Program	Senior Aide Program	Domestic Relations Operating Fund	Conservation District Fund	Dirt and Gravel Roads Fund	Grant Fund	Landfill Closure Fund
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,302,475	472,863	151,638	12,618	164,785	163,058	1,675,295	133,347	2,022	47,791	-
Charges for services	-	-	-	-	-	-	6,855	248,396	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	12,308	-	-	-	738	910	-	-	-
Total revenues	2,302,475	472,863	163,946	12,618	164,785	163,058	1,682,888	382,653	2,022	47,791	-
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	2,452,144	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	-
Human services	2,302,475	479,937	163,946	12,618	164,785	163,058	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	373,690	2,022	63,665	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,302,475	479,937	163,946	12,618	164,785	163,058	2,452,144	373,690	2,022	63,665	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(7,074)	-	-	-	-	(769,256)	8,963	-	(15,874)	-
Other Financing Sources (Uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	7,074	-	-	-	-	769,256	-	-	15,874	-
Transfers out	-	-	-	-	-	-	-	(11,341)	-	-	-
Total other financing sources (uses)	-	7,074	-	-	-	-	769,256	(11,341)	-	15,874	-
Net Change in Fund Balance	-	-	-	-	-	-	-	(2,378)	-	-	-
Fund Balance:											
Beginning of year	-	-	-	-	-	-	-	254,547	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,169	\$ -	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Special Revenue										
	HAZMAT Emergency Response	Waste Management Fund	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Central Booking Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	Emergency Shelter Reno Grant Fund	Recreation Fund
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	34,721	171,848	-	-	-	-	-	-	-	124,747	522,470
Charges for services	79,106	94,239	56,928	85,392	135,687	4,276	11,586	10,631	25,622	-	107,011
Interest	-	-	541	11	-	-	-	-	-	1,207	-
Other	3,500	-	-	-	-	-	-	-	-	-	156,686
Total revenues	117,327	266,087	57,469	85,403	135,687	4,276	11,586	10,631	25,622	125,954	786,167
Expenditures:											
General government - administration	-	-	71,772	37,728	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	143,103	3,627	24,926	24,877	3,586	-	-
Public safety	154,336	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	125,954	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	324,423
Conservation and development	-	119,591	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	1,436,644
Debt service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	154,336	119,591	71,772	37,728	143,103	3,627	24,926	24,877	3,586	125,954	1,761,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,009)	146,496	(14,303)	47,675	(7,416)	649	(13,340)	(14,246)	22,036	-	(974,900)
Other Financing Sources (Uses):											
Sale of capital assets	-	1,284	-	-	-	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-	-	-	-	-	-
Transfers in	37,009	-	-	2,214	-	-	-	-	-	-	780,676
Transfers out	-	(147,780)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	37,009	(146,496)	-	2,214	-	-	-	-	-	-	780,676
Net Change in Fund Balance	-	-	(14,303)	49,889	(7,416)	649	(13,340)	(14,246)	22,036	-	(194,224)
Fund Balance:											
Beginning of year	-	-	390,950	61,890	173,409	7,930	38,844	87,281	87,381	-	196,669
End of year	\$ -	\$ -	\$ 376,647	\$ 111,779	\$ 165,993	\$ 8,579	\$ 25,504	\$ 73,035	\$ 109,417	\$ -	\$ 2,445

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Special Revenue				Capital Projects					Debt Service		Total Other
	General Fund	Supportive		Total	HOME	Communities	Affordable	Shared Ride		Total		Total
	Grant	Services for	Health Choices	Special	Grant	Development	Housing	Capital	16-B Capital	Capital	Sinking	Governmental
	Fund	Veteran	Reinvestment	Revenue	Fund	Block Grant	Program	Grant	Grant	Projects	Fund	Funds
	Fund	Families Fund				Fund	Fund					
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ 1,517,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,517,098
Intergovernmental	465,173	177,314	-	16,527,358	41,209	476,651	-	99,786	-	617,646	-	17,145,004
Charges for services	18,130	-	-	1,122,574	-	-	316,895	-	-	316,895	-	1,439,469
Interest	-	-	-	6,456	-	-	2,276	-	-	2,276	396	9,128
Other	-	-	-	341,484	-	-	-	-	-	-	-	341,484
Total revenues	483,303	177,314	-	19,514,970	41,209	476,651	319,171	99,786	-	936,817	396	20,452,183
Expenditures:												
General government - administration	-	-	-	109,500	-	-	-	-	-	-	-	109,500
General government - judicial	122,952	-	-	2,775,215	-	-	-	-	-	-	-	2,775,215
Public safety	145,641	-	-	364,977	-	-	-	-	-	-	-	364,977
Public works and enterprises	-	-	-	409,119	-	52,696	-	-	-	52,696	-	461,815
Human services	24,893	177,314	-	10,902,274	-	-	-	-	-	-	-	10,902,274
Culture and recreation	-	-	-	324,423	-	-	-	-	-	-	-	324,423
Conservation and development	-	-	-	2,624,213	-	45,086	11,800	-	-	56,886	-	2,681,099
Capital projects	-	-	-	1,922,472	41,209	378,869	259,495	102,144	-	781,717	-	2,704,189
Debt service	-	-	-	35,918	-	-	-	-	-	-	-	35,918
Total expenditures	293,486	177,314	-	19,468,111	41,209	476,651	271,295	102,144	-	891,299	-	20,359,410
Excess (Deficiency) of Revenues Over (Under) Expenditures	189,817	-	-	46,859	-	-	47,876	(2,358)	-	45,518	396	92,773
Other Financing Sources (Uses):												
Sale of capital assets	-	-	-	1,284	-	-	-	2,358	-	2,358	-	3,642
Issuance of capital lease	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	1,613	-	-	2,247,633	-	-	-	-	-	-	811,951	3,059,584
Transfers out	(191,430)	-	-	(3,393,958)	-	-	(47,876)	-	-	(47,876)	-	(3,441,834)
Total other financing sources (uses)	(189,817)	-	-	(1,145,041)	-	-	(47,876)	2,358	-	(45,518)	811,951	(378,608)
Net Change in Fund Balance	-	-	-	(1,098,182)	-	-	-	-	-	-	812,347	(285,835)
Fund Balance:												
Beginning of year	-	-	-	4,099,790	-	-	-	-	-	-	3,109,883	7,209,673
End of year	\$ -	\$ -	\$ -	\$ 3,001,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,922,230	\$ 6,923,838

(Concluded)

AGENCY FUNDS

Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Treasurer's Office, Register of Wills, Prothonotary, District Justice Courts, Clerk of Courts, Recorder of Deeds, and Sheriff) and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected.

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

ALL AGENCY FUNDS

DECEMBER 31, 2015

	Treasurer's Office	Register of Wills	Prothonotary	District Justice Courts	Clerk of Courts	Recorder of Deeds	Sheriff	Domestic Relations	Prison Commissary	Total
Assets										
Cash and cash equivalents	\$ 95,683	\$ 3,082	\$ 314,067	\$ 179,181	\$ 307,652	\$ 1,217,728	\$ 597,252	\$ 129,074	\$ 637,832	\$ 3,481,551
Total Assets	<u>\$ 95,683</u>	<u>\$ 3,082</u>	<u>\$ 314,067</u>	<u>\$ 179,181</u>	<u>\$ 307,652</u>	<u>\$ 1,217,728</u>	<u>\$ 597,252</u>	<u>\$ 129,074</u>	<u>\$ 637,832</u>	<u>\$ 3,481,551</u>
Liabilities										
Due to other governments	\$ 58,473	\$ 3,082	\$ 7,451	\$ 81,579	\$ 85,133	\$ 1,157,527	\$ 13,697	\$ -	\$ -	\$ 1,406,942
Due to others/unreconciled amounts	-	-	-	-	-	-	583,555	-	-	583,555
Escrow liability	37,210	-	306,616	97,602	222,519	60,201	-	129,074	637,832	1,491,054
Total Liabilities	<u>\$ 95,683</u>	<u>\$ 3,082</u>	<u>\$ 314,067</u>	<u>\$ 179,181</u>	<u>\$ 307,652</u>	<u>\$ 1,217,728</u>	<u>\$ 597,252</u>	<u>\$ 129,074</u>	<u>\$ 637,832</u>	<u>\$ 3,481,551</u>

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Treasurer's Office				
<u>Assets</u>				
Cash and cash equivalents	\$ 82,561	\$ 547,793	\$ 534,671	\$ 95,683
<u>Liabilities</u>				
Due to other governments	\$ 46,928	\$ 409,975	\$ 398,430	\$ 58,473
Escrow liability	35,633	137,818	136,241	37,210
Total Liabilities	<u>\$ 82,561</u>	<u>\$ 547,793</u>	<u>\$ 534,671</u>	<u>\$ 95,683</u>
Register of Wills				
<u>Assets</u>				
Cash and cash equivalents	\$ 2,887	\$ 45,451	\$ 45,256	\$ 3,082
<u>Liabilities</u>				
Due to other governments	\$ 2,887	\$ 45,451	\$ 45,256	\$ 3,082

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Prothonotary				
Assets				
Cash and cash equivalents	\$ 285,974	\$ 651,063	\$ 622,970	\$ 314,067
Liabilities				
Due to other governments	\$ 8,192	\$ 108,569	\$ 109,310	\$ 7,451
Escrow liability	277,782	542,494	513,660	306,616
Total Liabilities	\$ 285,974	\$ 651,063	\$ 622,970	\$ 314,067
District Justice Courts				
Assets				
Cash and cash equivalents	\$ 172,122	\$ 3,716,178	\$ 3,709,119	\$ 179,181
Liabilities				
Due to other governments	\$ 79,043	\$ 3,208,623	\$ 3,206,087	\$ 81,579
Escrow liability	93,079	507,555	503,032	97,602
Total Liabilities	\$ 172,122	\$ 3,716,178	\$ 3,709,119	\$ 179,181
Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 240,731	\$ 2,053,667	\$ 1,986,746	\$ 307,652
Liabilities				
Due to other governments	\$ 73,358	\$ 1,019,854	\$ 1,008,079	\$ 85,133
Escrow liability	167,373	1,033,813	978,667	222,519
Total Liabilities	\$ 240,731	\$ 2,053,667	\$ 1,986,746	\$ 307,652

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 1,091,853	\$ 10,366,145	\$ 10,240,270	\$ 1,217,728
Liabilities				
Due to other governments	\$ 1,038,274	\$ 9,910,218	\$ 9,790,965	\$ 1,157,527
Escrow liability	53,579	455,927	449,305	60,201
Total Liabilities	<u>\$ 1,091,853</u>	<u>\$ 10,366,145</u>	<u>\$ 10,240,270</u>	<u>\$ 1,217,728</u>
Sheriff				
Assets				
Cash and cash equivalents	\$ 469,170	\$ 4,924,683	\$ 4,796,601	\$ 597,252
Liabilities				
Due to other governments	\$ 12,200	\$ 41,337	\$ 39,840	\$ 13,697
Due to others/unreconciled amounts	456,970	4,883,346	4,756,761	583,555
Total Liabilities	<u>\$ 469,170</u>	<u>\$ 4,924,683</u>	<u>\$ 4,796,601</u>	<u>\$ 597,252</u>
Domestic Relations				
Assets				
Cash and cash equivalents	\$ 155,688	\$ 647,594	\$ 674,208	\$ 129,074
Liabilities				
Escrow liability	\$ 155,688	\$ 647,594	\$ 674,208	\$ 129,074
Prison Commissary				
Assets				
Cash and cash equivalents	\$ 624,216	\$ 1,487,652	\$ 1,474,036	\$ 637,832
Liabilities				
Escrow liability	\$ 624,216	\$ 1,487,652	\$ 1,474,036	\$ 637,832

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Total all Agency Funds				
Assets				
Cash and cash equivalents	<u>\$ 3,125,202</u>	<u>\$ 24,440,226</u>	<u>\$ 24,083,877</u>	<u>\$ 3,481,551</u>
Liabilities				
Due to other governments	\$ 1,260,882	\$ 14,744,027	\$ 14,597,967	\$ 1,406,942
Due to others/unreconciled amounts	456,970	4,883,346	4,756,761	583,555
Escrow liability	<u>1,407,350</u>	<u>4,812,853</u>	<u>4,729,149</u>	<u>1,491,054</u>
Total Liabilities	<u>\$ 3,125,202</u>	<u>\$ 24,440,226</u>	<u>\$ 24,083,877</u>	<u>\$ 3,481,551</u>

(Concluded)

STATISTICAL SECTION

STATISTICAL SECTION

This part of the County of Butler's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

VI - 1

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

VI - 7

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

VI - 17

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

VI - 23

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

VI - 25

Miscellaneous Statistics

These schedules contain a list of vendors receiving over \$250,000, miscellaneous geographic and historical information, historical population and county maps.

VI - 30

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF BUTLER, PENNSYLVANIA

NET POSITION BY COMPONENT - LAST TEN YEARS

(Accrual basis of accounting)

(Unaudited)

	Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net investment in capital assets	\$ 35,892,941	\$ 30,212,176	\$ 25,313,445	\$ 23,599,674	\$ 23,913,294	\$ 22,906,434	\$ 19,903,350	\$ 20,552,185	\$ 17,872,091	\$ 8,246,137
Restricted	6,286,815	6,939,927	5,236,014	5,051,507	2,750,339	1,122,420	1,544,172	-	-	-
Unrestricted	(2,160,695)	21,004,834	11,303,768	10,608,198	12,877,634	15,856,395	14,719,099	13,569,202	12,547,834	14,634,988
Total governmental activities net position	<u>\$ 40,019,061</u>	<u>\$ 58,156,937</u>	<u>\$ 41,853,227</u>	<u>\$ 39,259,379</u>	<u>\$ 39,541,267</u>	<u>\$ 39,885,249</u>	<u>\$ 36,166,621</u>	<u>\$ 34,121,387</u>	<u>\$ 30,419,925</u>	<u>\$ 22,881,125</u>
Business-type activities:										
Net investment in capital assets	\$ (64,947)	\$ (238,364)	\$ 6,440,992	\$ 6,409,688	\$ 6,884,377	\$ 7,188,717	\$ 7,262,937	\$ 7,557,840	\$ 6,545,017	\$ 3,288,059
Restricted	11,911	1,331,085	603,961	916,288	878,330	968,288	1,100,703	-	-	-
Unrestricted	(179,518)	-	(573,360)	(270,331)	(338,882)	(408,454)	(283,442)	1,012,451	1,086,844	893,186
Total business-type activities net position	<u>\$ (232,554)</u>	<u>\$ 1,092,721</u>	<u>\$ 6,471,593</u>	<u>\$ 7,055,645</u>	<u>\$ 7,423,825</u>	<u>\$ 7,748,551</u>	<u>\$ 8,080,198</u>	<u>\$ 8,570,291</u>	<u>\$ 7,631,861</u>	<u>\$ 4,181,245</u>
Primary government:										
Net investment in capital assets	\$ 35,827,994	\$ 29,973,812	\$ 31,754,437	\$ 30,009,362	\$ 30,797,671	\$ 30,095,151	\$ 27,166,287	\$ 28,110,025	\$ 24,417,108	\$ 11,534,196
Restricted	6,298,726	8,271,012	5,839,975	5,967,795	3,628,669	2,090,708	2,644,875	-	-	-
Unrestricted	(2,340,213)	21,004,834	10,730,408	10,337,867	12,538,752	15,447,941	14,435,657	14,581,653	13,634,678	15,528,174
Total primary government net position	<u>\$ 39,786,507</u>	<u>\$ 59,249,658</u>	<u>\$ 48,324,820</u>	<u>\$ 46,315,024</u>	<u>\$ 46,965,092</u>	<u>\$ 47,633,800</u>	<u>\$ 44,246,819</u>	<u>\$ 42,691,678</u>	<u>\$ 38,051,786</u>	<u>\$ 27,062,370</u>

COUNTY OF BUTLER, PENNSYLVANIA

CHANGES IN NET POSITION - LAST TEN YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government - administration	\$ 11,009,498	\$ 11,342,525	\$ 10,741,653	\$ 10,998,572	\$ 10,722,578	\$ 11,108,263	\$ 9,788,320	\$ 10,150,095	\$ 9,431,972	\$ 9,570,928
General government - judicial	15,361,068	15,849,028	15,260,808	14,675,698	14,286,291	13,792,135	13,232,171	12,952,026	12,135,032	11,972,550
Public safety	17,058,490	17,466,334	16,481,883	15,280,500	14,529,189	13,771,241	13,447,206	10,771,217	11,354,240	10,258,214
Public works and enterprises	1,485,108	1,954,895	2,045,812	1,706,037	1,671,912	1,709,646	1,522,381	1,333,339	2,287,600	1,953,986
Human services	39,365,687	39,465,829	37,065,928	70,340,797	71,619,452	70,739,280	73,338,982	76,291,713	71,907,923	69,661,248
Culture and recreation	2,569,623	1,572,486	1,237,488	1,495,817	1,204,152	1,191,478	1,230,785	1,172,551	1,219,942	1,285,463
Conservation and development	3,948,814	3,129,353	3,233,785	3,029,481	2,618,891	2,395,196	2,357,970	3,207,103	2,505,202	2,585,833
Interest, premiums, and discounts	1,668,624	1,642,188	2,162,448	2,286,154	2,395,659	2,540,990	2,730,254	2,921,467	2,933,622	2,786,843
Total governmental activities expenses	92,466,912	92,422,638	88,229,805	119,813,056	119,048,124	117,248,229	117,648,069	118,799,511	113,775,563	110,075,065
Business-type activities:										
Healthcare services	-	7,840,132	20,259,460	19,337,991	19,160,115	19,216,562	19,255,723	18,338,855	17,349,436	16,634,111
Health Choices	29,435,880	29,790,572	30,575,472	-	-	-	-	-	-	-
Emergency communications	3,290,783	3,136,999	3,059,194	2,961,617	2,943,513	2,807,231	2,758,190	2,698,741	2,616,421	2,457,547
Total business-type activities expenses	32,726,663	40,767,703	53,894,116	22,299,608	22,103,628	22,023,793	22,013,913	21,037,596	19,965,857	19,091,658
Total primary government expenses	\$ 125,193,575	\$ 133,190,341	\$ 142,123,921	\$ 142,112,664	\$ 141,151,752	\$ 139,272,022	\$ 139,661,982	\$ 139,837,107	\$ 133,741,420	\$ 129,166,723
Program Revenues:										
Governmental activities:										
Charges for services:										
General government - administration	\$ 2,420,280	\$ 2,405,908	\$ 2,531,181	\$ 2,694,515	\$ 2,466,045	\$ 2,398,778	\$ 2,321,407	\$ 2,227,674	\$ 2,479,217	\$ 2,357,857
General government - judicial	3,277,787	3,285,912	3,660,429	3,455,255	3,284,336	4,377,350	3,886,069	4,462,094	3,869,381	4,468,499
Public safety	2,651,470	3,144,256	2,841,068	1,988,196	1,290,786	1,147,825	616,346	778,879	672,265	679,512
Human services	775,265	508,082	747,675	798,755	880,404	844,195	981,785	977,349	1,014,690	980,389
Culture and recreation	358,332	260,236	315,715	598,583	293,984	272,882	219,503	243,264	247,633	210,544
Conservation and development	673,344	624,103	470,357	708,076	290,125	219,626	291,048	709,854	264,155	215,975
Operating grants and contributions	37,520,039	36,606,177	33,403,679	65,305,946	66,053,392	64,498,232	68,740,013	70,535,956	66,515,249	63,337,337
Capital grants and contributions	1,840,517	1,803,901	4,144,241	2,150,141	2,597,010	2,491,940	2,020,299	2,181,416	2,031,345	3,627,461
Total governmental activities program revenues	49,517,034	48,638,575	48,114,345	77,699,467	77,156,082	76,250,828	79,076,470	82,116,486	77,093,935	75,877,574
Business-type activities:										
Healthcare services	-	7,487,180	18,796,441	18,113,511	18,371,188	19,045,208	18,336,806	17,832,911	19,469,134	18,187,661
Health Choices	29,435,880	29,790,572	30,575,472	-	-	-	-	-	-	-
Emergency communications	2,734,904	1,954,675	1,836,561	2,004,218	2,238,568	2,227,432	1,927,388	1,793,365	1,736,185	1,918,474
Total business-type activities revenues	32,170,784	39,232,427	51,208,474	20,117,729	20,609,756	21,272,640	20,264,194	19,626,276	21,205,319	20,106,135
Total primary government revenues	\$ 81,687,818	\$ 87,871,002	\$ 99,322,819	\$ 97,817,196	\$ 97,765,838	\$ 97,523,468	\$ 99,340,664	\$ 101,742,762	\$ 98,299,254	\$ 95,983,709
Net (Expenses)/Revenues:										
Governmental activities	\$ (42,949,878)	\$ (43,784,063)	\$ (40,115,460)	\$ (42,113,589)	\$ (41,892,042)	\$ (40,997,401)	\$ (38,571,599)	\$ (36,683,025)	\$ (36,681,628)	\$ (34,197,491)
Business-type activities	(555,879)	(1,535,276)	(2,685,642)	(2,181,879)	(1,493,872)	(751,153)	(1,749,719)	(1,411,320)	1,239,462	1,014,477
Total primary government net (expenses) revenues	\$ (43,505,757)	\$ (45,319,339)	\$ (42,801,102)	\$ (44,295,468)	\$ (43,385,914)	\$ (41,748,554)	\$ (40,321,318)	\$ (38,094,345)	\$ (35,442,166)	\$ (33,183,014)
General Revenues and other Changes in Net Position:										
Governmental activities:										
Real estate taxes	\$ 42,729,131	\$ 42,126,382	\$ 41,502,607	\$ 39,375,548	\$ 38,828,772	\$ 38,250,524	\$ 37,739,278	\$ 35,623,077	\$ 31,875,883	\$ 31,275,498
Hotel tax	1,517,098	1,464,849	1,364,156	1,259,592	1,062,312	958,332	837,505	899,444	834,392	776,761
Interest and investment income	77,104	103,723	52,534	99,018	163,821	255,534	382,023	1,490,566	2,402,654	3,002,264
Other income	2,183,684	2,520,007	2,284,241	2,910,391	2,660,106	3,508,032	2,904,651	4,464,064	2,474,697	2,514,595
Transfers	(331,291)	13,872,812	(2,130,039)	(1,812,848)	(1,166,951)	(413,465)	(1,246,624)	(2,092,664)	(2,189,063)	(1,564,289)
Total governmental activities	46,175,726	60,087,773	43,073,499	41,831,701	41,548,060	42,558,957	40,616,833	40,384,487	35,398,563	36,004,829
Business-type activities:										
Interest and investment income	222	592	164	851	2,195	6,041	13,002	257,086	22,091	57,815
Other income	-	-	-	-	-	-	-	-	-	-
Transfers	331,291	(13,872,812)	2,130,039	1,812,848	1,166,951	413,465	1,246,624	2,092,664	2,189,063	1,564,289
Total business-type activities	331,513	(13,872,220)	2,130,203	1,813,699	1,169,146	419,506	1,259,626	2,349,750	2,211,154	1,622,104
Total primary government	\$ 46,507,239	\$ 46,215,553	\$ 45,203,702	\$ 43,645,400	\$ 42,717,206	\$ 42,978,463	\$ 41,876,459	\$ 42,734,237	\$ 37,609,717	\$ 37,626,933
Change in Net Position:										
Governmental activities	\$ 3,225,848	\$ 16,303,710	\$ 2,958,039	\$ (281,888)	\$ (343,982)	\$ 1,561,556	\$ 2,045,234	\$ 3,701,462	\$ (1,283,065)	\$ 1,807,338
Business-type activities	(224,366)	(5,378,872)	(555,439)	(368,180)	(324,726)	(331,647)	(490,093)	938,430	3,450,616	2,636,581
Total primary government change in net position	\$ 3,001,482	\$ 10,924,838	\$ 2,402,600	\$ (650,068)	\$ (668,708)	\$ 1,229,909	\$ 1,555,141	\$ 4,639,892	\$ 2,167,551	\$ 4,443,919

COUNTY OF BUTLER, PENNSYLVANIA
FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Year									
	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010	2009	2008	2007	2006
General Fund:										
Nonspendable	\$ 582,600	\$ 257,991	\$ 251,297	\$ 285,458	\$ 580,916	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,389,121	1,376,332	1,259,133	1,233,230	1,456,636	-	-	-	-	-
Committed	577,893	655,634	685,659	726,339	743,638	-	-	-	-	-
Assigned	4,250,138	5,389,990	6,153,177	6,492,677	8,181,467	-	-	-	-	-
Unassigned	2,160,243	-	664,489	-	708,364	-	-	-	-	-
Reserved	-	-	-	-	-	1,309,634	1,272,799	1,590,766	1,573,459	1,492,505
Unreserved:										
Designated	-	-	-	-	-	7,486,591	7,063,656	4,923,942	6,367,321	7,046,617
Undesignated	-	-	-	-	-	2,751,493	1,592,807	775,322	(578,009)	1,617,087
Total General Fund	<u>\$ 8,959,995</u>	<u>\$ 7,679,947</u>	<u>\$ 9,013,755</u>	<u>\$ 8,737,704</u>	<u>\$ 11,671,021</u>	<u>\$ 11,547,718</u>	<u>\$ 9,929,262</u>	<u>\$ 7,290,030</u>	<u>\$ 7,362,771</u>	<u>\$ 10,156,209</u>
All Other Governmental Funds:										
Nonspendable	\$ 39,654	\$ 43,670	\$ 43,450	\$ 51,508	\$ 24,271	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,968,524	4,063,595	2,776,881	2,893,277	1,293,703	-	-	-	-	-
Committed	3,922,230	3,109,883	-	-	-	-	-	-	-	-
Assigned	2,126,425	8,126,180	211,935	292,918	166,463	-	-	-	-	-
Unassigned	(6,570)	(7,475)	(9,477)	(13,285)	(12,196)	-	-	-	-	-
Reserved	-	-	-	-	-	7,289	628,621	4,995,690	8,448,566	26,113,466
Unreserved:										
Designated:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Undesignated:										
Special Revenue Funds	-	-	-	-	-	2,679,370	1,796,417	2,023,929	1,902,625	1,740,087
Capital Project Funds	-	-	-	-	-	156,014	592,947	568,263	331,622	336,462
Total all Other Governmental Funds	<u>\$ 9,050,263</u>	<u>\$ 15,335,853</u>	<u>\$ 3,022,789</u>	<u>\$ 3,224,418</u>	<u>\$ 1,472,241</u>	<u>\$ 2,842,673</u>	<u>\$ 3,017,985</u>	<u>\$ 7,587,882</u>	<u>\$ 10,682,813</u>	<u>\$ 28,190,015</u>

NOTES:

(1) The County implemented GASB Statement No. 54 beginning in 2011.

COUNTY OF BUTLER, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes	\$ 44,097,479	\$ 43,431,240	\$ 42,772,400	\$ 40,566,799	\$ 39,952,764	\$ 39,315,897	\$ 38,309,296	\$ 36,168,622	\$ 32,597,320	\$ 31,947,356
Intergovernmental	38,895,758	38,055,079	37,272,922	66,531,089	68,650,401	66,990,169	70,760,310	72,717,368	68,546,593	66,964,792
Charges for services	8,699,749	9,165,554	9,091,712	8,935,969	7,322,284	8,050,587	7,092,574	7,580,391	6,820,189	7,025,913
Fines and forfeits	1,072,174	1,076,844	1,121,276	1,129,708	1,229,275	1,287,501	1,207,144	1,457,985	1,387,881	1,347,582
Interest	77,104	103,723	52,534	99,018	163,821	255,534	382,023	1,490,566	2,402,654	3,002,263
Other	2,188,740	2,515,394	2,305,588	2,903,167	2,650,298	3,366,705	2,524,259	2,392,325	2,469,704	2,513,831
Total revenues	95,031,004	94,347,834	92,616,432	120,165,750	119,968,843	119,266,393	120,275,606	121,807,257	114,224,341	112,801,737
Expenditures:										
General government - administration	10,345,603	10,250,444	9,830,002	9,765,746	9,628,864	9,577,124	9,185,444	8,945,812	8,345,064	8,187,018
General government - judicial	15,606,260	15,615,489	15,021,003	14,447,016	14,104,122	13,603,720	13,074,794	12,736,487	12,040,802	11,828,928
Public safety	16,146,436	16,060,375	15,049,900	13,820,772	13,161,066	12,369,990	11,603,819	10,680,528	11,200,898	9,950,489
Public works and enterprises	513,103	632,575	789,241	566,429	613,325	708,423	599,460	527,661	615,268	551,664
Human services	38,997,435	39,173,894	36,354,183	69,607,032	71,371,882	70,491,659	72,945,280	75,957,257	71,649,804	69,022,843
Culture and recreation	1,012,106	928,971	915,063	1,021,363	913,424	883,232	816,616	784,312	778,129	751,216
Conservation and development	3,380,650	2,786,574	2,980,745	2,836,419	2,170,014	2,026,229	1,964,053	2,246,618	2,227,851	2,039,961
Other	680,684	501,905	624,067	587,001	303,191	296,884	387,773	428,056	420,792	772,858
Debt service:										
Principal	2,007,962	39,192,423	2,144,930	2,375,029	2,223,607	1,601,536	1,694,447	1,704,082	1,604,165	1,819,677
Interest	1,852,335	2,621,753	2,133,955	2,256,239	2,362,026	2,493,227	2,682,660	2,872,461	2,886,760	2,750,625
Capital projects	9,563,459	9,437,425	4,581,183	2,307,584	3,341,176	3,510,937	6,392,472	8,080,323	20,581,380	16,674,616
Total expenditures	100,106,033	137,201,828	90,424,272	119,590,630	120,192,697	117,562,961	121,346,818	124,963,597	132,350,913	124,349,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,075,029)	(42,853,994)	2,192,160	575,120	(223,854)	1,703,432	(1,071,212)	(3,156,340)	(18,126,572)	(11,548,158)
Other Financing Sources (Uses):										
Transfers in	8,694,597	25,688,869	6,241,311	5,926,326	5,341,563	8,607,172	7,367,803	7,198,397	6,125,573	9,755,032
Transfers out	(9,025,888)	(11,816,057)	(8,371,350)	(7,739,174)	(6,508,514)	(9,020,637)	(8,614,427)	(9,291,061)	(8,314,636)	(11,319,321)
Debt proceeds	-	39,947,149	-	49,364	115,621	-	-	-	-	9,590,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(4,684,447)
Refund office furniture	329,712	-	-	-	-	-	-	-	-	-
Sale of capital assets	71,066	13,289	12,301	7,224	28,055	13,080	17,330	57,012	14,995	16,040
Other	-	-	-	-	-	140,097	369,841	2,024,320	-	-
Total other financing sources (uses)	69,487	53,833,250	(2,117,738)	(1,756,260)	(1,023,275)	(260,288)	(859,453)	(11,332)	(2,174,068)	3,357,304
Net change in fund balance	<u>\$ (5,005,542)</u>	<u>\$ 10,979,256</u>	<u>\$ 74,422</u>	<u>\$ (1,181,140)</u>	<u>\$ (1,247,129)</u>	<u>\$ 1,443,144</u>	<u>\$ (1,930,665)</u>	<u>\$ (3,167,672)</u>	<u>\$ (20,300,640)</u>	<u>\$ (8,190,854)</u>
Debt service as a percentage of noncapital expenditures	4.17%	32.31%	4.92%	3.91%	3.89%	3.55%	3.75%	3.86%	3.96%	4.17%

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2006-2015

(Unaudited)

Fiscal Year	General Government Administration	General Government Judicial	Public Safety	Public Works and Enterprises (1)	Human Services (2)	Culture and Recreation	Conservation and Development	Other	Debt Service (3)	Capital Projects	Total
2006	\$ 8,187,018	\$ 11,828,928	\$ 9,950,489	\$ 551,664	\$ 69,022,843	\$ 751,216	\$ 2,039,961	\$ 772,858	\$ 4,570,302	\$ 16,674,616	\$ 124,349,895
2007	8,345,064	12,040,802	11,200,898	615,268	71,649,804	778,129	2,227,851	420,792	4,490,925	20,581,380	132,350,913
2008	8,945,812	12,736,487	10,680,528	527,661	75,957,257	784,312	2,246,618	428,056	4,576,543	8,080,323	124,963,597
2009	9,185,444	13,074,794	11,603,819	599,460	72,945,280	816,616	1,964,053	387,773	4,377,107	6,392,472	121,346,818
2010	9,577,124	13,603,720	12,369,990	708,423	70,491,659	883,232	2,026,229	296,884	4,094,763	3,510,937	117,562,961
2011	9,628,864	14,104,122	13,161,066	613,325	71,371,882	913,424	2,170,014	303,191	4,585,633	3,341,176	120,192,697
2012	9,765,746	14,447,016	13,820,772	566,429	69,607,032	1,021,363	2,836,419	587,001	4,631,268	2,307,584	119,590,630
2013	9,830,002	15,021,003	15,049,900	789,241	36,354,183	915,063	2,980,745	624,067	4,278,885	4,581,183	90,424,272
2014	10,250,444	15,615,489	16,060,375	632,575	39,173,894	928,971	2,786,574	501,905	41,814,176	9,437,425	137,201,828
2015	10,345,603	15,606,260	16,146,436	513,103	38,997,435	1,012,106	3,380,650	680,684	3,860,297	9,563,459	100,106,033

Includes the following funds: General, Special Revenue, Debt Service, and Capital Projects. Excludes component units.

NOTES:

- (1) Amounts fluctuate based on bridge construction done in the current year.
- (2) Health Choices became a Business-Type fund in 2013.
- (3) Capital Bond Issue of 2004 was a current refunding in 2014.

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL REVENUES BY SOURCE - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2006-2015

(Unaudited)

Fiscal Year	Property Taxes	Inter-governmental	Charges for Services	Fines and Forfeits	Interest	Other	Total
2006	\$ 31,947,356	\$ 66,964,792	\$ 7,025,913	\$ 1,347,582	\$ 3,002,263	\$ 2,513,831	\$ 112,801,737
2007	32,597,320	68,546,593	6,820,189	1,387,881	2,402,654	2,469,704	114,224,341
2008	36,168,622 (1)	72,717,368	7,580,391	1,457,985	1,490,566	2,392,325	121,807,257
2009	38,309,296 (2)	70,760,310	7,092,574	1,207,144	382,023	2,524,259	120,275,606
2010	39,315,897	66,990,169	8,050,587	1,287,501	255,534	3,366,705	119,266,393
2011	39,952,764	68,650,401	7,322,284	1,229,275	163,821	2,650,298	119,968,843
2012	40,566,799	66,531,089	8,935,969	1,129,708	99,018	2,903,167	120,165,750
2013	42,772,400 (3)	37,272,922 (4)	9,091,712	1,121,276	52,534	2,305,588	92,616,432
2014	43,431,240	38,055,079	9,165,554	1,076,844	103,723	2,515,394	94,347,834
2015	44,097,479	38,895,758	8,699,749	1,072,174	77,104	2,188,740	95,031,004

Includes the following funds: General, Special Revenue, Debt Service, and Capital Projects. Excludes component units.

NOTES:

- (1) Increase in 2008 is due to a 2.50 mill increase in real estate taxes.
- (2) Increase in 2009 is due to a 5% increase limit when assessment ratio was increased to 100% from 75%.
- (3) Increase in 2013 is due to a 1.00 mill increase in real estate taxes.
- (4) Intergovernmental Revenue decreased because Health Choices became a Business-Type fund in 2013.

NOTE: Taxes includes Current, Delinquent and Hotel Taxes

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS 2006-2015

(Unaudited)

Fiscal Year	A	B (2) Adjustments	C (A+B) Total Adjusted Levy	D (D/A)		E Collections in Subsequent Years	F	
	(1) Taxes Levied for the Fiscal Year (Original Levy)			Collected Within the			(D+E) Total Collections to Date (4)	(F/C) Percentage of Adjusted Levy
				Fiscal Year of the Levy				
				Amount	Percentage of Original Levy			
2006	31,589,822	(13,339)	31,576,483	30,498,217	96.54%	1,056,544	31,554,761	99.93%
2007	32,204,090	(52,391)	32,151,699	31,098,052	96.57%	1,029,735	32,127,787	99.93%
2008	35,921,402	(13,428)	35,907,974	34,648,173	96.46%	1,227,623	35,875,796	99.91%
2009	38,150,318	(52,952)	38,097,366	36,722,850	96.26%	1,336,042	38,058,892	99.90%
2010	38,623,639	(69,053)	38,554,586	37,400,349	96.83%	1,103,177	38,503,526	99.87%
2011	39,284,071	(9,438)	39,274,633	38,125,369	97.05%	1,072,963	39,198,332	99.81%
2012	39,794,128	(13,874)	39,780,254	38,636,151	97.09%	1,054,920	39,691,071	99.78%
2013	42,026,464	(107,061)	41,919,403	40,827,137	97.15%	984,115	41,811,252	99.74%
2014	42,580,754	(14,627)	42,566,127	41,447,122	97.34%	609,299	42,056,421	98.80%
2015	43,139,297	(17,898)	43,121,399	42,052,177	97.48%	-	42,052,177	97.52%

NOTES:

(1) Includes interims beginning in year 2006.

(2) Includes additions and exonerations.

SOURCES:

Annual Reports of Butler County Controller

COUNTY OF BUTLER, PENNSYLVANIA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - LAST TEN YEARS

2006-2015
(Unaudited)

Fiscal Year	A Residential Property	B Commercial Property	C Industrial Property	D Other Property	E Less Tax-Exempt Property	F (A+B+C+D-E) Total Taxable Assessed Value (1)	G 1969 Estimated Actual Value	Current Year Estimated Actual Value (2)	(F/G) Taxable Assessed Value As a Percentage of 1969 Estimated Actual Value	Total Direct Millage Rate (3)
2006	631,165,704	217,389,420	136,446,897	306,976,714	151,972,979	1,140,005,756	1,519,874,341	11,631,691,388	75%	27.50
2007	648,267,676	219,070,478	136,899,665	314,453,626	156,271,571	1,162,419,874	1,549,893,165	12,112,415,087	75%	27.50
2008	667,596,860	220,970,463	137,411,395	319,789,563	158,015,269	1,187,753,012	1,583,670,683	12,768,344,879	75%	30.00
2009	851,122,364	323,600,300	174,005,250	474,532,386	213,991,636	1,609,268,664	1,609,268,664	10,057,929,150	100%	23.63
2010	865,935,826	325,118,077	174,397,428	511,002,213	247,708,450	1,628,745,094	1,628,745,094	11,889,839,186	100%	23.63
2011	876,500,000	330,000,000	177,200,000	516,441,289	244,202,456	1,655,938,833	1,655,938,833	8,677,119,485	100%	23.63
2012	892,918,168	331,613,843	177,634,664	523,762,945	248,472,873	1,677,456,747	1,677,456,747	9,863,445,672	100%	23.63
2013	910,701,372	333,361,789	178,169,278	533,440,678	254,910,067	1,700,763,050	1,700,763,050	12,602,654,201	100%	24.63
2014	925,765,926	335,043,126	178,568,103	538,815,033	257,484,755	1,720,707,433	1,720,707,433	15,090,604,187	100%	24.63
2015	948,962,406	337,362,774	179,904,220	541,286,416	255,879,742	1,751,636,074	1,751,636,074	16,517,928,178	100%	24.63

NOTES:

- (1) Prior to 2009, the assessed values were computed at 75% of the 1969 estimated actual value. Effective January 1, 2009, the assessed values are now computed at 100%.
- (2) Current year estimated actual value is calculated as the total taxable assessed value multiplied by the current year common level ratio factor of 8.77%.
- (3) Tax rates are expressed in millage, and the tax rate is applied per thousand dollars (\$1,000) of the 1969 estimated actual values.

SOURCE:

Butler County Assessment Office

COUNTY OF BUTLER, PENNSYLVANIA

ASSESSED VALUE OF PROPERTY TAXES BY MUNICIPALITY - LAST TEN YEARS

2006-2015
(Unaudited)

Municipality	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Adams Township	\$ 176,048,289	\$ 170,651,199	\$ 164,259,143	\$ 158,462,886	\$ 152,393,540	\$ 146,840,113	\$ 141,438,406	\$ 100,000,204	\$ 93,092,602	\$ 85,842,206
Allegheny Township	7,672,304	7,652,942	7,581,132	7,490,995	7,459,955	5,325,371	5,170,330	3,794,455	3,690,744	3,602,615
Brady Township	8,395,051	8,379,169	8,332,155	8,346,810	8,349,355	8,240,943	8,074,667	6,041,390	5,991,357	5,945,534
Bruin Borough	2,133,672	2,134,732	2,120,012	2,125,372	2,133,651	2,121,681	2,109,951	1,584,811	1,585,232	1,579,241
Buffalo Township	70,032,829	69,485,898	68,848,084	68,314,917	67,782,619	67,154,810	66,343,499	48,884,571	47,762,840	45,793,258
Butler City	68,921,971	69,084,242	68,952,575	69,304,666	69,339,806	69,542,326	69,845,967	52,600,958	52,872,005	53,281,197
Butler Township	161,534,265	157,609,694	157,316,494	156,941,363	156,310,153	154,916,081	152,961,501	114,692,166	114,268,835	112,965,329
Callery Borough	3,433,266	3,426,096	3,425,696	3,371,226	3,364,872	3,361,740	3,238,660	2,348,367	2,662,130	2,917,263
Center Township	82,926,536	82,503,901	81,958,109	81,664,684	81,287,888	81,009,786	80,436,465	59,819,402	58,992,999	58,464,517
Cherry Township	10,454,674	10,421,868	9,455,240	9,429,119	9,380,250	9,290,599	9,156,253	6,814,077	6,713,791	6,580,818
Cherry Valley Borough	716,250	709,850	709,350	710,363	710,363	698,213	698,213	525,567	525,005	546,508
Chicora Borough	5,385,257	5,376,337	5,395,920	5,383,316	5,330,272	5,260,742	5,206,212	3,899,002	3,874,354	3,854,224
Clay Township	18,455,965	18,294,322	18,115,347	17,907,306	17,851,175	17,695,786	17,608,563	13,065,275	12,887,431	12,542,342
Clearfield Township	17,620,146	17,509,209	17,430,328	17,149,078	17,071,396	16,930,368	16,762,071	12,424,393	12,234,409	12,005,490
Clinton Township	38,092,775	37,841,152	37,368,506	36,775,759	36,228,833	28,202,010	27,760,214	20,312,953	20,002,966	19,347,476
Concord Township	10,382,148	10,319,247	10,322,442	10,237,901	10,167,367	10,157,836	10,043,368	7,421,833	7,315,507	7,173,430
Connoquenessing Borough	4,541,258	4,310,138	4,075,548	3,801,838	3,608,058	3,420,948	3,328,688	2,498,882	2,484,422	2,448,025
Connoquenessing Township	40,970,366	40,124,825	39,881,478	39,528,080	38,970,432	38,386,881	37,721,094	27,852,452	27,376,527	26,502,964
Cranberry Township	383,639,148	375,489,276	367,969,462	358,341,979	351,336,401	346,132,136	343,532,902	253,559,072	246,140,040	241,655,768
Donegal Township	14,603,118	14,510,033	14,361,807	14,100,904	13,962,844	13,730,619	13,578,539	9,985,599	9,849,936	9,520,423
East Butler Borough	6,368,981	6,365,057	6,369,677	6,333,687	6,314,372	6,272,785	6,296,082	4,728,845	4,635,923	4,871,291
Eau Claire Borough	1,989,863	2,007,743	2,004,133	2,041,433	2,049,532	2,029,012	2,046,542	1,541,780	1,542,402	1,539,999
Evans City Borough	10,140,616	10,068,016	10,024,896	10,009,656	9,966,108	9,956,631	9,963,036	7,442,769	7,442,577	7,409,056
Fairview Borough	723,489	723,489	723,489	712,319	703,299	705,789	705,789	510,044	510,239	510,793
Fairview Township	14,596,154	14,406,062	14,322,958	14,270,834	14,146,424	14,091,111	14,041,900	10,657,725	10,434,747	10,367,841
Forward Township	26,523,457	25,459,724	24,530,044	24,390,306	24,209,481	23,781,884	23,408,465	17,366,358	17,646,330	17,509,747
Franklin Township	24,758,372	24,393,489	24,067,549	23,800,536	23,613,291	23,336,470	22,947,355	16,822,346	16,408,266	15,833,493
Harmony Borough	7,319,082	7,290,782	7,180,672	7,164,162	7,119,262	7,260,432	7,426,162	5,564,125	5,485,816	5,475,157
Harrisville Borough	5,177,520	5,149,176	5,142,321	5,150,721	5,179,071	5,137,011	5,133,511	3,845,446	3,851,408	3,750,945
Jackson Township	44,910,184	42,126,152	41,054,202	40,713,131	40,441,413	40,033,137	38,643,872	28,963,257	28,889,139	28,911,239
Jefferson Township	41,974,834	41,745,999	41,563,117	41,394,272	41,174,263	41,875,724	41,777,335	30,430,203	30,178,757	30,641,991
Karns City Borough	1,372,744	1,374,854	1,369,994	1,377,404	1,374,464	1,360,895	1,347,145	1,010,405	1,010,367	1,012,675
Lancaster Township	25,728,547	25,420,252	25,095,832	24,806,152	24,576,862	24,269,482	23,876,689	17,489,887	17,173,072	16,779,359
Marion Township	8,181,055	8,140,995	8,105,577	7,945,797	7,889,415	7,848,362	7,792,885	5,833,715	5,777,242	5,714,756
Mars Borough	8,233,767	8,220,347	8,211,467	8,167,207	8,160,747	8,197,627	8,175,437	6,128,137	6,130,890	6,057,279
Mercer Township	7,859,194	7,811,117	7,750,837	7,656,407	7,614,177	7,543,657	7,372,134	5,401,177	5,383,418	5,317,455
Middlesex Township	55,886,798	54,163,087	52,584,723	51,437,528	50,451,102	49,935,642	49,687,662	36,865,956	36,539,920	35,936,493
Muddy creek Township	17,635,282	17,538,412	17,493,095	17,356,660	17,219,257	17,075,399	16,926,834	12,438,454	12,222,381	12,094,836
Oakland Township	21,916,149	21,804,136	21,677,981	21,517,485	21,301,746	21,216,205	21,101,636	15,529,929	15,357,301	15,199,684
Parker Township	5,007,158	4,966,248	4,956,788	4,905,848	4,898,538	4,867,648	4,774,828	3,563,182	3,544,391	3,482,133
Penn Township	54,610,222	54,382,535	54,126,505	53,676,617	53,355,109	53,106,939	53,067,669	39,509,770	39,022,390	38,591,506
Petrolia Borough	1,439,352	1,443,912	1,454,422	1,454,422	1,466,782	1,538,951	1,545,091	1,208,398	1,214,113	1,219,758
Portersville Borough	2,117,520	2,116,620	2,124,600	2,124,600	2,124,600	2,143,489	2,143,619	1,604,865	1,604,850	1,629,449
Prospect Borough	7,672,299	7,660,370	7,638,964	7,637,739	7,601,693	7,562,117	7,524,933	5,531,684	5,527,011	5,400,730
Saxonburg Borough	12,827,267	12,805,613	12,820,435	12,759,377	12,390,630	12,363,212	12,362,311	9,340,508	9,368,542	9,424,299
Seven Fields Borough	33,366,372	33,361,672	33,253,022	32,945,222	32,723,832	32,653,172	32,396,792	23,910,641	23,522,072	23,239,285
Slippery Rock Borough	19,897,079	19,678,763	19,531,373	19,401,783	18,993,973	18,097,049	17,435,939	12,752,000	12,057,424	11,621,201
Slippery Rock Township	35,965,018	33,227,943	33,190,333	33,032,653	32,471,277	32,043,357	31,608,107	22,244,441	19,721,257	19,259,502
Summit Township	33,364,552	33,489,171	33,498,545	33,400,611	33,808,004	33,597,916	33,352,583	24,863,658	24,713,488	24,421,579
Valencia Borough	1,127,431	1,099,519	5,160,739	5,009,429	4,826,173	4,657,673	4,121,673	2,813,472	2,236,473	1,840,945
Venango Township	6,194,043	6,192,933	6,098,551	6,033,441	5,945,238	5,827,233	5,774,376	4,258,128	4,166,081	4,078,772
Washington Township	8,965,256	8,916,666	8,823,058	8,784,490	8,697,995	8,590,451	8,511,890	6,269,289	6,176,037	6,087,460
West Liberty Borough	2,413,012	2,413,012	2,391,192	2,385,422	2,381,672	2,376,442	2,290,162	1,705,074	1,694,867	1,694,010
West Sunbury Borough	943,589	943,969	942,109	909,249	909,439	907,159	907,159	680,409	678,594	694,785
Winfield Township	27,343,433	27,106,545	27,001,935	26,825,268	26,327,613	27,850,612	27,643,244	20,444,528	20,212,079	19,979,818
Worth Township	12,205,468	11,985,528	11,873,222	11,716,282	11,695,325	11,534,136	11,426,316	8,517,937	8,419,931	8,293,554
Zelienople Borough	28,921,627	28,873,395	28,820,865	28,820,035	28,777,424	28,681,294	28,695,938	21,839,041	21,597,047	21,544,253
	<u>\$ 1,751,636,074</u>	<u>\$ 1,720,707,433</u>	<u>\$ 1,700,763,050</u>	<u>\$ 1,677,456,747</u>	<u>\$ 1,655,938,833</u>	<u>\$ 1,628,745,094</u>	<u>\$ 1,609,268,664</u>	<u>\$ 1,187,753,012</u>	<u>\$ 1,162,419,874</u>	<u>\$ 1,140,005,756</u>

SOURCE:

Butler County Assessment Office

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
BUTLER COUNTY										
Operating Millage	20.69	20.69	20.69	19.69	19.69	19.69	19.69	25.00	22.50	22.50
Debt Service Millage	3.94	3.94	3.94	3.94	3.94	3.94	3.94	5.00	5.00	5.00
Total County Millage	24.63	24.63	24.63	23.63	23.63	23.63	23.63	30.00	27.50	27.50
County real estate millage is uniform for all cities, boroughs, and townships.										
Adams Township										
Municipal	3.75	3.75	3.75	3.75	3.75	3.75	3.75	5.00	5.00	5.00
Mars Area School S.D.	99.00	99.00	99.00	99.00	99.00	99.00	99.00	132.00	132.00	128.00
Allegheny Township										
Municipal	7.13	7.13	7.13	7.13	7.13	7.13	7.13	9.50	9.50	9.50
Allegheny-Clarion Valley S.D.	62.38	60.40	63.81	46.74	55.34	73.88	76.53	97.54	91.22	91.20
Brady Township										
Municipal	8.15	6.15	3.15	3.15	3.15	3.15	3.15	4.20	4.20	4.20
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Bruin Borough										
Municipal (1)	13.88	13.88	13.85	13.88	13.88	13.88	13.88	18.50	18.50	18.50
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Buffalo Township										
Municipal	4.38	4.38	3.38	3.38	3.38	3.38	3.38	4.50	4.50	4.50
Freeport Area S.D.	134.70	130.30	125.90	122.10	121.60	119.00	118.00	161.00	159.00	158.00
Butler City										
Municipal (1)	42.50	40.00	38.75	38.75	41.50	41.50	37.50	37.50	37.50	36.50
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Butler Township										
Municipal (1)	11.25	11.25	11.25	11.25	8.25	8.25	8.25	11.00	11.00	11.00
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Callery Borough										
Municipal (1)	24.63	24.63	24.63	24.63	24.63	17.63	17.63	23.50	17.00	17.00
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Center Township										
Municipal (1)	7.05	7.05	7.05	7.05	4.41	4.41	1.88	2.50	2.50	2.50
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Cherry Township										
Municipal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00	8.00	8.00
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Cherry Valley Borough										
Municipal	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.40	1.40	1.40
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Chicora Borough										
Municipal (1)	6.75	6.75	6.75	6.75	6.75	6.75	6.75	9.00	9.00	9.00
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Clay Township										
Municipal (1)	5.62	5.62	5.62	5.62	5.62	5.62	5.62	7.48	7.48	7.48
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Clearfield Township										
Municipal	2.45	2.45	2.45	2.45	2.45	2.45	2.45	3.27	3.27	3.27
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Clinton Township										
Municipal	4.13	4.13	4.13	4.13	4.13	4.13	4.13	5.50	5.50	5.50
South Butler S.D.	93.28	93.28	93.28	93.28	91.28	89.68	87.68	116.90	114.90	112.00
Concord Township										
Municipal (1)	8.50	8.50	8.50	8.50	7.00	5.00	3.55	4.50	4.50	4.50
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Connoquenessing Borough										
Municipal (1)	5.55	5.55	3.15	3.15	3.15	3.15	3.15	4.00	4.00	4.00
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Connoquenessing Township										
Municipal (1)	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.83	2.83	2.83
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Cranberry Township										
Municipal (1)	13.25	13.00	13.00	13.00	10.65	10.65	10.65	14.20	14.20	14.20
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39
Donegal Township										
Municipal (1)	4.50	2.25	2.25	2.25	2.25	2.25	2.25	3.00	3.00	3.00
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
East Butler Borough										
Municipal (1)	12.75	12.75	12.75	12.75	12.75	12.75	12.75	17.00	17.00	17.00
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Eau Claire Borough										
Municipal (1)	9.30	9.30	9.30	9.30	9.30	9.30	9.30	11.00	11.00	11.00
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Evans City Borough										
Municipal	20.00	20.00	22.88	19.88	19.88	19.88	19.88	26.50	26.50	26.50
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39
Fairview Borough										
Municipal	9.00	9.00	9.00	9.00	9.00	9.00	9.00	12.00	12.00	12.00
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Fairview Township										
Municipal	4.75	4.75	4.75	4.75	4.75	4.75	3.75	5.00	5.00	5.00
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Forward Township										
Municipal	2.78	2.78	2.78	2.78	2.78	2.78	2.78	3.70	3.70	3.70
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Franklin Township										
Municipal (1)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	5.00	8.00	5.00
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Harmony Borough										
Municipal	12.59	12.21	12.21	12.21	12.21	12.21	12.21	15.50	14.00	14.00
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39
Harrisville Borough										
Municipal (1)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	14.00	14.00	14.00
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Jackson Township										
Municipal (1)	7.88	7.88	7.88	7.88	7.88	7.88	7.88	10.50	10.50	10.50
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39
Jefferson Township										
Municipal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.33	1.33	1.33
South Butler S.D.	93.28	93.28	93.28	93.28	91.28	89.68	87.68	116.90	114.90	112.00
Karns City Borough										
Municipal (1)	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Lancaster Township										
Municipal	9.00	9.00	8.72	8.72	8.72	8.72	8.72	11.62	11.62	10.00
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39
Marion Township										
Municipal	7.13	7.13	7.13	7.13	7.13	7.13	7.13	9.50	9.50	9.50
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Mars Borough										
Municipal (1)	16.88	16.88	16.88	16.88	16.88	16.88	16.88	22.50	22.50	22.50
Mars Area School S.D.	99.00	99.00	99.00	99.00	99.00	99.00	99.00	132.00	132.00	128.00

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Mercer Township										
Municipal	6.60	6.60	6.60	6.60	6.60	6.60	6.60	8.80	8.80	8.80
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Middlesex Township										
Municipal (1)	12.00	12.00	12.00	12.00	12.00	12.00	12.00	16.50	17.00	18.00
Mars Area School S.D.	99.00	99.00	99.00	99.00	99.00	99.00	99.00	132.00	132.00	128.00
Muddycreek Township										
Municipal	5.00	5.00	5.00	5.00	5.00	3.00	3.00	4.00	4.00	4.00
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Oakland Township										
Municipal (1)	6.75	6.75	6.75	6.75	6.75	6.75	6.75	9.00	9.00	9.00
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Parker Township										
Municipal	8.13	8.13	7.13	7.13	7.13	7.13	7.13	9.50	9.50	9.50
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Penn Township										
Municipal (1)	8.00	8.00	8.00	8.00	6.47	6.47	5.47	7.00	7.00	7.00
South Butler S.D.	93.28	93.28	93.28	93.28	91.28	89.68	87.68	116.90	114.90	112.00
Petrolia Borough										
Municipal	9.50	9.50	9.50	9.50	9.50	9.50	9.50	12.00	12.00	12.00
Karns City Area S.D.	87.10	84.66	82.48	80.80	77.24	77.26	77.10	102.79	100.71	96.53
Portersville Borough										
Municipal (1)	5.00	4.00	4.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Prospect Borough										
Municipal (1)	7.50	7.50	7.50	7.50	1.69	1.69	1.69	2.25	2.25	2.25
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Saxonburg Borough										
Municipal	22.66	22.66	22.66	18.66	18.66	18.66	16.68	21.00	21.00	21.00
South Butler S.D.	93.28	93.28	93.28	93.28	91.28	89.68	87.68	116.90	114.90	112.00
Seven Fields Borough										
Municipal	7.00	7.00	7.00	7.00	6.00	6.00	6.00	7.00	8.00	6.00
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39
Slippery Rock Borough										
Municipal (1)	21.88	21.88	21.88	19.88	19.88	19.88	19.88	26.50	26.50	26.50
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Slippery Rock Township										
Municipal	2.25	2.25	2.25	2.25	2.25	2.25	2.25	3.00	3.00	3.00
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Summit Township										
Municipal (1)	6.13	6.13	6.13	6.13	6.13	5.63	5.63	7.50	5.50	5.50
Butler Area S.D.	94.80	94.80	93.80	91.80	89.80	88.13	85.13	113.50	113.50	111.50
Valencia Borough										
Municipal (1)	7.50	7.50	7.50	7.75	7.75	7.50	7.50	9.00	9.00	9.00
Mars Area School S.D.	99.00	99.00	99.00	99.00	99.00	99.00	99.00	132.00	132.00	128.00
Venango Township										
Municipal (1)	7.40	7.40	7.40	7.40	7.40	7.40	7.40	9.60	9.60	9.60
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Washington Township										
Municipal (1)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.33	2.33	2.33
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
West Liberty Borough										
Municipal	7.50	7.50	7.50	7.50	7.50	7.50	7.50	10.00	10.00	10.00
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2006-2015
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
West Sunbury Borough										
Municipal (1)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Moniteau S.D.	86.92	84.64	84.64	83.64	81.60	81.60	80.27	107.03	104.03	101.55
Winfield Township										
Municipal	5.00	3.00	3.00	3.00	2.00	2.00	1.58	2.00	2.00	2.00
South Butler S.D.	93.28	93.28	93.28	93.28	91.28	89.68	87.68	116.90	114.90	112.00
Worth Township										
Municipal	3.80	3.80	3.80	3.80	3.80	3.80	2.80	3.73	3.73	3.73
Slippery Rock Area S.D.	95.66	92.77	89.15	89.15	89.15	86.72	85.22	113.62	107.94	103.30
Zelienople Borough										
Municipal (1)	5.31	5.31	4.56	4.56	4.56	4.56	4.56	5.80	5.80	5.80
Seneca Valley S.D.	119.90	116.45	112.75	110.00	105.60	100.00	97.24	129.65	129.65	125.39

(Concluded)

NOTE:

(1) Includes fire tax, library tax, and/or debt service.

SOURCE:

Butler County Assessment Office

COUNTY OF BUTLER, PENNSYLVANIA

RATIO OF OUTSTANDING DEBT BY TYPE - LAST TEN YEARS

2006-2015
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities	(1)	(2)	(2)
	General Obligation Bonds	Capital Reserve Note/ Leases	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2006	59,095,000	749,230	6,820,000	66,664,230	1.03%	364
2007	57,710,000	530,065	6,225,000	64,465,065	0.93%	355
2008	56,235,000	300,983	5,610,000	62,145,983	0.83%	340
2009	54,780,000	61,536	4,875,000	59,716,536	0.79%	325
2010	53,240,000	-	4,115,000	57,355,000	0.75%	312
2011	51,055,000	77,014	3,635,000	54,767,014	0.68%	296
2012	48,735,000	71,350	3,155,000	51,961,350	0.60%	281
2013	46,645,000	16,422	2,300,000	48,961,422	0.53%	264
2014	43,775,000	203,520	2,155,000	46,133,520	0.51%	248
2015	41,815,000	155,558	1,645,000	43,615,558	*	233

* Information not yet available.

NOTES:

- (1) Details regarding the County's outstanding debt can be found in the notes to financial statements.
- (2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

COUNTY OF BUTLER, PENNSYLVANIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST TEN YEARS

2006-2015
(Unaudited)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	(1) PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	(2) PER CAPITA
2006	65,915,000	-	65,915,000	0.57%	389
2007	63,935,000	-	63,935,000	0.53%	352
2008	61,845,000	-	61,845,000	0.48%	338
2009	59,655,000	-	59,655,000	0.59%	325
2010	57,355,000	-	57,355,000	0.46%	312
2011	54,690,000	-	54,690,000	0.63%	296
2012	51,890,000	-	51,890,000	0.53%	281
2013	48,945,000	-	48,945,000	0.39%	264
2014	45,930,000	3,109,883	42,820,117	0.28%	230
2015	43,460,000	3,922,230	39,537,770	0.24%	212

NOTES:

- (1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

COUNTY OF BUTLER, PENNSYLVANIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts: (2)			
Allegheny-Clarion	\$ 2,540,000	11.14%	\$ 282,909
Butler Area	88,709,153	100.00%	88,709,153
Butler County Area Vo-Tech	79,381	100.00%	79,381
Freeport Area	45,785,000	62.16%	28,457,893
Karns City Area	2,404,145	64.88%	1,559,707
Mars Area	79,962,433	100.00%	79,962,433
Moniteau	12,042,839	100.00%	12,042,839
Seneca Valley	101,065,000	100.00%	101,065,000
Slippery Rock Area	5,320,745	100.00%	5,320,745
South Butler County	14,824,020	100.00%	14,824,020
Total School Districts	\$ 352,732,716		\$ 332,304,080
Cities: (3)			
Butler	\$ 1,950,774	100.00%	\$ 1,950,774
Total Cities	\$ 1,950,774		\$ 1,950,774
Townships: (3)			
Adams Township	\$ -	100.00%	\$ -
Allegheny Township	-	100.00%	-
Brady Township	84,848	100.00%	84,848
Buffalo Township	237,296	100.00%	237,296
Butler Township	3,264,554	100.00%	3,264,554
Center Township	1,437,953	100.00%	1,437,953
Cherry Township	-	100.00%	-
Clay Township	35,133	100.00%	35,133
Clearfield Township	2,605	100.00%	2,605
Clinton Township	-	100.00%	-
Concord Township	16,843	100.00%	16,843
Connoquenessing Township	211,062	100.00%	211,062
Cranberry Township	51,933,745	100.00%	51,933,745
Donegal Township	-	100.00%	-
Fairview Township	-	100.00%	-
Forward Township	-	100.00%	-
Franklin Township	-	100.00%	-
Jackson Township	1,286,288	100.00%	1,286,288
Jefferson Township	-	100.00%	-
Lancaster Township	162,133	100.00%	162,133
Marion Township	29,508	100.00%	29,508
Mercer Township	-	100.00%	-
Middlesex Township	14,418,781	100.00%	14,418,781

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2015

(Unaudited)

(Continued)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Muddy Creek Township	48,078	100.00%	48,078
Oakland Township	-	100.00%	-
Parker Township	65,970	100.00%	65,970
Penn Township	13,982,745	100.00%	13,982,745
Slippery Rock Township	-	100.00%	-
Summit Township	102,490	100.00%	102,490
Venango Township	4,303	100.00%	4,303
Washington Township	-	100.00%	-
Winfield Township	4,639,530	100.00%	4,639,530
Worth Township	-	100.00%	-
Total Townships	\$ 91,963,865		\$ 91,963,865
Boroughs: (3)			
Bruin Borough	\$ 9,944	100.00%	\$ 9,944
Callery Borough	-	100.00%	-
Cherry Valley Borough	-	100.00%	-
Chicora Borough	-	100.00%	-
Connoquenessing Borough	386,039	100.00%	386,039
East Butler Borough	19,703	100.00%	19,703
Eau Claire Borough	-	100.00%	-
Evans City Borough	220,975	100.00%	220,975
Fairview Borough	-	100.00%	-
Harmony Borough	31,713	100.00%	31,713
Harrisville Borough	8,800	100.00%	8,800
Karns City Borough	-	100.00%	-
Mars Borough	209,722	100.00%	209,722
Petrolia Borough	-	100.00%	-
Portersville Borough	-	100.00%	-
Prospect Borough	2,005,983	100.00%	2,005,983
Saxonburg Borough	75,050	100.00%	75,050
Seven Fields Borough	1,480,000	100.00%	1,480,000
Slippery Rock Borough	184,561	100.00%	184,561
Valencia Borough	-	100.00%	-
West Liberty Borough	-	100.00%	-
West Sunbury Borough	-	100.00%	-
Zelienople Borough	8,305,365	100.00%	8,305,365
Total Boroughs	\$ 12,937,855		\$ 12,937,855

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2015

(Unaudited)

(Continued)

<u>Governmental Unit (1)</u>	<u>Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Subtotal, Overlapping Debt			\$ 439,156,574
Total Direct Debt			43,615,558
Total Direct and Overlapping Debt			<u>\$ 482,772,132</u>

NOTES:

- (1) Overlapping governments are those that coincide with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Butler County. This process recognizes that, when considering the County's ability to repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Percentages were estimated by determining the portion of another governmental unit's population that is within the County's boundaries and dividing it by the County's total population. (Allegheny Township is located within Allegheny-Clarion School District of Clarion County and Buffalo Township is located within Freeport Area School District of Armstrong County. Residents of Armstrong and Clarion Counties living in the Karns City School District were deducted from the total of that school district's population).
- (2) School District Debt is as of June 30, 2015.
- (3) Municipal Debt is as of December 31, 2014. The 2015 amounts were unavailable.

SOURCES:

Annual audited financial reports for the School Districts.
Pennsylvania Department of Community and Economic Development.

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA
LEGAL DEBT MARGIN INFORMATION - LAST TEN YEARS

2006-2015
(Unaudited)

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Borrowing Base Revenues:										
Two years prior	\$ 37,440,500	\$ 41,290,924	\$ 45,434,794	\$ 42,802,182	\$ 46,849,506	\$ 48,293,150	\$ 50,314,237	\$ 50,793,601	\$ 51,806,554	\$ 54,863,179
Prior year	41,290,924	45,434,794	42,802,182	46,849,506	48,293,150	50,314,237	50,793,601	51,806,554	54,863,179	55,807,050
Current year	45,434,794	42,802,182	46,849,506	48,293,150	50,314,237	50,793,601	51,806,554	54,863,179	55,807,050	55,660,790
Total Borrowing Base Revenues	<u>\$ 124,166,218</u>	<u>\$ 129,527,900</u>	<u>\$ 135,086,482</u>	<u>\$ 137,944,838</u>	<u>\$ 145,456,893</u>	<u>\$ 149,400,988</u>	<u>\$ 152,914,392</u>	<u>\$ 157,463,334</u>	<u>\$ 162,476,783</u>	<u>\$ 166,331,019</u>
Average Borrowing Base Revenues	<u>\$ 41,388,739</u>	<u>\$ 43,175,967</u>	<u>\$ 45,028,827</u>	<u>\$ 45,981,613</u>	<u>\$ 48,485,631</u>	<u>\$ 49,800,329</u>	<u>\$ 50,971,464</u>	<u>\$ 52,487,778</u>	<u>\$ 54,158,928</u>	<u>\$ 55,443,673</u>
Limit for Non-Electoral Debt:										
Average Borrowing Base Revenues	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464	\$ 52,487,778	\$ 54,158,928	\$ 55,443,673
Debt Limit Percent	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>
Debt Limit	<u>124,166,218</u>	<u>129,527,900</u>	<u>135,086,482</u>	<u>137,944,838</u>	<u>145,456,893</u>	<u>149,400,988</u>	<u>152,914,392</u>	<u>157,463,334</u>	<u>162,476,783</u>	<u>166,331,019</u>
Total Amount of Debt Applicable to										
Debt Limit Percent	<u>66,664,230</u>	<u>64,465,065</u>	<u>62,145,983</u>	<u>59,716,536</u>	<u>57,355,000</u>	<u>54,690,000</u>	<u>51,890,000</u>	<u>48,945,000</u>	<u>45,930,000</u>	<u>43,460,000</u>
Legal Debt Margin	<u>\$ 57,501,988</u>	<u>\$ 65,062,835</u>	<u>\$ 72,940,499</u>	<u>\$ 78,228,302</u>	<u>\$ 88,101,893</u>	<u>\$ 94,710,988</u>	<u>\$ 101,024,392</u>	<u>\$ 108,518,334</u>	<u>\$ 116,546,783</u>	<u>\$ 122,871,019</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	53.69%	49.77%	46.00%	43.29%	39.43%	36.61%	33.93%	31.08%	28.27%	26.13%
Limit for Non-Electoral and Lease Rental Debt:										
Average Borrowing Base Revenues	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464	\$ 52,487,778	\$ 54,158,928	\$ 55,443,673
Debt Limit Percent	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>
Debt Limit	<u>165,554,957</u>	<u>172,703,867</u>	<u>180,115,309</u>	<u>183,926,451</u>	<u>193,942,524</u>	<u>199,201,317</u>	<u>203,885,856</u>	<u>209,951,112</u>	<u>216,635,711</u>	<u>221,774,692</u>
Total Amount of Debt Applicable to										
Debt Limit Percent	<u>66,664,230</u>	<u>64,465,065</u>	<u>62,145,983</u>	<u>59,716,536</u>	<u>57,355,000</u>	<u>54,767,014</u>	<u>51,961,350</u>	<u>48,961,422</u>	<u>46,133,520</u>	<u>43,615,558</u>
Legal Debt Margin	<u>\$ 98,890,727</u>	<u>\$ 108,238,802</u>	<u>\$ 117,969,326</u>	<u>\$ 124,209,915</u>	<u>\$ 193,942,524</u>	<u>\$ 144,434,303</u>	<u>\$ 151,924,506</u>	<u>\$ 160,989,690</u>	<u>\$ 170,502,191</u>	<u>\$ 178,159,134</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	40.27%	37.33%	34.50%	32.47%	29.57%	27.49%	25.49%	23.32%	21.30%	19.67%

NOTES:

Borrowing Base Revenue includes total revenue from all sources less debt proceeds, transfers-in, grants for specific projects, and interest on the Sinking Fund.

Under the finance laws of the Commonwealth of Pennsylvania, with the exception of Philadelphia, the County's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent Funds' revenue.

Under the finance laws of the Commonwealth of Pennsylvania, with the exception of Philadelphia, the County's outstanding non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent Funds' revenue.

SOURCES:

Local Government Unit Debt Act of 1972 as amended
Annual Reports of the Butler County Controller

COUNTY OF BUTLER, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

2006-2015
(Unaudited)

Fiscal Year	(1) Population	(2) (6) Total Personal Income (thousands of dollars)	(2) (6) Per Capita Income (\$)	(5) Higher Education Enrollment	(3) Public School Enrollment	(3) Private School Enrollment	(4) (7) Unemployment Rate
2006	181,070	6,471,286	35,739	11,806	27,568	1,867	4.5%
2007	181,734	6,919,566	38,075	11,981	27,277	1,916	4.0%
2008	182,902	7,489,799	40,780	12,295	26,789	2,101	4.7%
2009	183,663	7,515,554	40,692	12,926	26,645	2,693	7.1%
2010	183,862	7,677,026	41,715	13,151	26,216	2,712	7.7%
2011	184,848	8,110,383	43,876	12,875	26,218	2,756	6.4%
2012	184,970	8,707,724	47,076	12,423	25,918	3,000	6.8%
2013	185,476	9,178,260	49,496	12,089	25,761	2,851	5.5%
2014	185,943	9,099,503	49,004	12,053	25,408	2,949	5.0%
2015	186,818	*	*	12,201	25,227	3,155	4.6%

* Information not yet available.

SOURCES:

- (1) Pennsylvania State Data Center
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Pennsylvania Department of Education
- (4) Pennsylvania Department of Labor & Industry/Bureau of Labor Statistics
- (5) Slippery Rock University & Butler County Community College - Institutional Research

NOTES:

- (6) Per capita & personal income were computed using Census Bureau mid-year population estimates.
- (7) Unemployment rate is the annual average and reflects revised inputs, re-estimation, and new statewide controls.

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer:	Ranking (1)	
	2015	2006
U.S. Government (1)	1	-
Westinghouse Electric Company, LLC (1)	2	-
Butler Health System (1)	3	2
AK Steel Corporation (formerly Armco Steel) (1)	4	3
Walmart Associates Inc (1)	5	7
Butler Area School District (1)	6	4
Slippery Rock University (1)	7	-
Seneca Valley School District (1)	8	10
County of Butler (1)	9	-
Next Tier Concepts Inc (1)	10	-
Iron Mountain Underground Storage	-	1
Traco	-	5
Butler County Community College	-	6
Giant Eagle	-	8
Verizon Wireless	-	9

SOURCES:

(1) Pennsylvania Department of Labor & Industry - Center for Workforce Information & Analysis

NOTE: The Center for Workforce Information & Analysis is not able to provide the number of employees due to confidentiality restrictions.

COUNTY OF BUTLER, PENNSYLVANIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS
(Unaudited)

	Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government - Administration:										
Commissioners	10.00	10.00	11.00	10.00	10.00	10.00	10.00	11.75	11.75	11.75
Election	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Controller	8.50	8.50	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Property and revenue	16.00	14.50	15.00	15.00	15.00	15.00	15.00	16.00	17.00	17.00
Treasurer	6.00	6.00	6.00	6.00	6.00	6.00	5.50	6.00	6.00	6.00
Purchasing	0.50	0.50	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Public defender	8.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	8.50	8.50
Recorder of Deeds	8.00	8.00	8.00	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Personnel	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information technology	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00	7.00	7.00
Planning commission	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	4.00
Facilities and operation	26.50	24.50	24.50	24.50	25.50	25.00	23.00	23.00	23.00	23.00
Mailroom	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Motor Pool	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General Government Administration Sub-total	109.00	105.00	108.50	108.00	108.00	106.50	104.00	109.25	111.25	110.25
General Government - Judicial:										
Court administration	35.00	34.50	35.50	35.50	35.00	34.00	34.00	34.00	34.00	34.00
Jury commissioners	-	-	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
District Justices	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Law library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of Courts	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Coroner	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
District Attorney	22.80	21.75	21.25	21.75	22.25	21.25	22.25	20.75	20.75	20.75
Prothonotary	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00
Register of Wills	8.00	8.00	8.00	7.50	7.50	8.50	7.50	7.50	7.50	8.50
Sheriff	33.20	31.00	29.25	30.50	25.50	23.25	27.25	27.50	28.60	29.60
Domestic relations	37.00	36.00	36.00	36.00	36.00	35.00	35.00	35.25	35.25	35.25
General Government - Judicial Sub-total	191.50	186.75	187.50	188.75	182.75	178.50	182.50	181.50	182.60	184.60
Public Safety:										
Prison	114.00	114.00	114.00	114.00	106.00	98.50	61.00	61.00	61.00	61.00
Adult probation	29.80	29.50	29.50	29.50	28.50	26.50	26.00	26.00	25.00	25.00
Juvenile probation	19.80	20.50	20.50	20.50	20.50	20.50	20.00	20.00	20.00	20.00
Emergency communication	30.00	29.50	29.50	29.50	29.50	28.00	28.00	28.00	28.00	28.00
Public Safety Sub-total	193.60	193.50	193.50	193.50	184.50	173.50	135.00	135.00	134.00	134.00
Public Works:										
Liquid Fuel	7.00	8.00	8.00	8.00	8.00	7.00	7.00	8.00	8.00	8.00
Public Works Sub-total	7.00	8.00	8.00	8.00	8.00	7.00	7.00	8.00	8.00	8.00
Human Services:										
Human services administration	13.00	12.00	12.00	12.00	6.00	6.00	6.00	6.00	3.00	3.00
MH/ID, Drug and Alcohol	20.00	20.00	20.00	20.00	23.00	23.00	23.00	23.00	26.00	26.00
Area Agency on Aging	27.00	30.00	28.00	28.00	27.00	27.00	27.00	27.00	27.00	28.00
Children and Youth	46.00	47.00	45.00	45.00	48.00	46.00	42.00	42.00	42.00	42.00
Sunnyview Nursing and Rehabilitation Center *	-	278.75	277.75	277.20	275.75	283.30	278.80	291.00	291.00	292.00
Veterans Services	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Human Services Sub-total	109.00	389.75	384.75	384.20	381.75	387.30	378.80	391.00	391.00	393.00
Culture and Recreation:										
Alameda Park/Pool	10.70	10.95	11.25	11.50	10.00	9.50	9.50	9.50	9.80	9.80
Culture and Recreation Sub-total	10.70	11.00	11.25	11.50	10.00	9.50	9.50	9.50	9.80	9.80
Conservation and Development:										
Community Action	2.80	2.75	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Conservation District	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Waste Management	-	-	-	-	-	-	-	1.00	1.00	1.00
Conservation and Development Sub-total	7.80	7.75	7.50	8.00	8.00	8.00	8.00	9.00	9.00	9.00
TOTAL	628.60	901.75	901.00	901.95	883.00	870.30	824.80	843.25	845.65	848.65

SOURCE:
County Organizational List

NOTES:
Method: Using 1.00 for each full-time employee, or 0.50 for each part-time employee
Employees working ≤ 16 hours = 0.25 (Eliminated as of 1/1/2015)
Employees working ≤ 24 hours = 0.50
Employees working ≤ 32 hours = 0.75
Court of Common Pleas Judges, Magisterial District Judges, Court Administrators and Tax Collectors are excluded.

* The County Sold Sunnyview Nursing Home and Rehabilitation Center in 2014.

COUNTY OF BUTLER, PENNSYLVANIA
 OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN YEARS
 (Unaudited)

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government - Administration:										
General election information: (1)										
Registered voters	119,692	122,109	120,469	122,762	117,986	118,198	115,991	121,730	113,481	113,022
Votes cast	34,580	56,562	23,895	90,278	29,643	66,102	30,752	91,529	34,273	64,313
Percent of votes cast	28.89%	46.32%	19.83%	73.54%	25.12%	55.92%	26.51%	75.19%	30.20%	56.90%
Instruments recorded (2)	28,521	30,958	36,490	37,650	32,689	31,183	30,380	26,421	32,692	32,811
General Government - Judicial:										
Autopsies performed (3)	89	93	76	71	65	56	57	49	74	93
Deaths investigated (3)	196	177	169	172	177	137	162	117	149	140
Civil cases filed (4)	1,086	1,098	1,206	1,419	1,603	2,200	2,391	2,552	2,188	1,947
Executions (4)**	333	358	397	410	442	480	570	619	598	544
Family court cases (4)	853	834	852	829	913	871	878	843	869	818
Judgments (4)	2,231	2,240	2,385	2,385	2,827	2,790	3,597	3,237	2,602	2,563
Liens - Federal Tax (4)	160	145	163	215	349	363	283	221	231	247
Liens - Municipal (4)	200	68	178	143	194	142	174	182	106	72
Miscellaneous civil cases (4)	348	368	341	338	317	358	387	376	390	366
No lien agreements (4)	202	217	246	195	244	204	205	310	311	458
Adoptions/Parental terminations (5)*	73	87	84	74	113	105	123	77	90	76
Adoptions/Petitions (5)*	61	53	53	52	51	83	64	54	80	78
Court accounts (5)*	77	258	118	104	68	104	115	66	117	149
Estates (5)*	815	824	869	907	1,002	995	978	959	912	900
Guardianships (5)*	49	43	48	45	45	60	44	42	43	49
Marriage licenses issued (5)*	882	942	913	890	861	942	917	961	971	882
Marriage licenses recorded (5)*	865	937	892	871	861	942	917	865	956	854
Public Safety:										
Prison inmates (6)	2,520	2,591	2,591	2,514	2,516	2,423	2,312	2,468	2,272	2,030
Prison average daily population (6)***	371	375	354	358	358	317	299	179	294	234
Public Works:										
Tons of asphalt purchased for road maintenance (7)	9	6	11	9	9	15	6	21	16	19
Tons of salt purchased for snow removal (7)	90	137	136	100	100	67	192	266	141	110
Culture & Recreation:										
Park/Shelter reservations (8)	396	413	442	429	446	402	328	336	299	317
Pool usage by person (8)	49,869	46,412	38,934	30,809	30,613	30,809	21,208	26,757	28,324	40,000
Conservation & Development:										
Tons of waste produced (9)	148,278	146,197	150,001	286,112	132,953	126,202	122,810	145,942	153,119	249,919
Tons of waste recycled (9)	116,403	119,659	123,402	140,773	132,393	130,174	113,638	104,550	79,122	101,173
Veterans:										
Death benefits (10)	490	547	461	500	515	455	438	461	514	432

SOURCES:

- | | |
|---|---|
| (1) Butler County Bureau of Elections | (6) Butler County Prison Administration |
| (2) Butler County Recorder of Deeds | (7) Butler County Planning Department |
| (3) Butler County Coroner | (8) Butler County Parks and Recreation |
| (4) Butler County Prothonotary | (9) Butler County Waste Management |
| (5) Butler County Register of Wills & Clerk of Orphans' Court | (10) Butler County Veterans Services |

NOTES:

- * Represent new cases filed in the years referenced.
 ** Includes mortgage foreclosures, sale of property for foreclosures, garnished attachments, sale of household goods, foreign writs, and attachment of wages.
 *** Includes inmates housed at out-of-county jails.

COUNTY OF BUTLER, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government - Administration: (1) (2)										
Buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	12	12	12	12	12	12	12	12	12	13
General Government - Judicial: (1) (2)										
Buildings	5	4	4	4	4	4	4	4	4	4
Vehicles	10	10	10	12	10	10	10	10	10	13
Vehicles - Coroner	1	1	1	1	1	1	1	1	1	1
Vehicles - Sheriff	11	11	11	11	10	10	10	10	10	10
Vehicles - Sheriff (Transport)	2	2	2	2	2	2	2	2	2	2
Vehicles - Sheriff (K-9 Unit)	1	1	1	1	0	0	0	0	0	0
Public Safety: (1) (2) (3) (4)										
Emergency Center	1	1	1	1	1	1	1	1	1	1
9-1-1 Antennas	4	9	9	9	9	9	9	9	9	4
9-1-1 Towers	4	9	9	9	9	9	9	9	9	11
Hazmat Trailers	24	24	23	23	22	10	9	8	8	0
Prisons	1	1	1	1	1	1	1	2	2	2
Prison beds	564	564	564	561	561	561	561	194	194	194
Vehicles	2	1	1	1	1	1	1	1	1	1
Vehicles - Emergency Management	1	1	1	1	1	1	1	1	1	1
Vehicles - Hazmat	2	3	3	3	3	3	3	3	3	2
Vehicles - Probation	14	14	14	14	14	14	14	14	14	12
Public Works: (1) (2) (5)										
Buildings	1	1	1	1	1	1	1	1	1	1
Salt Shed	1	1	1	1	1	1	1	1	1	1
Bridges (< 08 feet in length)	1	1	1	0	0	0	0	0	0	0
Bridges (≤ 20 feet in length)	10	10	10	7	7	7	7	7	7	7
Bridges (≥ 21 feet in length)	123	123	123	126	126	126	126	126	126	126
Street (miles) - paved	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Street (miles) - unpaved	0	0	0	0	0	0	0	0	0	0
Vehicles	5	4	4	4	4	5	4	4	4	4
Human Services: (1) (6) (7) (8)										
Buildings	2	1	1	1	1	1	1	1	1	1
Buildings - Veteran's Administration	1	1	1	1	1	1	1	1	1	1
Group Homes	3	3	3	3	3	3	3	3	3	3
Memorials	5	5	5	5	5	5	5	5	5	4
Senior Centers	9	10	10	11	11	11	11	11	7	7
Culture & Recreation: (1) (2) (9)										
Buildings	8	8	8	8	8	8	8	8	8	8
Parks	2	2	2	2	2	2	2	2	2	2
Park acres	408.76	408.757	408.757	408.757	408.757	407.5	407.5	407.5	407.5	407.5
Park shelters	14	14	14	14	14	14	14	14	13	13
Park swimming pool	1	1	1	1	1	1	1	1	1	1
Conservation & Development: (1) (2)										
Buildings	3	3	3	3	3	3	3	3	3	3
BART buses	19	19	20	18	16	18	17	15	15	16

SOURCES:

- (1) Butler County Commissioner's Office
- (2) Butler County Controller's Office
- (3) Butler County Emergency Services
- (4) Butler County Prison Administration
- (5) Butler County Planning Department
- (6) Butler County Human Services
- (7) Butler County Veteran's Affairs
- (8) Butler County Area Agency on Aging
- (9) Butler County Parks & Recreation

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	December 31, 2015			December 31, 2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Clearview Mall	\$ 6,496,000	1	0.37%	\$ 4,872,000	1	0.43%
Oxford Development Company	4,101,020	2	0.23%	3,075,765	2	0.27%
Northwestern Mutual	3,294,580	3	0.19%	2,470,935	4	0.22%
AK Steel (formerly Armco)	2,915,733	4	0.17%	2,186,800	5	0.19%
Aldi Inc	2,856,090	5	0.16%	-	-	-
OCG Slippery Rock LP	2,853,760	6	0.16%	-	-	-
Campus Crest Slippery Rock LLC	2,754,110	7	0.16%			
Mine Safety Appliances	2,665,876	8	0.15%	2,819,288	3	0.25%
Gumberg Associates	2,524,250	9	0.14%	1,893,188	6	0.17%
Buncher Company	2,502,700	10	0.14%	-	-	-
Berkley Manor Apartments	-	-	-	1,634,438	7	0.14%
North PGH Hotel LLC	-		-	1,617,728	8	0.14%
Three Rivers Aluminum	-		-	1,484,000	9	0.13%
Lowes Home Centers	-		-	1,475,693	10	0.13%
	<u>\$ 32,964,119</u>		<u>1.87%</u>	<u>\$ 23,529,835</u>		<u>2.07%</u>
Year-End Total Taxable Assessed Valuation	<u>\$ 1,751,636,074</u>			<u>\$ 1,139,905,756</u>		

SOURCE:

Butler County Assessment Office

NOTE:

Assessed valuation based on the valuation of property for taxes collected in 2015 and 2006, respectively, and a review of the 10 largest taxpayers for the County.

COUNTY OF BUTLER, PENNSYLVANIA
BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM
SELECTED DATA

LAST TEN YEARS 2006-2015
(Unaudited)

Year Ended December 31,	Number of Active Members and Vested Members	Contributions			Number of Retired Members and Beneficiaries	Retirement and Death Benefits Paid
		Members*	County	Total		
2006	795	2,726,231	4,572,844	7,299,075	335	3,760,855
2007	782	2,832,902	4,804,224	7,637,126	352	5,612,002
2008	782	2,914,670	4,712,669	7,627,339	365	5,091,952
2009	811	3,006,000	6,486,486	9,492,486	382	6,388,013
2010	814	3,211,924	6,095,561	9,307,485	412	6,525,681
2011	838	3,371,565	6,564,903	9,936,468	420	5,975,115
2012	842	3,558,739	6,860,358	10,419,097	447	7,856,332
2013	837	3,674,551	7,313,625	10,988,176	475	7,970,677
2014	650	3,360,012	6,152,213	9,512,225	574	15,247,231
2015	665	3,183,884	5,052,744	8,236,628	578	10,778,767

NOTE:

* Excludes County share of member buy-backs generally for leave-of-absence without pay or military service.
Buybacks for leave-of-absence without pay must be approved by the Butler County Retirement Board.

SOURCE:

County Employees' Retirement System Actuarial Valuation Reports (2006-2015)

COUNTY OF BUTLER, PENNSYLVANIA

COUNTY EXPENDITURES 2015

\$250,000 OR MORE

(Unaudited)

ORGANIZATION	LOCATION	AMOUNT
Alliance for Non-Profit Resources	Butler	\$ 2,848,099
Bethesda Children's Home	Meadville	262,813
Butler County Community College	Butler	3,701,331
Butler County Federated Library System	Butler	250,000
Butler County Tourism	Zelienople	1,473,726
Catholic Charities	Pittsburgh	606,668
Center for Community Resources	Butler	1,818,911
Child & Adolescent Clinical Associates	Cranberry Township	402,942
Community Development Corp.	Butler	310,944
East West Manufacturing & Supply Co.	Pittsburgh	1,546,726
Family Pathways	Butler	474,468
Grapevine Center	Butler	312,693
Irene Stacy CMH Center	Butler	1,197,972
Keefe Commissary Network	St Louis, MO	283,342
Keystone Adolescent Center	Pittsburgh	454,990
Mars Home for Youth	Louisville, KY	636,820
Mental Health Association	Butler	391,555
Milestone Centers, Inc.	Harrisburg	663,876
Motorola Solutions Inc.	Schaumburg, IL	256,583
Nonprofit Development Corp.	Butler	523,403
PCN	Irwin	583,247
PCORP	Harrisburg	325,536
Pediatric Therapy Professionals	New Castle	265,173
Peoples TWP	Philadelphia	252,358
Phase One Development Corp.	Pittsburgh	277,256
Pitney Bowes Credit Corporation	Gibsonia	285,464
Rabe Environmental Systems, Inc.	Erie	299,059
Redevelopment Authority	Butler	254,881
Right Electric Inc.	Butler	1,103,760
Southwest Behavioral	New Castle	24,983,417
Southwest Behavioral Health Management	New Castle	483,919
Specialty Outreach Services, Inc.	Butler	296,663
Specialty Pool Contractors, Inc.	Pittsburgh	1,041,553
Teknion	Mt Laurel, NJ	437,080
Totin Family Services	Worthington	253,396
Trinity Services LLC	Oldmar, FL	596,311
United Telephone Company	Monroe, LA	289,630
Value Options	Norfolk, VA	1,662,649
Vendrick Construction Inc.	Brookfield, OH	3,749,122
West Penn Power Company	Greensburg	468,507
Wexford Health Sources	Pittsburgh	890,748

NOTE:

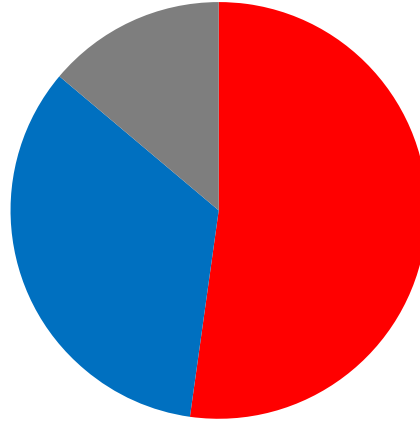
Amounts include all state and federal funds administered by the County. The majority of the above payments were made through contractual arrangements for providing human services. Independently audited financial statements, when available, are filed with the Office of the County Controller for review.

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS

December 31, 2015

Election Information

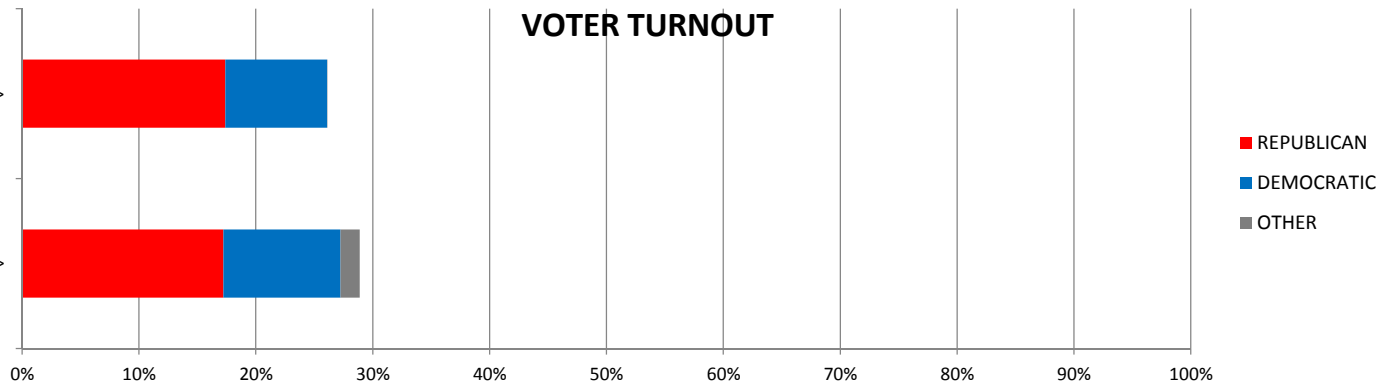


■ REPUBLICAN - 62,716 ■ DEMOCRATIC - 40,743 ■ OTHER - 16,675

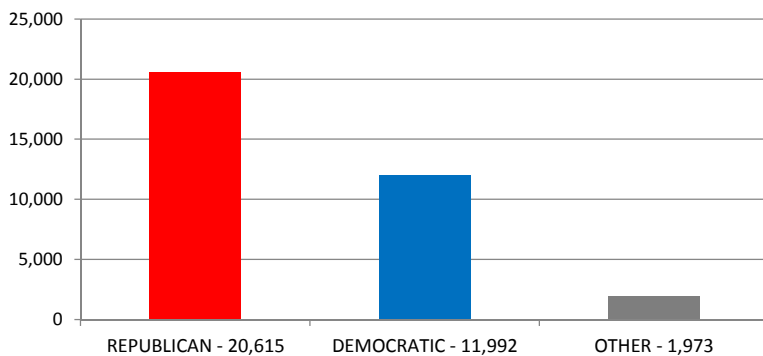
VOTER TURNOUT

Primary >>>

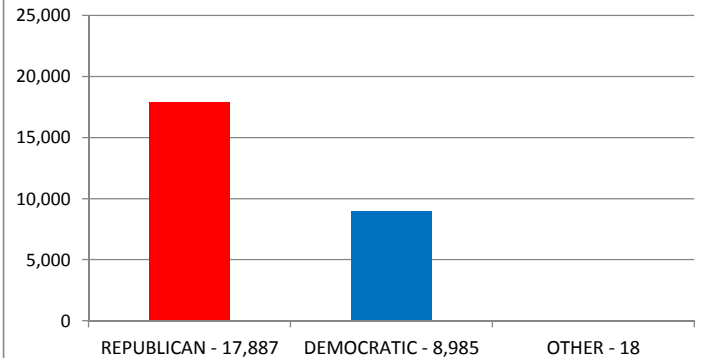
General >>>



PRIMARY MUNICIPAL ELECTION



GENERAL MUNICIPAL ELECTION



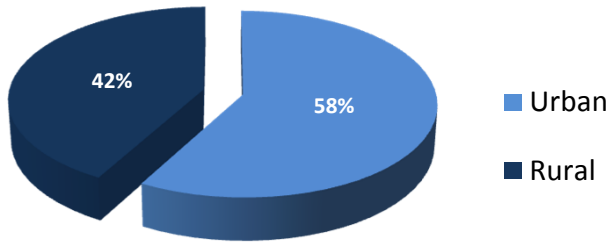
COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2015

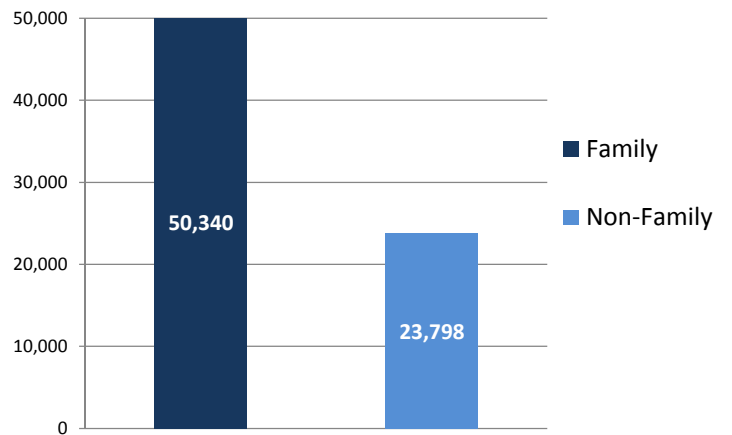
Demographics

Land Area



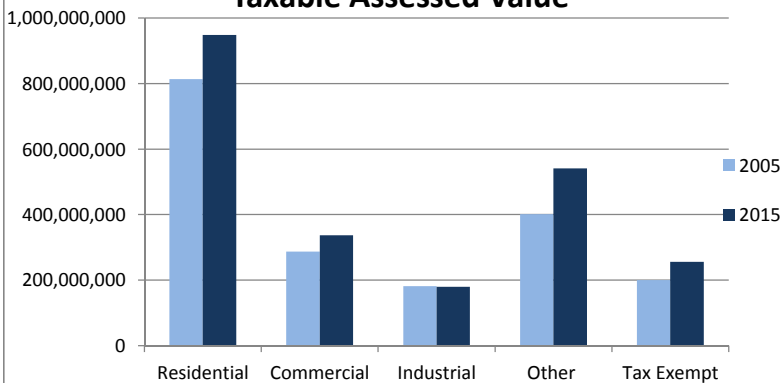
789 Square Miles

Households

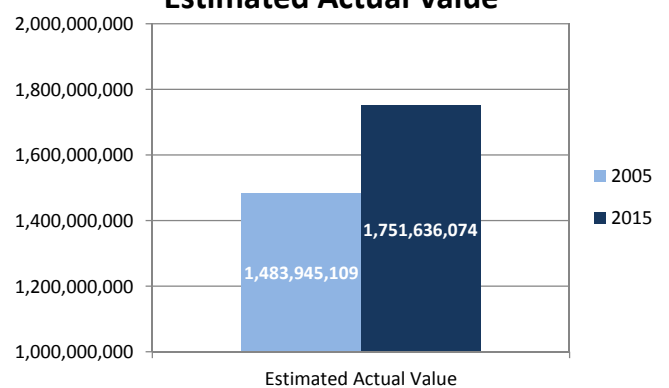


Real Estate

Taxable Assessed Value

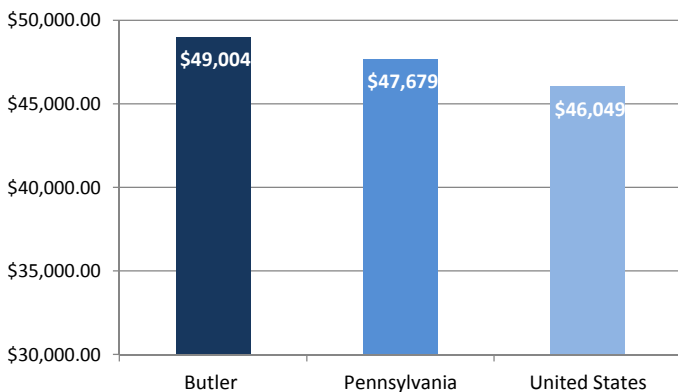


Estimated Actual Value

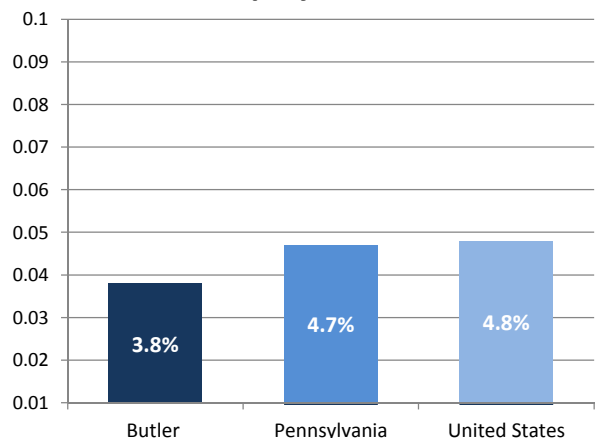


Income & Employment

Per Capita Income



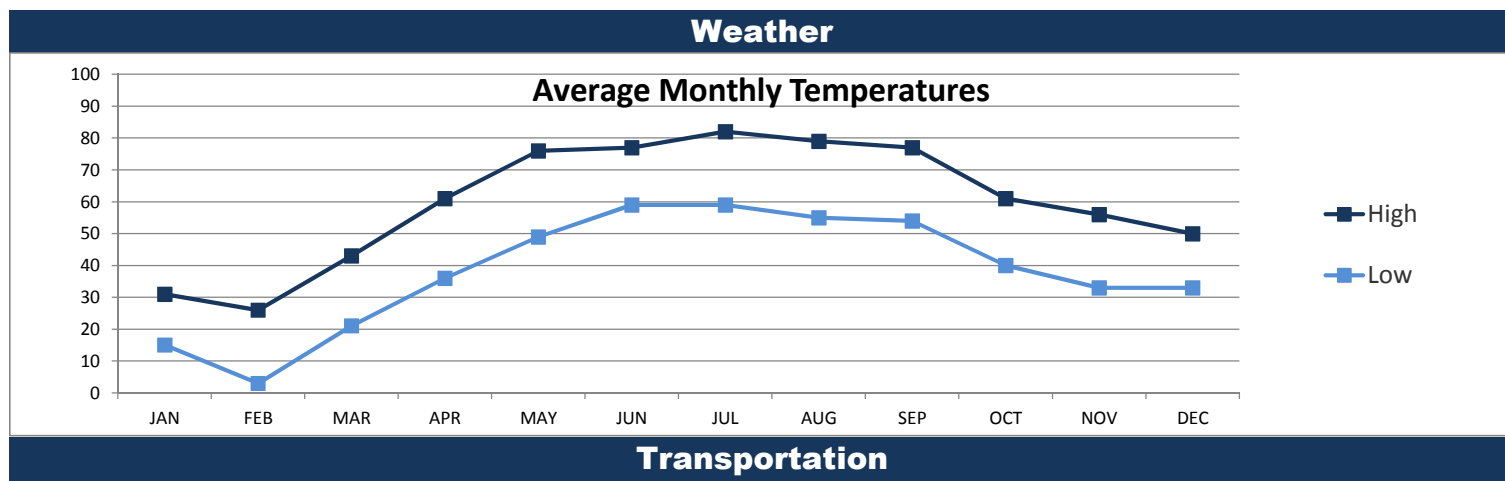
Unemployment Rates



COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2015



Interstate Highways



US ROUTES

19, 422

PA ROUTES

8, 28, 38, 58, 68, 108, 138, 173, 228, 258, 268, 288, 308, 356, 488, 528, 588

Railroads



Airports

Butler County Airport

BTP

Zelienople Municipal Airport

PJC

Butler Farm Show Airport

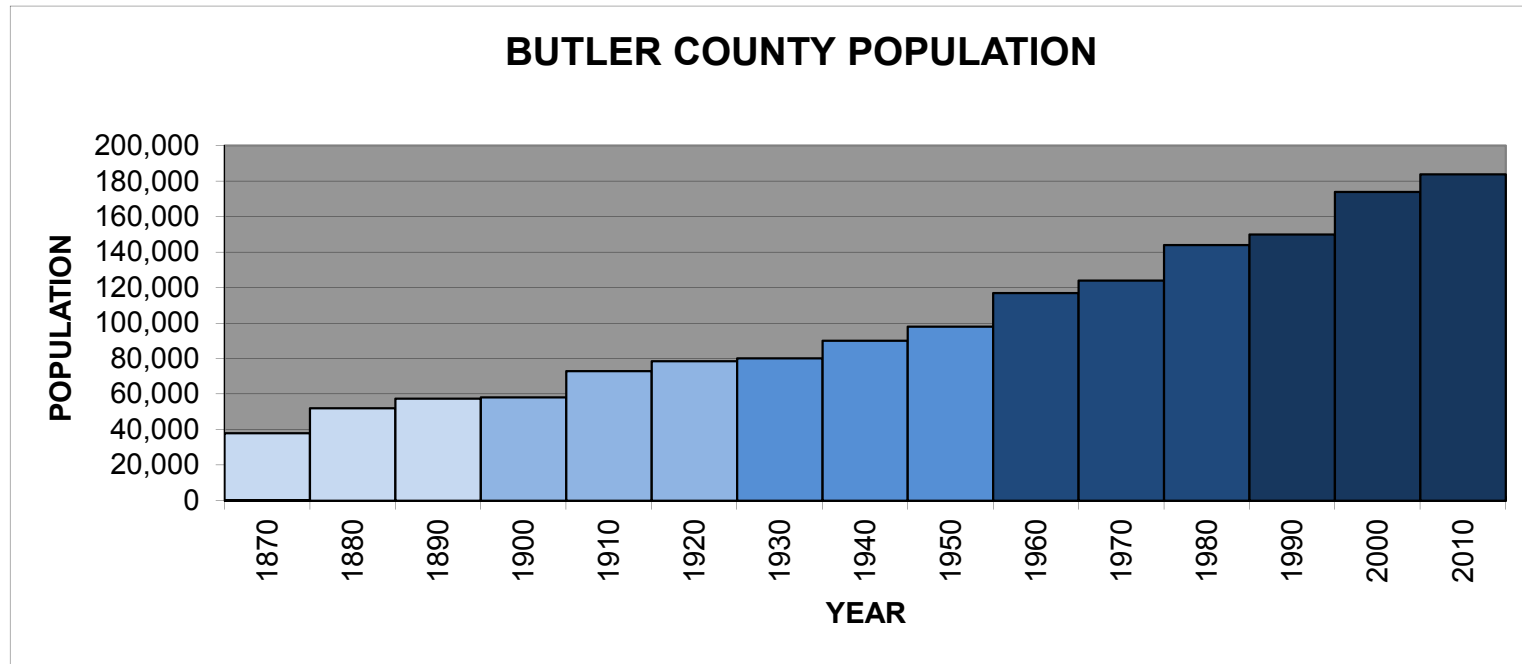
3G9

Lake Hill Airport

P09

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY POPULATION



SOURCE:
Butler County Planning Commission 2010 census

