

COUNTY OF BUTLER, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED
DECEMBER 31, 2013

Prepared by the Office of the Controller
Benjamin Holland, Controller

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INTRODUCTORY SECTION

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY OFFICIALS

DECEMBER 31, 2013

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 |
| John R. McMillin, Jr. | 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

Deborah A. Huth, CGFM
First Deputy

Sherry M. Britton
Second Deputy

June 26, 2014

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, 2013. The primary purpose of this report is to provide a detailed accounting of the County's 2013 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 12 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, 2013. 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 2013 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 2012 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, Sunnyview Nursing Home, 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 general staff.

The County has a land area of approximately 800 square miles with an estimated population of 185,476 residents. The U.S. Census Bureau estimated that the County's population grew by a net of 392 residents between July 2012 and July 2013. Nine of the County's 57 municipalities are estimated to have experienced increases during that same period, thus offsetting estimated declines in population for 41 other municipalities. Noteably, Cranberry was the third fastest growing township in Pennsylvania between 2010 and 2013. The 57 political sub-divisions within Butler County are comprised of 33 townships, 23 boroughs, and one city.

Pennsylvania is comprised of 67 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 County administrative and fiscal matters. The Board of County Commissioners functions as the primary governing body of the County. The other three boards are the: (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 (*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 five percent in the last census. The median age of a County resident is 41.5 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 2013, the County Commissioners raised taxes by one mill (to 24.63 mills). During the same year, the assessed value of taxable property grew by \$22 million, to \$1.7 billion, according to County assessment records. The County's estimated market value exceeds \$12 billion.

Exploration of the Marcellus Shale gas formation continued to impact Butler County residents in 2013. 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, has recently been explored in Butler County near Portersville.

At the end of 2013, Butler County had a total of 242 unconventional producing wells, according to the Pennsylvania Public Utility Commission. That number represents a 59% increase over the 152 wells in place at the end of 2012. 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 allocated \$1.7 million of 2013 impact fees, up from \$1.2 million in 2012.

According to the PA Department of Labor & Industry, the County's unemployment rate was 5.5% in 2013 - 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 announced that it will establish 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 southernwestern 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 began in 2013 to alleviate some of this congestion by adding additional ramps and widening lanes. The project will expand 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 have also been installed near the recently 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 Department of Education later assigned the college a focus in health and physical education. Slippery Rock State College was eventually able to award degrees in the liberal arts and in the professional sciences. 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, specialized extended care, physical rehabilitation medicine, and residential substance abuse treatment 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 400 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 100 acres of walking trails, fishing ponds, wildlife, and unique plants. Equally notable, Cranberry Township operates a waterpark and has the number one (#1) ranked municipal golf course in Pennsylvania. Unsurprisingly, there are also numerous fishing streams and game lands situated throughout Butler County.

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.

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, Zelienople, Saxonburg, Harmony, and Evans City. The Borough of Prospect also has a devoted group that preserves the community's interesting past; and members of the Slippery Rock Heritage Association are dedicated to preserving historic facilities and cultural features. 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-Shaw 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 Maridom 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, as well as an extensive collection of German Meissen porcelain art. 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 \$1.3 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. During its inaugural year, the Jeep Invasion set a Guinness World Record for the largest parade of Jeeps, celebrating the 70th anniversary of the Jeep. In 2013, Butler County hosted the Boom & Blast Pyrotechnical Guild's International Convention. This event featured four nights of public firework displays from the world's largest manufacturers and hobbyists of pyrotechnics.

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 43 farms totaling 4,813 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.

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 US Department of Veteran Affairs. It also conducts a Memorial Day Ceremony and a Veterans Day Program that includes a Veteran of the Year award. The office also assists with organizing the Memorial Day and Veterans Day parades; and last year a special event was held to recognize the 60th anniversary of the Korean War. 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. Hence, the state legislature imposed a monthly fee of one dollar on all cell phone subscribers to help offset the cost of cell phone-related emergency calls. Regrettably, the County has received only a fraction of its eligible reimbursable expenses related to emergency calls from cell phones.

The County continues to encourage economic development 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 student tuition, state appropriations, and federal grants have been deducted, are to be assumed by the sponsor. In BC3's most recent fiscal year budget, the County's contributions amounted to only 12% of the College's revenues.

Butler County has promoted access to public libraries by appropriating funds to the County's Federated Library System and traveling Book Mobile. Totally, the County has community libraries in Butler, Chicora, Cranberry, Evans City, Mars, Prospect, Saxonburg, West Sunbury, and Zelienople.

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 2013, when revenues from taxes increased by over \$2 million, which was partially resultant from a one mill 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 general 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.

SUMMARY OF 2013 FINANCIAL ACTIVITY INCLUDING SIGNIFICANT POLICY DECISIONS AFFECTING THE FINANCIAL STATEMENTS

The governmental funds within the County include the General Fund, forty-one Special Revenue Funds, six Capital Project Funds, and a Debt Service Fund. The governmental funds' total revenues equal \$92,616,432, and total expenditures equal \$90,424,272 for the year. The County has three proprietary funds, one fiduciary (trust) fund, and nine agency funds.

In 2013, General Fund revenues totaled \$53 million, and expenditures totaled \$48 million. The schedule appearing on page I-14 displays the 2013 General Fund expenditures and transfers by administrative category, totaling approximately \$54 million. For the purposes of this trend analysis, the schedule provides a comparison between the 2013 and 2003 expenditures.

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 2013 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 2013, the plan's net position held in trust totaled \$171,903,108, which was an all-time market value high: net position increased by \$27,761,632 from the previous year. The County Pension Fund had 837 active and vested members, and the number of retirees totaled 475 on December 31, 2013. 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 2013 contribution of \$7,313,625. With approximately half of this appropriation being reimbursed by the State, the County continues to make its actuarially required contribution each year.

General Fund Expenditures by Office

For the Periods Ending December 31, 2003 and December 31, 2013

| | <u>2003</u> | <u>2013</u> | <u>Change</u> | <u>Per Year %</u> |
|--------------------------------------|----------------------|----------------------|----------------------|-------------------|
| <u>Board of Commissioners:</u> | | | | |
| Alameda Park & Pool | \$ 281,930 | \$ 359,571 | \$ 77,641 | 3% |
| Budget & Finance | 57,142 | 90,533 | 33,391 | 6% |
| Central Phone | 116,718 | 162,614 | 45,896 | 4% |
| Commissioners' Office | 599,813 | 791,818 | 192,005 | 3% |
| County Solicitor | 111,706 | 167,489 | 55,783 | 5% |
| Election Bureau | 299,678 | 444,263 | 144,585 | 5% |
| Grants Management | 191,075 | 166,618 | (24,457) | -1% |
| Information Technology | 452,568 | 742,677 | 290,109 | 6% |
| Mail Room | 294,972 | 288,328 | (6,644) | 0% |
| Maintenance/Construction | 1,338,118 | 2,041,880 | 703,762 | 5% |
| Motor Pool | 66,838 | 126,121 | 59,283 | 9% |
| Personnel | 344,037 | 451,084 | 107,047 | 3% |
| Planning Commission | 235,610 | 217,135 | (18,475) | -1% |
| Public Defender | 417,076 | 793,038 | 375,962 | 9% |
| Purchasing | 89,627 | 63,952 | (25,675) | -3% |
| Tax Assess /Mapping/Tax Claim | 840,169 | 1,099,705 | 259,536 | 3% |
| Tax Collectors | 358,215 | 291,496 | (66,719) | -2% |
| Veterans' Services | 194,546 | 250,639 | 56,093 | 3% |
| Prison | 5,000,979 | 10,023,506 | 5,022,527 | 10% |
| Subsidies-Other County Programs | 4,849,006 | 5,459,483 | 610,477 | 1% |
| Debt Service | 1,945,737 | 4,223,505 | 2,277,768 | 12% |
| Miscellaneous | 1,494,447 | 1,287,181 | (207,266) | -1% |
| Contributions-Outside Organizations | 5,524,755 | 5,658,426 | 133,671 | 0% |
| Total BOC | <u>\$ 25,104,762</u> | <u>\$ 35,201,062</u> | <u>\$ 10,096,300</u> | <u>4%</u> |
| <u>Court:</u> | | | | |
| Com Pleas/Corrections/DR Subsidy | \$ 4,747,041 | \$ 8,542,441 | \$ 3,795,400 | 8% |
| Magisterial Judges | 1,236,921 | 2,201,510 | 964,589 | 8% |
| Total Court | <u>\$ 5,983,962</u> | <u>\$ 10,743,951</u> | <u>\$ 4,759,989</u> | <u>8%</u> |
| <u>Row Offices:</u> | | | | |
| Clerk of Courts | \$ 613,499 | \$ 942,803 | \$ 329,304 | 5% |
| Controller | 499,439 | 658,265 | 158,826 | 3% |
| Coroner | 270,065 | 413,534 | 143,469 | 5% |
| District Attorney | 923,530 | 1,787,839 | 864,309 | 9% |
| Prothonotary | 478,825 | 809,064 | 330,239 | 7% |
| Recorder of Deeds | 381,684 | 466,123 | 84,439 | 2% |
| Reg.of Wills / Clerk of Orphans' Ct. | 414,350 | 630,545 | 216,195 | 5% |
| Sheriff | 1,169,110 | 2,164,295 | 995,185 | 9% |
| Treasurer | 298,549 | 516,682 | 218,133 | 7% |
| Total Row Offices | <u>\$ 5,049,051</u> | <u>\$ 8,389,150</u> | <u>\$ 3,340,099</u> | <u>7%</u> |
| General Fund Total | <u>\$ 36,137,775</u> | <u>\$ 54,334,163</u> | <u>\$ 18,196,388</u> | <u>5%</u> |

At the end of 2013, the County had funded over 85% 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, and the County had no net pension obligation (NPO) as of December 31, 2013. 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 such benefits granted to employees in prior years.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association awarded the County's 2012 CAFR its *Certificate of Achievement for Excellence in Financial Reporting*. This represents the twelfth 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 instantaneously meeting specific accounting and auditing standards. A Certificate of Achievement is valid for a period of only one year. Since we believe that the 2013 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.



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

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

*A special thank you to Dr. John Badgett,
a retired Slippery Rock University Professor
from West Liberty Borough, Butler County,
for proofreading and editing the Transmittal Letter.*



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**County of Butler
Pennsylvania**

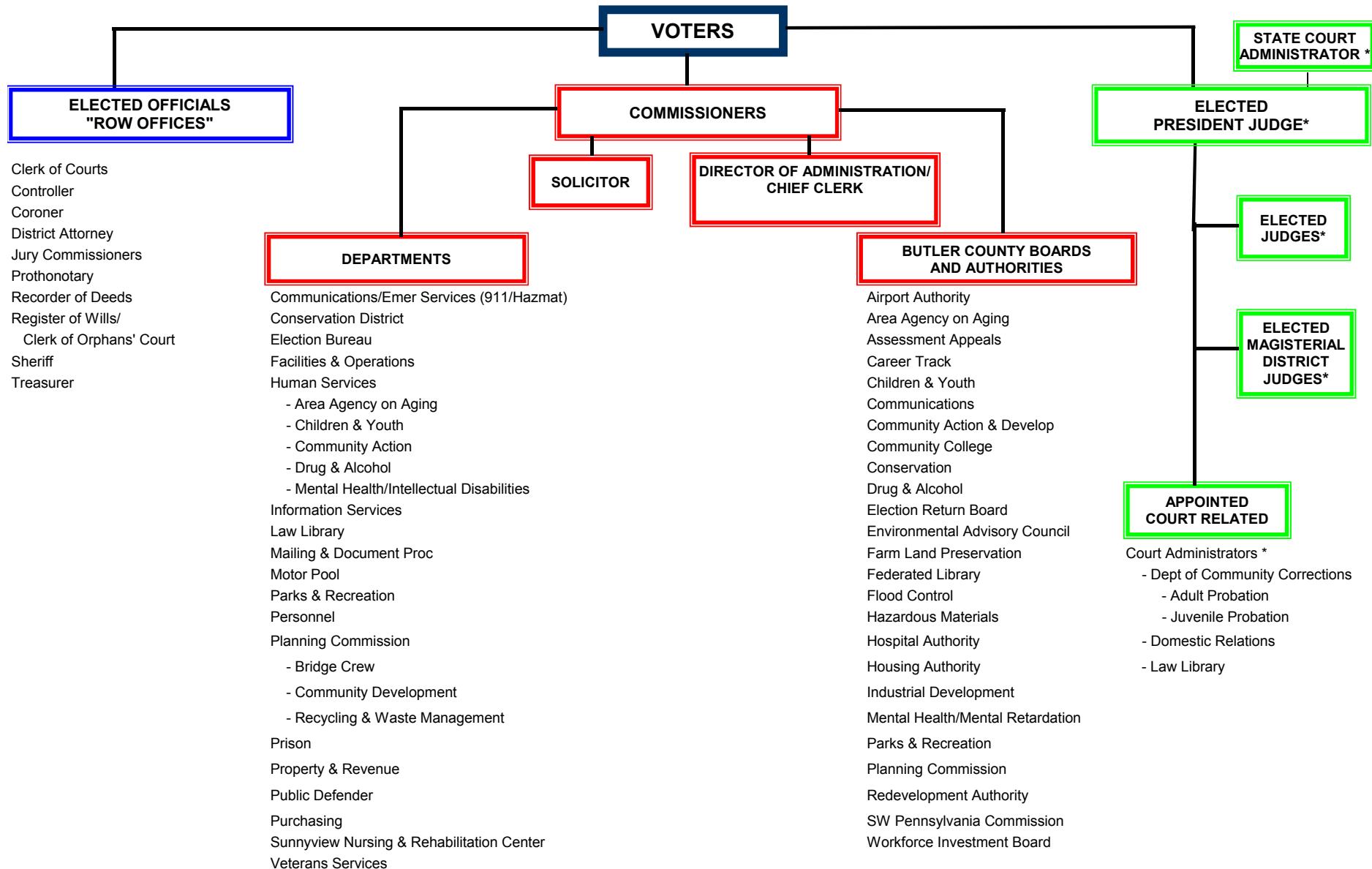
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

A handwritten signature in black ink that reads "Jeffrey R. Ecker". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Ecker" on the bottom line.

Executive Director/CEO

COUNTY OF BUTLER ORGANIZATIONAL CHART

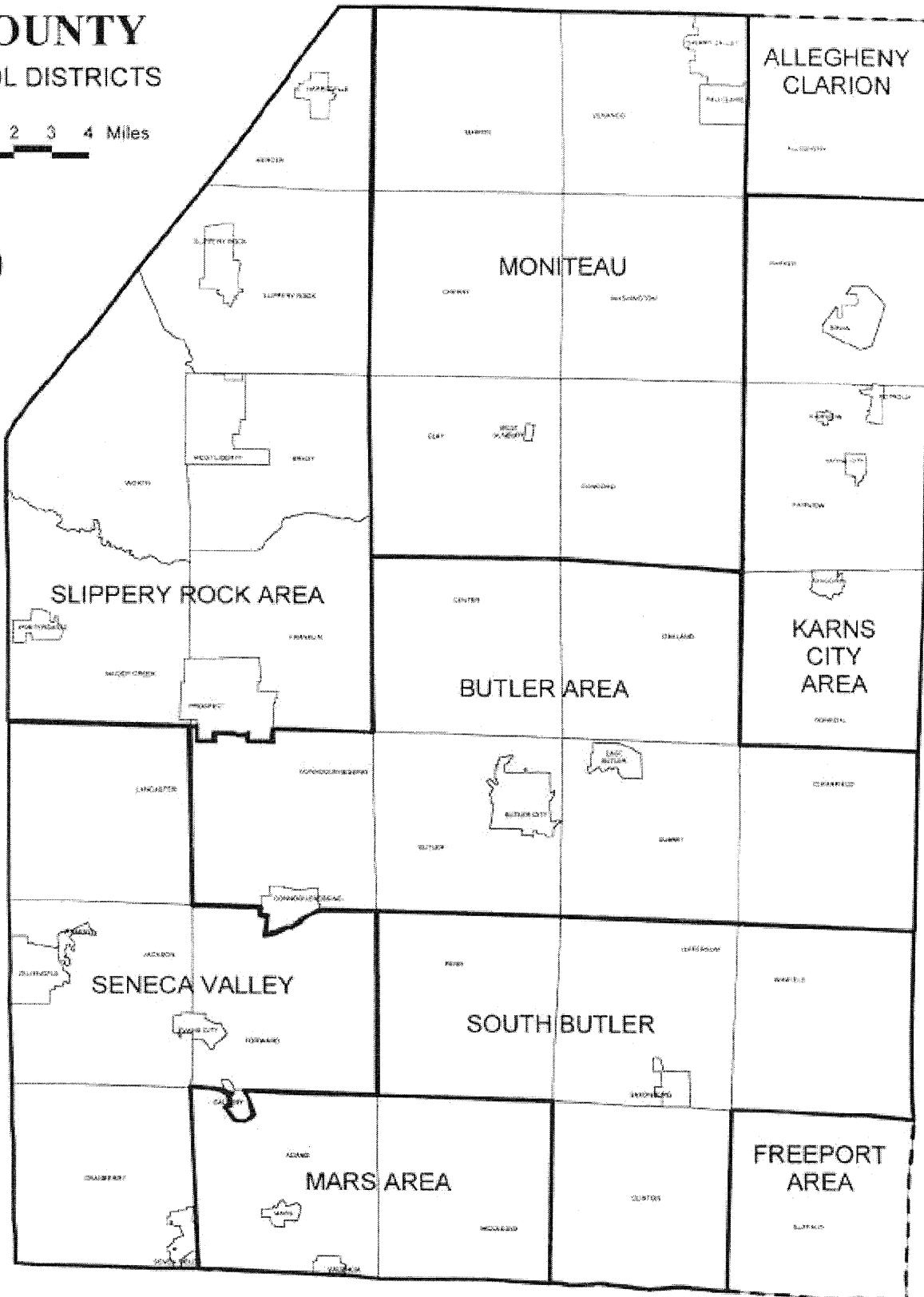
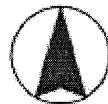


*Employees of the Commonwealth of Pennsylvania

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, 2013, 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, 2013, and the respective changes in financial position and, where

Board of County Commissioners and
County Controller
County of Butler, Pennsylvania
Independent Auditor's Report

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.

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-26 and IV-1 through IV-3 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 26, 2014

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, 2013. 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-84).

Financial Highlights

- The County's net position increased \$2,402,600 to \$48,324,820 in 2013.
- Unrestricted net position was \$10.7 million at December 31, 2013.
- The County's real estate property tax rate for general purpose increased to 20.688 mills in 2013 from 19.688 mills in 2012.
- The County's real estate property tax rate for debt service remained at 3.94 mills.
- The County maintained an A+ bond rating from Standard & Poor's.
- At December 31, 2013, the County had \$48.9 million of debt outstanding. This represents a net decrease of approximately \$3 million.
- The total fund balance of the General Fund at December 31, 2013 was \$9.0 million. The assigned fund balance for the 2014 budget is \$5.3 million, which represents approximately 8.8% of the revenue projected for 2014.

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 the operation of the Sunnyview Nursing and Rehabilitation Center, 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 issue separate financial statements.

The government-wide financial statements can be found on pages III-1 and III-2 of this report.

- **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 account for essentially the same functions as reported 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 49 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, Health Choices Reinvestment, and Children & Youth Services). Data from the other 44 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 the Sunnyview Nursing and Rehabilitation Center operations, 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 in more detail. The proprietary fund financial statements provide separate information for the Sunnyview Nursing and Rehabilitation Center operations, Health Choices, and the Emergency Communications 911 Center. The proprietary fund 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

agency funds. The agency funds are the fees, fines, costs, etc., collected by the County Row Officers, held in trust for disbursement to third parties.

- **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-84 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-3 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.

Restatement

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 65 "*Items Previously Reported as Assets and Liabilities*," in the current year. This statement reclassifies certain items being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. As a result of this statement, bond issue costs previously capitalized had to be written off and going forward, all bond issue costs will be expensed when incurred. This resulted in a decrease of approximately \$392,804 to net position as of December 31, 2012.

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

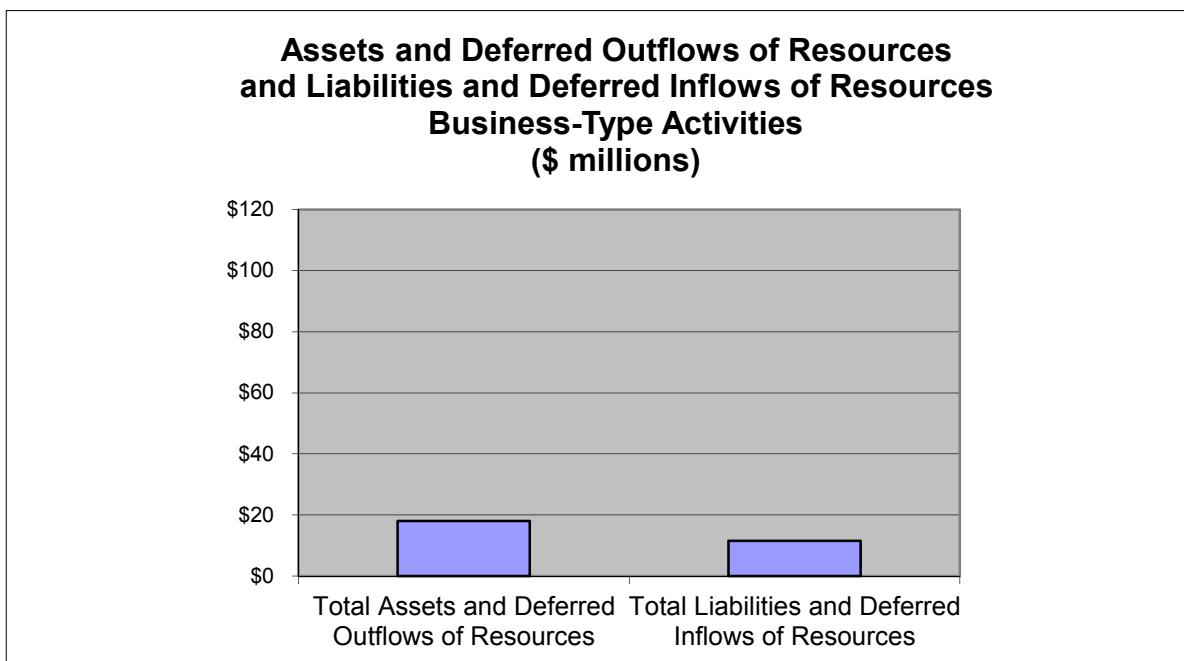
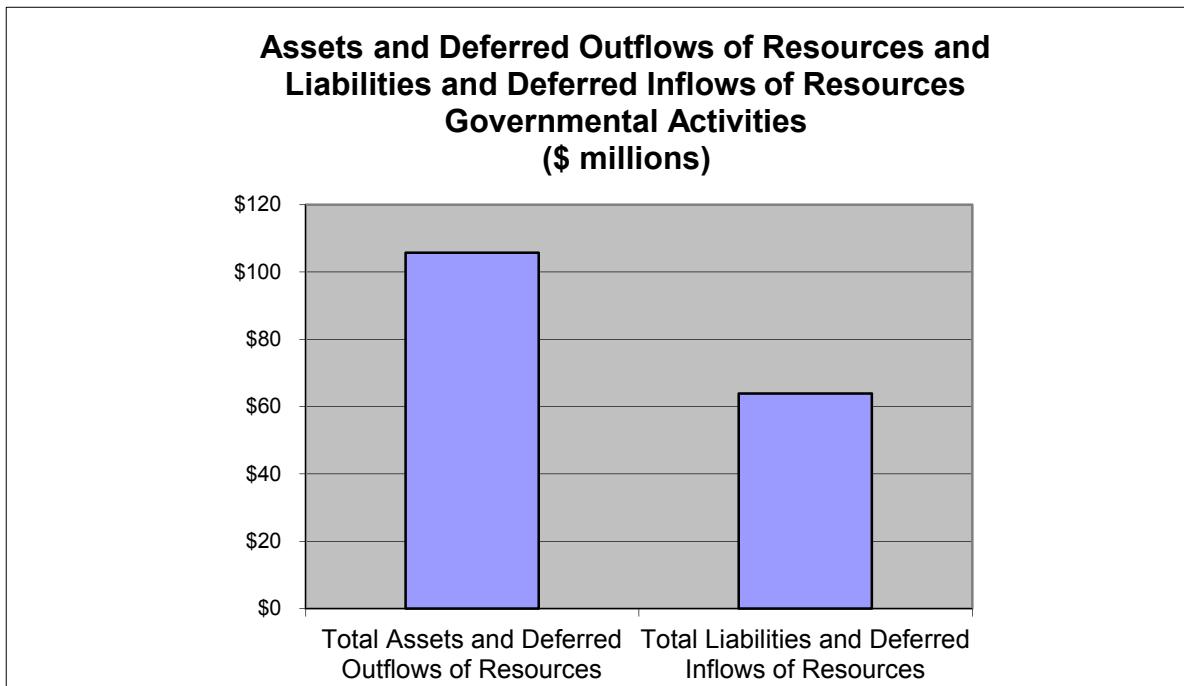
The County's net positions at December 31, 2013 and December 31, 2012 are presented below:

| COUNTY OF BUTLER Summary of Statement of Net Position December 31, 2013 (With Comparative Totals at December 31, 2012) (in thousands) | | | | | | | |
|--|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|--|
| | Governmental activities | | Business-type activities | | Total | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| Current and other assets | \$ 33,654 | \$ 33,770 | \$ 9,190 | \$ 2,672 | \$ 42,844 | \$ 36,442 | |
| Capital assets | 71,203 | 71,210 | 8,842 | 9,658 | 80,045 | 80,868 | |
| Total assets | 104,857 | 104,980 | 18,032 | 12,330 | 122,889 | 117,310 | |
| Deferred charge on refunding | 934 | 1,005 | - | - | 934 | 1,005 | |
| Total deferred outflows of resources | 934 | 1,005 | - | - | 934 | 1,005 | |
| Current and other liabilities | 18,543 | 19,203 | 4,271 | 2,722 | 22,814 | 21,925 | |
| Long-term liabilities outstanding | 45,143 | 47,887 | 2,171 | 2,581 | 47,314 | 50,468 | |
| Total liabilities | 63,686 | 67,090 | 6,442 | 5,303 | 70,128 | 72,393 | |
| Unavailable revenue - loans | 252 | - | - | - | 252 | - | |
| Unavailable revenue - human services funding | - | - | 5,118 | - | 5,118 | - | |
| Total deferred inflows of resources | 252 | - | 5,118 | - | 5,370 | - | |
| Net position: | | | | | | | |
| Net investment in capital assets | 25,313 | 23,236 | 6,441 | 6,381 | 31,754 | 29,617 | |
| Restricted | 5,236 | 5,051 | 604 | 916 | 5,840 | 5,967 | |
| Unrestricted | 11,304 | 10,608 | (573) | (270) | 10,731 | 10,338 | |
| Total net position | \$ 41,853 | \$ 38,895 | \$ 6,472 | \$ 7,027 | \$ 48,325 | \$ 45,922 | |

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, 2013, by activity type:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Discussion of Summary of Net Position and Assets and Deferred Outflows of Resources in General – Governmental Activities

At the end of 2013, the County's total net position related to governmental activities increased \$2.9 million. Cash and cash equivalents increased from \$14.9 million in 2012 to \$15.4 million at the end of 2013. At the end of 2013, the County's total assets and deferred outflows of resources (excluding capital assets) related to governmental activities decreased by approximately \$551,000. The General Fund cash and cash equivalents decreased from \$6.8 million to \$5.4 million at 2013 year-end.

Capital assets remained consistent at \$71.2 million for 2013 and 2012.

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.

Of the net position, \$5.2 million is restricted for various purposes; \$11.3 million is unrestricted and available to support operations or provide for the payment of long-term debt at the government-wide level; and \$25.3 million is net investment in capital assets.

Discussion of Summary of Net Position and Assets and Deferred Outflows of Resources in General – Business-Type Activities

During 2013, the net position of the County's business-type activities decreased from \$7.1 million to \$6.5 million with a deficit of \$555,000.

Cash and cash equivalents increased by approximately \$1.8 million, accounts receivable and due from other governments increased by approximately \$6.8 million, the internal balances increased by approximately \$2.1 million, and capital assets decreased by approximately \$816,000. Liabilities and deferred inflows of resources increased by approximately \$6.3 million. Significant increases from 2012 compared to 2013 are due to moving the Health Choices Fund to an enterprise fund in 2013 per instructions from the Pennsylvania Department of Public Welfare, based on the change in the agreement with Value Behavioral Health of Pennsylvania and the County.

Citing the financial and regulatory burdens involved in operating a nursing home, the County made the decision in late 2013 to begin the process of divesting its ownership in Sunnyview Nursing and Rehabilitation Center. The County retained the services of a proven broker in this specific real estate field to market the home for sale to a responsible buyer. By the end of December 2013, best and final offers had been received, with the goal of transferring operations to the selected buyer by mid-2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Change in Net Positions

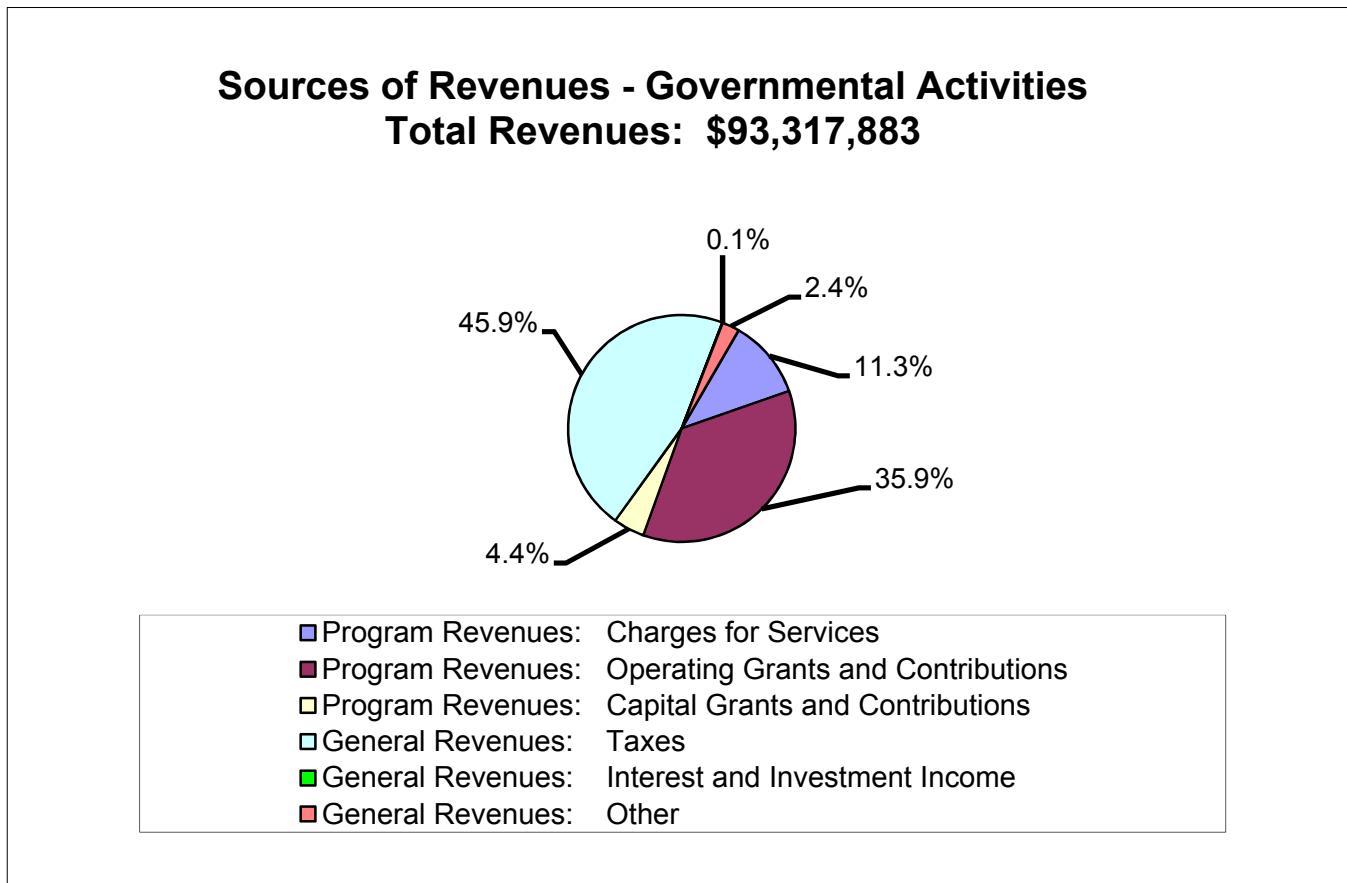
The following table presents the change in net positions for the years ended December 31, 2013 and December 31, 2012:

| County of Butler Change in Net Position Year Ended December 31, 2013 (With Comparative Totals for the Year Ended December 31, 2012) (in thousands) | | | | | | | |
|---|----------------------------|-------------------------|-----------------------------|------------------------|-------------------------|-------------------------|--|
| | Governmental Activities | | Business-Type Activities | | Total | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Fees, fines, and charges for services | \$ 10,566 | \$ 10,244 | \$ 37,987 | \$ 7,168 | \$ 48,553 | \$ 17,412 | |
| Operating grants and contributions | 33,404 | 65,306 | 13,221 | 12,950 | 46,625 | 78,256 | |
| Capital grants and contributions | 4,144 | 2,150 | - | - | 4,144 | 2,150 | |
| General revenues: | | | | | | | |
| Taxes | 42,867 | 40,635 | - | - | 42,867 | 40,635 | |
| Interest and investment income | 53 | 99 | 1 | 1 | 54 | 100 | |
| Other | 2,284 | 2,910 | - | - | 2,284 | 2,910 | |
| Total revenues | <u>93,318</u> | <u>121,344</u> | <u>51,209</u> | <u>20,119</u> | <u>144,527</u> | <u>141,463</u> | |
| Program expenses: | | | | | | | |
| General government - administration | 10,742 | 10,999 | - | - | 10,742 | 10,999 | |
| General government - judicial | 15,261 | 14,676 | - | - | 15,261 | 14,676 | |
| Public safety | 16,482 | 15,280 | 3,059 | 2,962 | 19,541 | 18,242 | |
| Public works and enterprises | 2,046 | 1,706 | - | - | 2,046 | 1,706 | |
| Human services | 37,066 | 70,341 | 50,835 | 19,338 | 87,901 | 89,679 | |
| Culture and recreation | 1,237 | 1,496 | - | - | 1,237 | 1,496 | |
| Conservation and development | 3,234 | 3,029 | - | - | 3,234 | 3,029 | |
| Interest | 2,162 | 2,286 | - | - | 2,162 | 2,286 | |
| Total program expenses | <u>88,230</u> | <u>119,813</u> | <u>53,894</u> | <u>22,300</u> | <u>142,124</u> | <u>142,113</u> | |
| Change in Net Position Before Transfers | 5,088 | 1,531 | (2,685) | (2,181) | 2,403 | (650) | |
| Transfers | (2,130) | (1,813) | 2,130 | 1,813 | - | - | |
| Change in Net Position | 2,958 | (282) | (555) | (368) | 2,403 | (650) | |
| Net position - beginning, as restated | 38,895 | 39,177 | 7,027 | 7,395 | 45,922 | 46,572 | |
| Net position - ending | <u>\$ 41,853</u> | <u>\$ 38,895</u> | <u>\$ 6,472</u> | <u>\$ 7,027</u> | <u>\$ 48,325</u> | <u>\$ 45,922</u> | |

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, 2013:

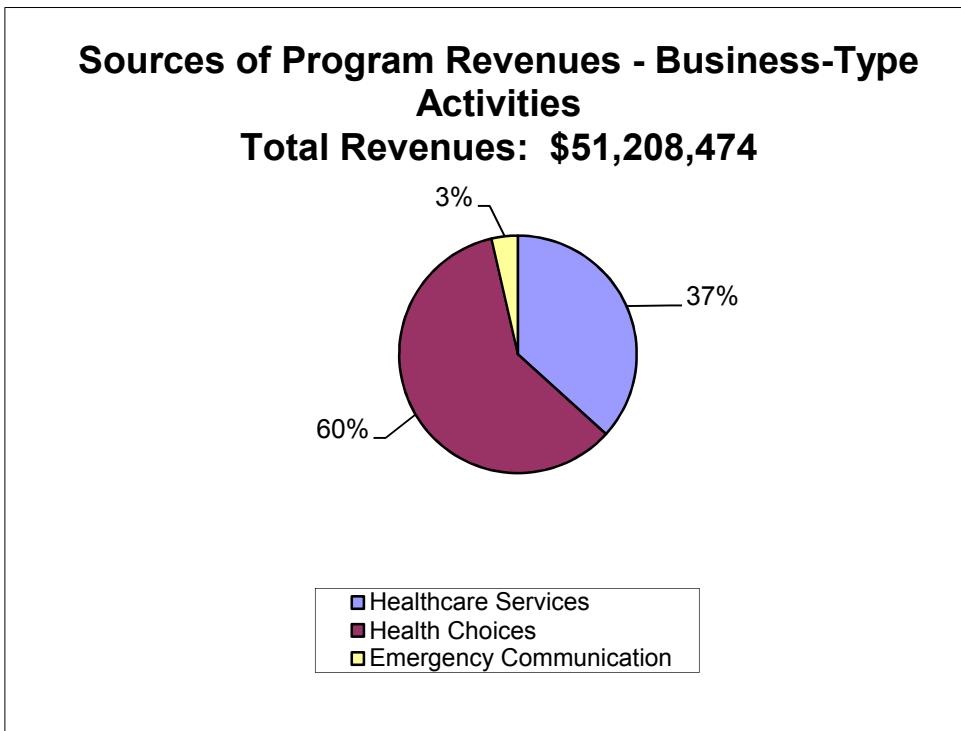


Total revenues from governmental activities for 2013 were \$93,317,883, which was approximately \$28 million lower than the 2012 year. Operating grants and contributions account for 35.9% of the 2013 governmental activities revenue, amounting to \$33,403,679 compared to \$65,305,946 in 2012. This is due to moving the Health Choices Fund to an enterprise fund in 2013 per instructions from the Pennsylvania Department of Public Welfare, based on the change in the agreement with Value Behavioral Health of Pennsylvania and the County.

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, 2013:

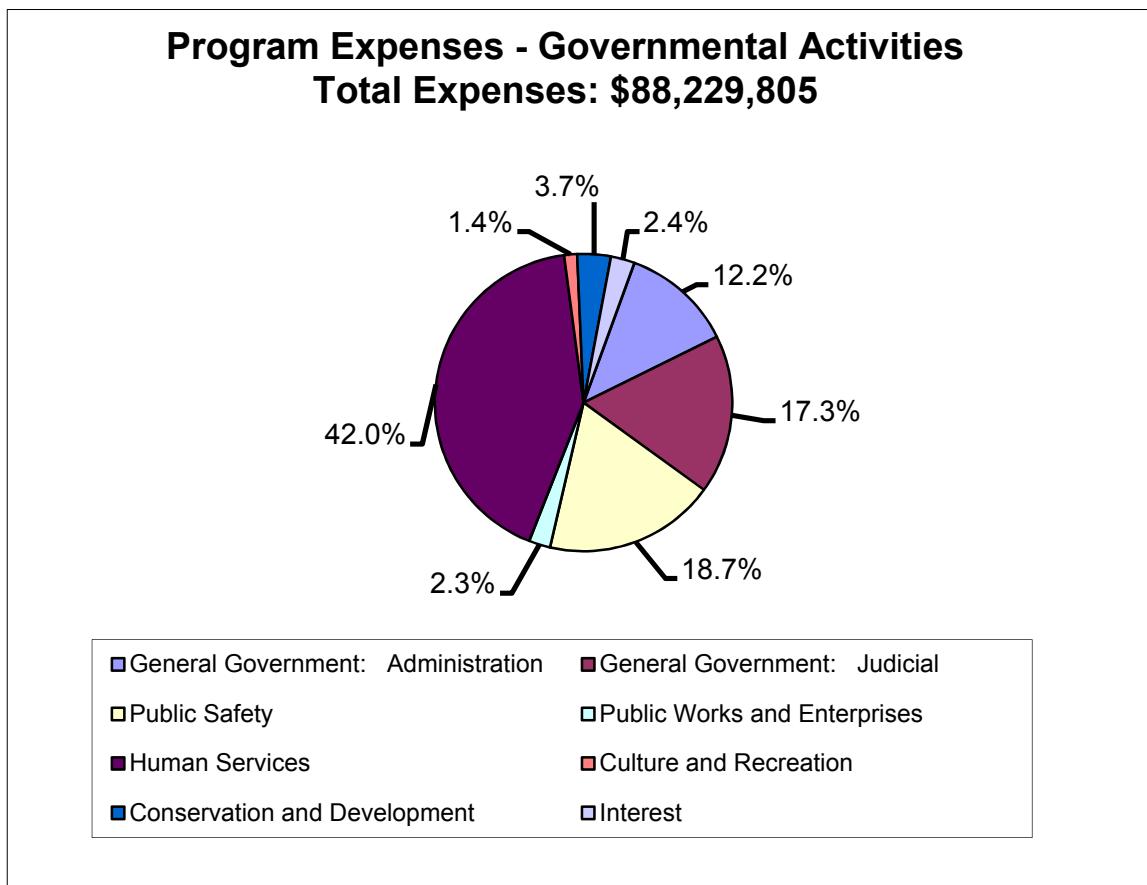


Sunnyview Nursing and Rehabilitation Center, Health Choices, and the Emergency Communications 911 Center are the three business-type activities reported with the County. Sunnyview Nursing and Rehabilitation Center received revenue of \$18.8 million in 2013 compared to \$18.1 million in 2012. Health Choices received revenue of \$30.6 million in 2013 compared to \$31.7 million in 2012. The revenue received by the Emergency Communications 911 Center decreased from \$2.0 million in 2012 to \$1.8 million in 2013.

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, 2013:



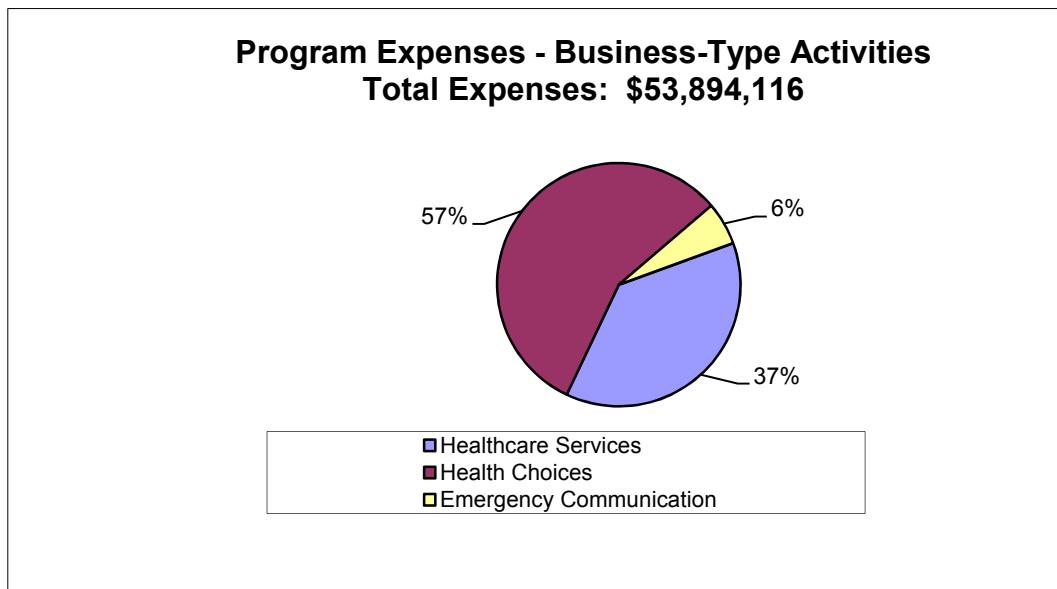
Program expenses for the County's governmental activities amounted to approximately \$88.2 million for the year ended 2013. This compares to \$119.8 million for the year ended 2012. General government administration decreased from \$11.0 million in 2012 to \$10.7 million in 2013. This decrease of approximately \$300,000 was distributed across a variety of expenditures with no one increase being significant. General government judicial increased from \$14.7 million in 2012 to \$15.3 million in 2013. This increase of approximately \$600,000 was distributed across a variety of expenditures with no one increase being significant. Public safety increased from \$15.3 million in 2012 to \$16.5 million in 2013. This increase of approximately \$1.2 million is largely attributable to expenses related to expanding the County Prison's ability to house federal and state per diem inmates. Human services expenses decreased from \$70.3 million in 2012 to \$37.1 million in 2013, due to moving the Health Choices Fund to an enterprise fund in 2013 per instructions from the

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pennsylvania Department of Public Welfare, based on the change in the agreement with Value Behavioral Health of Pennsylvania and the County. The remainder of the expense categories remained fairly consistent between 2012 and 2013.

Program Expenses – Business-Type Activities

The following chart graphically depicts the business-type activities program expenses for the year ended December 31, 2013:

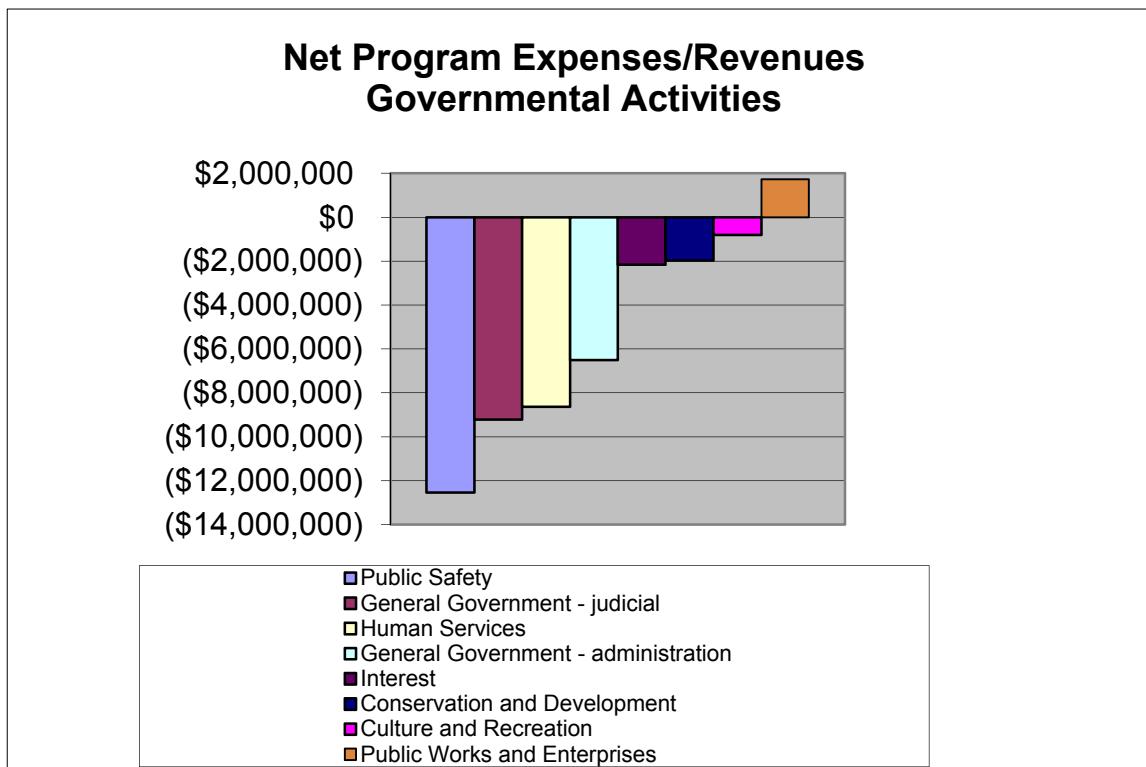


Program expenses for Sunnyview Nursing and Rehabilitation Center slightly increased to \$20.3 million in 2013 from \$19.3 million for the 2012 year. Program expenses for Health Choices decreased from \$31.6 million in 2012 to \$30.6 million in 2013. The Emergency Communications 911 Center expenses remained consistent at \$3.1 million in 2013 compared to \$3.0 million in 2012.

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, 2013:

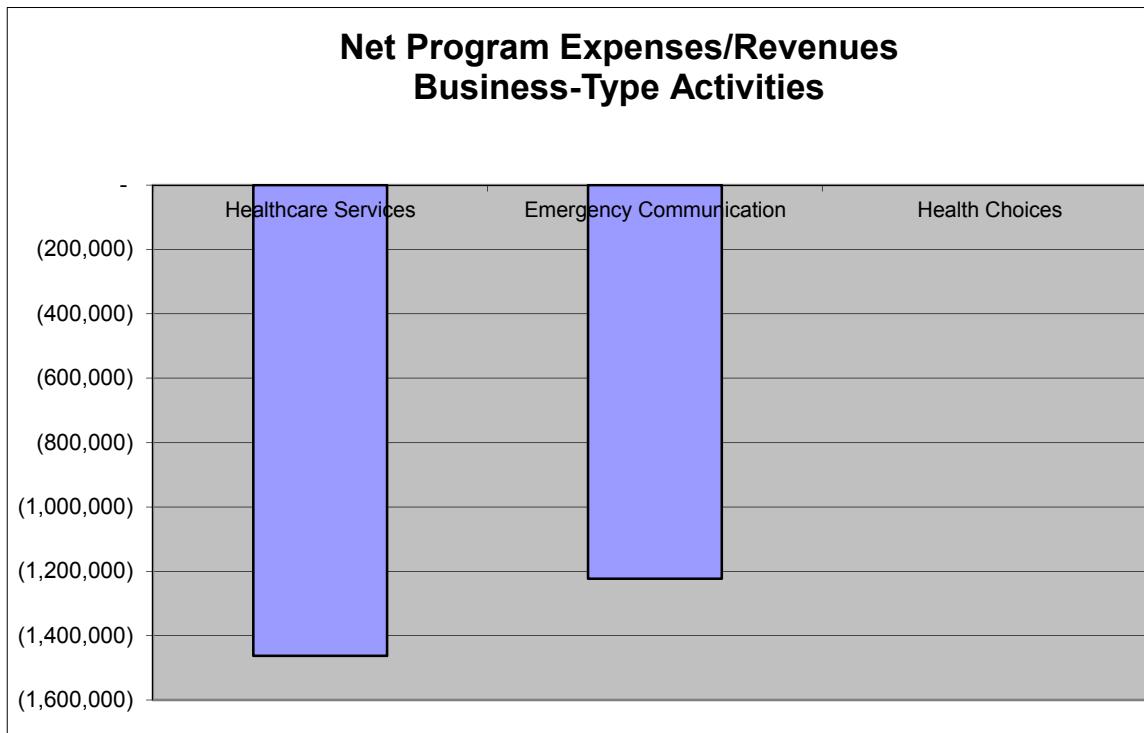


Net program expenses/revenues for governmental activities decreased from (\$42.1) million in 2012 to (\$40.1) million in 2013.

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, 2013:



Net program expenses/revenues for business-type activities increased from (\$2.2) million in 2012 to (\$2.7) million in 2013. The change is mainly attributed to an accumulation of moderate increases in expenses across a variety of areas.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the County's Funds

Butler County, located in southwestern Pennsylvania, lies on the fringe 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. The population in the County increased from 174,083 in 2000 to 183,862 in 2010. Estimates now place the population at 185,476.

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, 2013, municipalities within the County issued 2,721 building permits, up from 2,519 issued in 2012. 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 \$2.7 billion during 2013 to a total market value of \$12.6 billion. The difference results from improvements in the economy and the continued growth of the County.

In 2012, the County billed \$159,178 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 2013, the County billed \$185,623 in additional interim taxes.

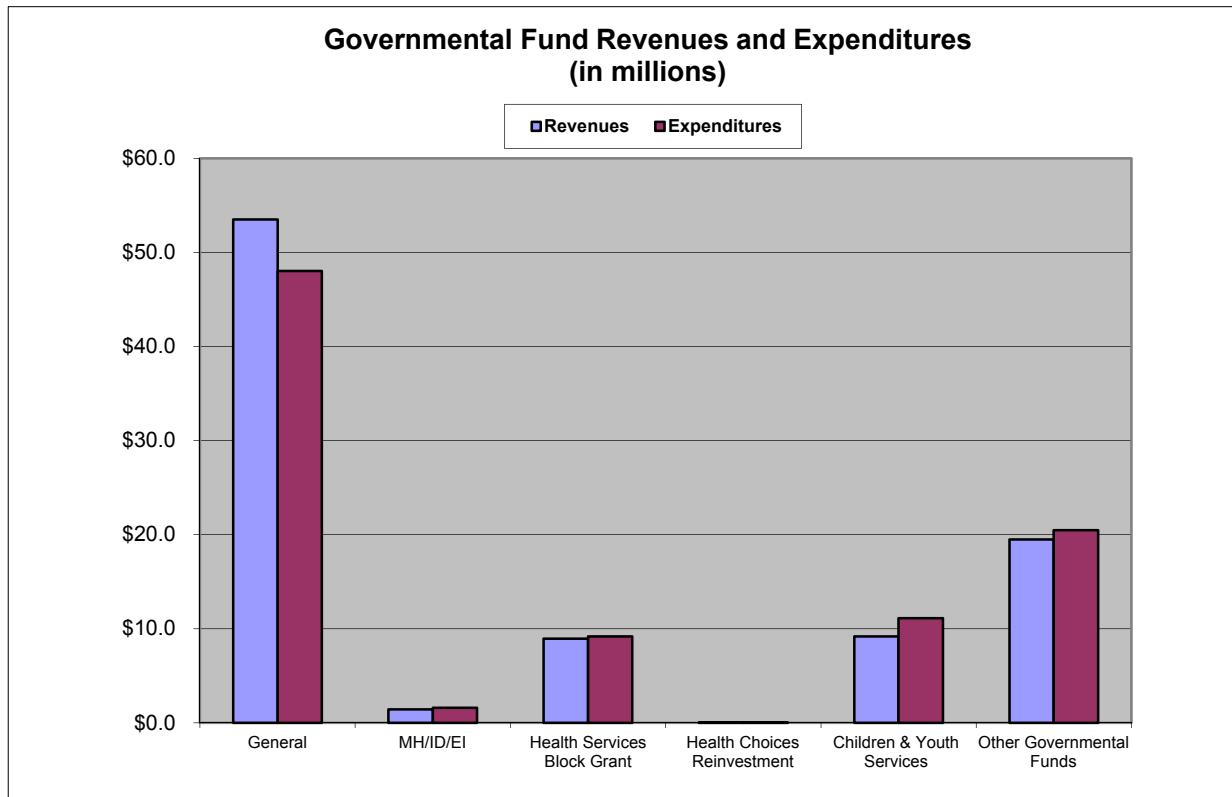
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County has 49 governmental funds; five of them are major funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Health Choices Reinvestment, and Children & Youth Services) and 44 of them 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 resources available for spending at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Fund Revenues/Expenditures

The following chart graphically depicts the total revenues received and expenditures incurred by the governmental fund for year ended December 31, 2013:

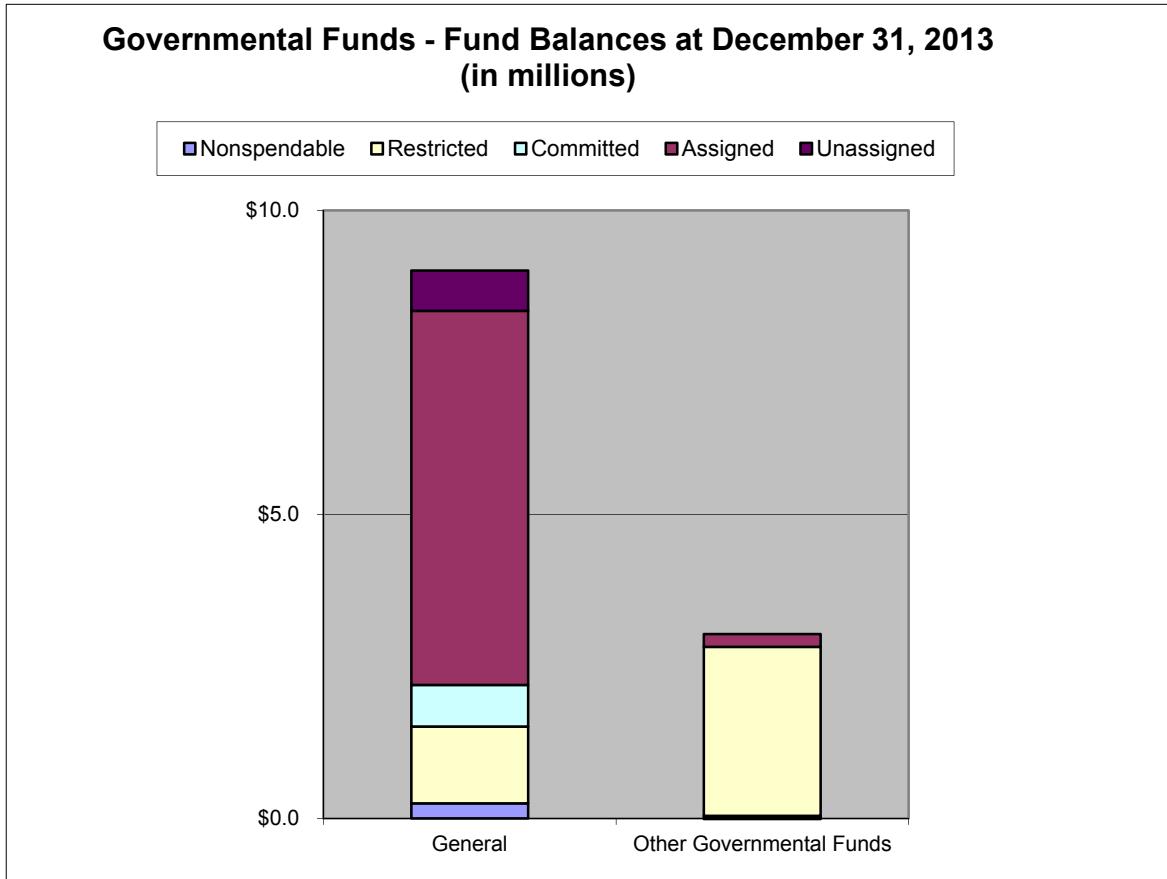


The majority of revenues and expenditures occurred in the General Fund, Health Services Block Grant Fund, and Children & Youth Services Fund in 2013. Under the General Fund, revenue from taxes amounted to \$41.4 million. The Health Services Block Grant Fund and Children & Youth Services Fund received \$8.8 million and \$9.0 million, respectively, in base allocation and grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – Fund Balances

The following chart reflects the Governmental Fund fund balances as of December 31, 2013:



The General Fund fund balance at December 31, 2013 was \$9.0 million, with \$5.3 million assigned for the 2014 budget. The Other Governmental Funds fund balance decreased slightly from \$3.2 million at December 31, 2012, to \$3.0 million at December 31, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The fund balance in the General Fund for the year ended 2013 increased by approximately \$276,000 from the 2012 level. At December 31, 2013, the General Fund fund balance was approximately \$9.0 million, of which \$0.3 million was nonspendable, \$1.3 million was restricted for operating reserve and agricultural easements, \$0.7 million was committed for worker's compensation, and \$6.2 million was assigned for worker's compensation, the 2014 budget, and the Conservation District.

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

The major differences in the General Fund final budget compared to the actual amounts are as follows:

- Intergovernmental revenue exceeded budget by approximately \$242,000. Much of this is attributable to increases in criminal justice related grants and reimbursements, and payments in lieu of taxes.
- Charges for services exceeded budget by approximately \$767,000. Much of this is attributable to significantly increased recording activity in the Recorder of Deeds Office and the Register of Wills Office, as well as higher-than-expected revenues from housing state and federal inmates at the County Prison.
- Other revenue was over budget by approximately \$253,000. Much of this is attributable to the start of royalties from the County's Lassinger Unit oil and gas lease, which began producing in 2013.
- General government administration expenses were under budget by approximately \$1.5 million. This is primarily attributable to (1) elimination of a budgeted but unfilled position in the Controller's Office; (2) lower-than-budgeted personnel costs in a number of offices; (3) tax collector commissions came in under budget; and (4) various other expenses were under budget, such as audit costs, utilities, and postage.
- General government judicial expenses were under budget by approximately \$728,000. This is primarily attributable to tipstaff and other court staff expenses coming in under budget.
- Public safety expenses were under budget by approximately \$714,000. This was largely achieved through contracting out the electronic monitoring program in the

MANAGEMENT'S DISCUSSION AND ANALYSIS

Adult Probation Department and savings on other contracted services including inmate medical expenses for the County Prison.

- Culture and recreation expenses were under budget by approximately \$122,000, primarily due to personnel costs being under budget.
- Conservation and development expenses were over budget by approximately \$115,000, primarily due to farmland preservation activities.
- Other expenses were under budget by approximately \$2.7 million, because the County budgeted for contingency and unanticipated legal expenses in the amount of \$2.6 million. During 2013, the County had no significant contingency and unanticipated legal expenses.

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, 2013 and December 31, 2012:

| County of Butler Summary of Capital Assets Governmental Activities | | | |
|---|---|---|-------------------------------------|
| | <u>Balance at</u> <u>December 31, 2013</u> | <u>Balance at</u> <u>December 31, 2012</u> | <u>Increase/</u> <u>Decrease</u> |
| Land | \$ 1,605,689 | \$ 1,605,689 | \$ - |
| Easements | 2,269,058 | 2,148,058 | 121,000 |
| Construction in progress | 2,156,353 | 2,842,098 | (685,745) |
| Infrastructure - bridges | 24,008,325 | 20,487,657 | 3,520,668 |
| Buildings and improvement | 63,687,536 | 63,687,536 | - |
| Furniture and equipment | 14,958,136 | 14,710,574 | 247,562 |
| Total capital assets | 108,685,097 | 105,481,612 | 3,203,485 |
| Less accumulated depreciation/ amortization for: | | | |
| Infrastructure - bridges | (11,210,860) | (10,402,519) | (808,341) |
| Buildings and improvements | (16,508,848) | (14,789,245) | (1,719,603) |
| Furniture and equipment | (9,761,995) | (9,079,775) | (682,220) |
| Total accumulated depreciation/ amortization | (37,481,703) | (34,271,539) | (3,210,164) |
| Net Capital Assets | \$ 71,203,394 | \$ 71,210,073 | \$ (6,679) |

Capital Assets – Governmental Activities: The County's investment in capital assets and infrastructure for its governmental activities as of December 31, 2013, amounts to \$71.2 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 decrease in capital assets is attributed mainly to depreciation expense recorded for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets – Business- Type Activities: The following is a summary of capital assets for the business-type activities at December 31, 2013 and December 31, 2012:

| County of Butler Summary of Capital Assets Business-Type Activities | | | |
|--|---|---|-------------------------------------|
| | <u>Balance at</u> <u>December 31, 2013</u> | <u>Balance at</u> <u>December 31, 2012</u> | <u>Increase/</u> <u>Decrease</u> |
| Land | \$ - | \$ - | \$ - |
| Construction in progress | - | - | - |
| Buildings and improvement | 17,481,296 | 17,481,296 | - |
| Furniture and equipment | 8,903,454 | 8,641,869 | 261,585 |
| Total capital assets | 26,384,750 | 26,123,165 | 261,585 |
| Less accumulated depreciation for: | | | |
| Buildings and improvements | (10,587,231) | (10,068,601) | (518,630) |
| Furniture and equipment | (6,955,182) | (6,396,875) | (558,307) |
| Total accumulated depreciation | (17,542,413) | (16,465,476) | (1,076,937) |
| Net Capital Assets | \$ 8,842,337 | \$ 9,657,689 | \$ (815,352) |

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, 2013, the County had total debt of \$48.9 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, 2013 | \$ 48,735,000 | \$ 3,155,000 |
| Additions | - | - |
| Reductions | <u>(2,090,000)</u> | <u>(855,000)</u> |
| Ending Balance December 31, 2013 | <u>\$ 46,645,000</u> | <u>\$ 2,300,000</u> |

Bond Rating

The County maintained an A+ bond rating from Standard & Poor's. This rating reflects the following credit characteristics: access to the large and diverse Pittsburgh MSA economy, below-average unemployment rates, and a strong financial position.

Mitigating factors to the rating include: below-average wealth levels and high debt levels. 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

BASIC FINANCIAL STATEMENTS

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2013 OR JUNE 30, 2013

| | Primary Government | | | Component Units | |
|---|-------------------------|--------------------------|--------------------------|--|--|
| | Governmental Activities | Business-type Activities | Total (Dec. 31, 2013) | Butler County Community College (June 30, 2013) | Butler County Airport Authority (Dec. 31, 2013) |
| | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 15,375,350 | \$ 2,496,647 | \$ 17,871,997 | \$ 12,082,870 | \$ 1,539,071 |
| Investments | 1,421,013 | - | 1,421,013 | 10,857,434 | - |
| Residents' funds | - | 40,863 | 40,863 | - | - |
| Advances receivable | 300,000 | - | 300,000 | - | - |
| Taxes receivable, at estimated realizable value | 3,608,558 | - | 3,608,558 | - | - |
| Accounts and loans receivable, at estimated realizable value | 4,660,177 | 6,985,070 | 11,645,247 | 939,386 | 97,140 |
| Accounts receivable, students | - | - | - | 4,989,041 | - |
| Internal balances | 3,334,490 | (3,334,490) | - | - | - |
| Due from other governments | 4,659,694 | 2,964,209 | 7,623,903 | 997,468 | - |
| Prepays | 294,747 | 12,922 | 307,669 | 139,149 | 25,103 |
| Inventory | - | 24,206 | 24,206 | 426,234 | - |
| Capital assets, not being depreciated/amortized | 6,031,100 | - | 6,031,100 | 5,585,547 | 1,413,856 |
| Capital assets, net of accumulated depreciation/amortization | 65,172,294 | 8,842,337 | 74,014,631 | 29,678,960 | 10,273,226 |
| Total Assets | 104,857,423 | 18,031,764 | 122,889,187 | 65,696,089 | 13,348,396 |
| Deferred Outflows of Resources | | | | | |
| Deferred charge on refunding | 933,503 | - | 933,503 | 1,185,748 | - |
| Total Deferred Outflows of Resources | 933,503 | - | 933,503 | 1,185,748 | - |
| Liabilities | | | | | |
| Accounts payable | 5,758,662 | 781,305 | 6,539,967 | 642,068 | 58,996 |
| Accrued interest payable | 920,266 | 48,194 | 968,460 | 207,619 | - |
| Accrued payroll and payroll taxes | 1,340,082 | 596,868 | 1,936,950 | 879,019 | - |
| Line of credit | - | - | - | 158,526 | - |
| Residents' funds | - | 40,863 | 40,863 | - | - |
| Due to other governments | 503,075 | 1,724,548 | 2,227,623 | - | - |
| Unearned revenue: | | | | | |
| Current | 5,502,133 | - | 5,502,133 | 4,784,046 | 366,646 |
| Non-current | - | - | - | - | 219,150 |
| Capital lease payable: | | | | | |
| Current | 16,422 | - | 16,422 | - | - |
| Non-current | - | - | - | - | - |
| Workmen's compensation: | | | | | |
| Current | 253,752 | - | 253,752 | - | - |
| Non-current | 431,907 | - | 431,907 | - | - |
| Compensated absences: | | | | | |
| Current | 1,607,429 | 644,359 | 2,251,788 | - | - |
| Non-current | 544,775 | 204,960 | 749,735 | 1,109,604 | - |
| Note payable: | | | | | |
| Current | - | - | - | 142,998 | 50,012 |
| Non-current | - | - | - | 2,645,079 | 228,297 |
| Bonds payable: | | | | | |
| Current, includes premium of \$11,044 and \$20,269 for governmental and business-type activities, respectively | 2,641,044 | 435,269 | 3,076,313 | 1,395,000 | - |
| Non-current, includes premium of \$150,986 and \$81,076 for governmental and business-type activities, respectively | 44,165,986 | 1,966,076 | 46,132,062 | 24,859,719 | - |
| Total Liabilities | 63,685,533 | 6,442,442 | 70,127,975 | 36,823,678 | 923,101 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue - loans | 252,166 | - | 252,166 | - | - |
| Unavailable revenue - human services funding | - | 5,117,729 | 5,117,729 | - | - |
| Total Deferred Inflows of Resources | 252,166 | 5,117,729 | 5,369,895 | - | - |
| Net Position | | | | | |
| Net investment in capital assets | 25,313,445 | 6,440,992 | 31,754,437 | 6,125,026 | 11,408,773 |
| Restricted for: | | | | | |
| Operating reserve, expendable | 1,219,231 | - | 1,219,231 | - | - |
| Agricultural easements, expendable | 39,902 | - | 39,902 | - | - |
| Act 13, expendable | 1,740,237 | - | 1,740,237 | - | - |
| Roads and bridges, expendable | 876,746 | - | 876,746 | - | - |
| Records improvement/automation, expendable | 640,586 | - | 640,586 | - | - |
| Central booking/court restitution, expendable | 196,139 | - | 196,139 | - | - |
| Area Agency on Aging Program, expendable | 198,467 | - | 198,467 | - | - |
| Capital purchases, expendable | 324,706 | - | 324,706 | 6,569,650 | - |
| Emergency services, expendable | - | 603,961 | 603,961 | - | - |
| Other purposes, nonexpendable | - | - | - | 1,654,763 | - |
| Unrestricted | 11,303,768 | (573,360) | 10,730,408 | 15,708,720 | 1,016,522 |
| Total Net Position | \$ 41,853,227 | \$ 6,471,593 | \$ 48,324,820 | \$ 30,058,159 | \$ 12,425,295 |

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| Functions/Programs | | | | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|---|---|---|----------|
| | Program Revenues | | | Primary Government | | | Component Units | | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total (Dec. 31, 2013) | Butler County Community College (June 30, 2013) | Butler County Airport Authority (Dec. 31, 2013) | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government - administration | \$ 10,741,653 | \$ 2,531,181 | \$ 1,706,681 | \$ - | \$ (6,503,791) | \$ - | \$ (6,503,791) | \$ - | \$ - | \$ - |
| General government - judicial | 15,260,808 | 3,660,429 | 2,356,334 | 20,167 | (9,223,878) | - | (9,223,878) | - | - | - |
| Public safety | 16,481,883 | 2,841,068 | 1,096,129 | - | (12,544,686) | - | (12,544,686) | - | - | - |
| Public works and enterprises | 2,045,812 | - | 333,041 | 3,444,569 | 1,731,798 | - | 1,731,798 | - | - | - |
| Human services | 37,065,928 | 747,675 | 27,368,226 | 320,515 | (8,629,512) | - | (8,629,512) | - | - | - |
| Culture and recreation | 1,237,488 | 315,715 | - | 115,906 | (805,867) | - | (805,867) | - | - | - |
| Conservation and development | 3,233,785 | 470,357 | 543,268 | 243,084 | (1,977,076) | - | (1,977,076) | - | - | - |
| Interest, premiums, and discounts | 2,162,448 | - | - | - | (2,162,448) | - | (2,162,448) | - | - | - |
| Total governmental activities | 88,229,805 | 10,566,425 | 33,403,679 | 4,144,241 | (40,115,460) | - | (40,115,460) | - | - | - |
| Business-type activities: | | | | | | | | | | |
| Healthcare services | 20,259,460 | 6,366,006 | 12,430,435 | - | - | (1,463,019) | (1,463,019) | - | - | - |
| Health Choices | 30,575,472 | 30,575,472 | - | - | - | - | - | - | - | - |
| Emergency communication | 3,059,184 | 1,045,384 | 791,177 | - | - | (1,222,623) | (1,222,623) | - | - | - |
| Total business-type activities | 53,894,116 | 37,986,862 | 13,221,612 | - | - | (2,685,642) | (2,685,642) | - | - | - |
| Total Primary Government | \$ 142,123,921 | \$ 48,553,287 | \$ 46,625,291 | \$ 4,144,241 | (40,115,460) | (2,685,642) | (42,801,102) | - | - | - |
| Component units: | | | | | | | | | | |
| Butler County Community College | \$ 38,513,753 | \$ 14,437,269 | \$ 20,627,597 | \$ 3,297,950 | - | - | - | (150,937) | - | - |
| Butler County Airport Authority | 1,021,833 | 371,877 | - | 394,119 | - | - | - | - | (255,837) | - |
| Total Component Units | \$ 39,535,586 | \$ 14,809,146 | \$ 20,627,597 | \$ 3,692,069 | - | - | - | (150,937) | (255,837) | - |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Real estate | | | | 41,502,607 | - | 41,502,607 | - | - | - | - |
| Hotel tax | | | | 1,364,156 | - | 1,364,156 | - | - | - | - |
| Total taxes | | | | 42,866,763 | - | 42,866,763 | - | - | - | - |
| Interest and investment income | | | | 52,534 | 164 | 52,698 | 657,924 | 647 | | |
| Loss on disposition of asset | | | | (21,347) | - | (21,347) | - | - | - | - |
| Other income | | | | 2,305,588 | - | 2,305,588 | 531,681 | 213,771 | | |
| Transfers | | | | (2,130,039) | 2,130,039 | - | - | - | - | - |
| Total general revenues, interest and investment income, other income, and transfers | | | | 43,073,499 | 2,130,203 | 45,203,702 | 1,189,605 | 214,418 | | |
| Change in Net Position | | | | 2,958,039 | (555,439) | 2,402,600 | 1,038,668 | (41,419) | | |
| Net position - beginning, as restated | | | | 38,895,188 | 7,027,032 | 45,922,220 | 29,019,491 | 12,466,714 | | |
| Net position - ending | | | | \$ 41,853,227 | \$ 6,471,593 | \$ 48,324,820 | \$ 30,058,159 | \$ 12,425,295 | | |

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2013

| Assets | General | Mental Health/ Early Intervention/ Intellectual Disabilities | Health Services Block Grant | Health Choices Reinvestment | Children & Youth Services | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---|-----------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 5,410,244 | \$ 387,170 | \$ 1,520,804 | \$ 18,404 | \$ 1,154,058 | \$ 6,884,670 | \$ 15,375,350 |
| Investments | 1,421,013 | - | - | - | - | - | 1,421,013 |
| Advances receivable | - | - | - | - | - | 300,000 | 300,000 |
| Taxes receivable, net of allowance | 3,519,287 | - | - | - | - | 89,271 | 3,608,558 |
| Accounts and loans receivable, at estimated realizable value | 4,317,423 | - | 131 | - | 6,578 | 336,045 | 4,660,177 |
| Due from other funds | 5,888,325 | 76 | 131,081 | - | 3,138 | 689,601 | 6,712,221 |
| Due from other governments | 577,217 | 11,456 | 130,140 | - | 916,513 | 3,024,368 | 4,659,694 |
| Prepays | 251,297 | - | - | - | - | 43,450 | 294,747 |
| Total Assets | \$ 21,384,806 | \$ 398,702 | \$ 1,782,156 | \$ 18,404 | \$ 2,080,287 | \$ 11,367,405 | \$ 37,031,760 |

(Continued)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2013

(Continued)

| Liabilities, Deferred Inflows of Resources, and Fund Balance | General | Mental Health/ Early Intervention/ Intellectual Disabilities | Health Services Block Grant | Health Choices Reinvestment | Children & Youth Services | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---|-----------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Liabilities: | | | | | | | |
| Accounts payable | \$ 2,082,665 | \$ 194,995 | \$ 713,965 | \$ 2,697 | \$ 946,388 | \$ 1,817,952 | \$ 5,758,662 |
| Accrued payroll and payroll taxes | 997,019 | 3,163 | 29,797 | - | 115,438 | 194,665 | 1,340,082 |
| Unearned revenue | 931,614 | 27,075 | 942,580 | 15,707 | 279,118 | 3,280,299 | 5,476,393 |
| Due to other funds | 846,835 | 167,120 | 95,814 | - | 691,564 | 1,576,398 | 3,377,731 |
| Due to other governments | 425,811 | 6,349 | - | - | 47,779 | 23,136 | 503,075 |
| Total Liabilities | 5,283,944 | 398,702 | 1,782,156 | 18,404 | 2,080,287 | 6,892,450 | 16,455,943 |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable revenue - taxes/fees | 7,087,107 | - | - | - | - | - | 7,087,107 |
| Unavailable revenue - impact fees | - | - | - | - | - | 1,200,000 | 1,200,000 |
| Unavailable revenue - loans | - | - | - | - | - | 252,166 | 252,166 |
| Total Deferred Inflows of Resources | 7,087,107 | - | - | - | - | 1,452,166 | 8,539,273 |
| Fund Balance: | | | | | | | |
| Nonspendable - prepaid items | 251,297 | - | - | - | - | 43,450 | 294,747 |
| Restricted: | | | | | | | |
| Operating reserve | 1,219,231 | - | - | - | - | - | 1,219,231 |
| Agricultural easements | 39,902 | - | - | - | - | - | 39,902 |
| Act 13 | - | - | - | - | - | 540,237 | 540,237 |
| Roads and bridges | - | - | - | - | - | 876,746 | 876,746 |
| Records improvement/automation | - | - | - | - | - | 640,586 | 640,586 |
| Central booking/court restitution | - | - | - | - | - | 196,139 | 196,139 |
| Area Agency on Aging Program | - | - | - | - | - | 198,467 | 198,467 |
| Capital purchases | - | - | - | - | - | 324,706 | 324,706 |
| Committed: | | | | | | | |
| Workmen's compensation | 685,659 | - | - | - | - | - | 685,659 |
| Assigned: | | | | | | | |
| Workmen's compensation | 685,658 | - | - | - | - | - | 685,658 |
| 2014 budget | 5,307,519 | - | - | - | - | - | 5,307,519 |
| Conservation District | 160,000 | - | - | - | - | 211,935 | 371,935 |
| Unassigned | 664,489 | - | - | - | - | (9,477) | 655,012 |
| Total Fund Balance | 9,013,755 | - | - | - | - | 3,022,789 | 12,036,544 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 21,384,806 | \$ 398,702 | \$ 1,782,156 | \$ 18,404 | \$ 2,080,287 | \$ 11,367,405 | \$ 37,031,760 |

(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, 2013

| | |
|--|---------------|
| Total Fund Balance - Governmental Funds | \$ 12,036,544 |
|--|---------------|

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. 71,203,394

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. 8,261,367

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. 771,473

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 | \$ (685,659) |
| Accrued compensated absences | (2,152,204) |
| Bonds payable | (46,645,000) |
| Capital lease | (16,422) |
| Accrued interest on debt | <u>(920,266)</u> |
| | <u>(50,419,551)</u> |

| | |
|---|-----------------------------|
| Total Net Position - Governmental Activities | <u><u>\$ 41,853,227</u></u> |
|---|-----------------------------|

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, 2013

| | General | Mental Health/ Early Intervention/ Intellectual Disabilities | Health Services Block Grant | Health Choices Reinvestment | Children & Youth Services | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---|-----------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | | |
| Taxes | \$ 41,408,244 | \$ - | \$ - | \$ - | \$ - | \$ 1,364,156 | \$ 42,772,400 |
| Intergovernmental | 1,735,811 | 1,439,355 | 8,758,474 | - - | 8,950,425 | 16,388,857 | 37,272,922 |
| Charges for services | 7,294,410 | - - | 189,127 | - - | 152,269 | 1,455,906 | 9,091,712 |
| Fines and forfeits | 1,121,276 | - - | - - | - - | - - | - - | 1,121,276 |
| Interest | 14,733 | 916 | 17 | - - | 668 | 36,200 | 52,534 |
| Other | 1,924,549 | 2,434 | 8,949 | 33,259 | 87,300 | 249,097 | 2,305,588 |
| Total revenues | 53,499,023 | 1,442,705 | 8,956,567 | 33,259 | 9,190,662 | 19,494,216 | 92,616,432 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government - administration | 9,667,519 | - - | - - | - - | - - | 162,483 | 9,830,002 |
| General government - judicial | 12,334,650 | - - | - - | - - | - - | 2,686,353 | 15,021,003 |
| Public safety | 14,716,431 | - - | - - | - - | - - | 333,469 | 15,049,900 |
| Public works and enterprises | 1,675 | - - | - - | - - | - - | 787,566 | 789,241 |
| Human services | 5,098,992 | 1,600,381 | 9,190,130 | 33,259 | 11,062,333 | 9,369,088 | 36,354,183 |
| Culture and recreation | 609,571 | - - | - - | - - | - - | 305,492 | 915,063 |
| Conservation and development | 738,833 | - - | - - | - - | - - | 2,241,912 | 2,980,745 |
| Debt service | 4,223,505 | - - | - - | - - | 54,930 | 450 | 4,278,885 |
| Other | 624,067 | - - | - - | - - | - - | - - | 624,067 |
| Capital projects | - - | - - | - - | - - | - - | 4,581,183 | 4,581,183 |
| Total expenditures | 48,015,243 | 1,600,381 | 9,190,130 | 33,259 | 11,117,263 | 20,467,996 | 90,424,272 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 5,483,780 | (157,676) | (233,563) | - - | (1,926,601) | (973,780) | 2,192,160 |
| Other Financing Sources (Uses): | | | | | | | |
| Sale of capital assets | - - | - - | - - | - - | - - | 12,301 | 12,301 |
| Transfers in | 1,111,191 | 157,676 | 278,544 | - - | 1,926,601 | 2,767,299 | 6,241,311 |
| Transfers out | (6,318,920) | - - | (44,981) | - - | - - | (2,007,449) | (8,371,350) |
| Total other financing sources (uses) | (5,207,729) | 157,676 | 233,563 | - - | 1,926,601 | 772,151 | (2,117,738) |
| Net Change in Fund Balance | 276,051 | - - | - - | - - | - - | (201,629) | 74,422 |
| Fund Balance: | | | | | | | |
| Beginning of year | 8,737,704 | - - | - - | - - | - - | 3,224,418 | 11,962,122 |
| End of year | \$ 9,013,755 | \$ - - | \$ - - | \$ - - | \$ - - | \$ 3,022,789 | \$ 12,036,544 |

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, 2013

| | |
|--|-----------|
| Net Change in Fund Balance - Governmental Funds | \$ 74,422 |
|--|-----------|

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 | \$ 3,543,060 |
| Less: depreciation expense | <u>3,516,091</u> |
| | 26,969 |

The net effect of various transactions involving capital assets (sales, demolition, etc.) (33,648)

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.

722,798

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.

2,084,641

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.

31,796

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.

51,061

| | |
|--|--------------|
| Change in Net Position of Governmental Activities | \$ 2,958,039 |
|--|--------------|

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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-----------------------|-----------------------|--------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 41,462,059 | \$ 41,462,059 | \$ 41,408,244 | \$ (53,815) |
| Intergovernmental | 1,493,486 | 1,493,486 | 1,735,811 | 242,325 |
| Charges for services | 6,478,525 | 6,527,200 | 7,294,410 | 767,210 |
| Fines and forfeits | 1,239,450 | 1,239,450 | 1,121,276 | (118,174) |
| Interest | 98,600 | 98,600 | 14,733 | (83,867) |
| Other | 1,661,740 | 1,671,240 | 1,924,549 | 253,309 |
| Total revenues | 52,433,860 | 52,492,035 | 53,499,023 | 1,006,988 |
| Expenditures: | | | | |
| Current: | | | | |
| General government - administration | 11,178,366 | 11,188,921 | 9,667,519 | 1,521,402 |
| General government - judicial | 13,113,456 | 13,062,885 | 12,334,650 | 728,235 |
| Public safety | 15,385,107 | 15,430,562 | 14,716,431 | 714,131 |
| Public works and enterprises | 10,000 | 10,000 | 1,675 | 8,325 |
| Human services | 5,100,304 | 5,100,304 | 5,098,992 | 1,312 |
| Culture and recreation | 735,607 | 731,222 | 609,571 | 121,651 |
| Conservation and development | 623,420 | 623,420 | 738,833 | (115,413) |
| Other | 3,635,058 | 3,368,778 | 624,067 | 2,744,711 |
| Debt service | 4,242,227 | 4,242,227 | 4,223,505 | 18,722 |
| Total expenditures | 54,023,545 | 53,758,319 | 48,015,243 | 5,743,076 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,589,685) | (1,266,284) | 5,483,780 | 6,750,064 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,103,165 | 1,153,165 | 1,111,191 | (41,974) |
| Transfers out | (8,111,991) | (8,497,980) | (6,318,920) | 2,179,060 |
| Total other financing sources (uses) | (7,008,826) | (7,344,815) | (5,207,729) | 2,137,086 |
| Net Change in Fund Balance | \$ (8,598,511) | \$ (8,611,099) | \$ 276,051 | \$ 8,887,150 |

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2013

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|-------------------|---|---------------------|--|
| | Sunnyview Nursing and Rehabilitation Center | Health Choices | Emergency Communications 911 and Wireless 911 | Total | |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 1,417,107 | \$ 280,245 | \$ 799,295 | \$ 2,496,647 | |
| Residents' funds | 40,863 | - | - | 40,863 | |
| Accounts and loans receivable, at estimated realizable value | 637,113 | 6,293,015 | 54,942 | 6,985,070 | |
| Due from other funds | 16,297 | 513 | 735,586 | 752,396 | |
| Due from other governments | 2,844,037 | 84,975 | 35,197 | 2,964,209 | |
| Inventory | 24,206 | - | - | 24,206 | |
| Prepays | 855 | - | 12,067 | 12,922 | |
| Total current assets | <u>4,980,478</u> | <u>6,658,748</u> | <u>1,637,087</u> | <u>13,276,313</u> | |
| Non-current assets: | | | | | |
| Capital assets, net of accumulated depreciation | 6,194,250 | - | 2,648,087 | 8,842,337 | |
| Total non-current assets | <u>6,194,250</u> | <u>-</u> | <u>2,648,087</u> | <u>8,842,337</u> | |
| Total Assets | <u>11,174,728</u> | <u>6,658,748</u> | <u>4,285,174</u> | <u>22,118,650</u> | |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 575,487 | 38,943 | 166,875 | 781,305 | |
| Accrued interest payable | - | - | 48,194 | 48,194 | |
| Accrued payroll and payroll taxes | 522,010 | 11,288 | 63,570 | 596,868 | |
| Residents' funds | 40,863 | - | - | 40,863 | |
| Due to other funds | 3,392,782 | 50,534 | 643,570 | 4,086,886 | |
| Due to other government | 284,294 | 1,440,254 | - | 1,724,548 | |
| Compensated absences | 567,852 | - | 76,507 | 644,359 | |
| Current portion of bonds payable, includes premium of \$20,269 | - | - | 435,269 | 435,269 | |
| Total current liabilities | <u>5,383,288</u> | <u>1,541,019</u> | <u>1,433,985</u> | <u>8,358,292</u> | |
| Non-current liabilities: | | | | | |
| Bonds payable - long-term portion, includes premium of \$101,345 | - | - | 1,966,076 | 1,966,076 | |
| Compensated absences - long-term portion | 170,550 | - | 34,410 | 204,960 | |
| Total non-current liabilities | <u>170,550</u> | <u>-</u> | <u>2,000,486</u> | <u>2,171,036</u> | |
| Total Liabilities | <u>5,553,838</u> | <u>1,541,019</u> | <u>3,434,471</u> | <u>10,529,328</u> | |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenue - human services funding | - | 5,117,729 | - | 5,117,729 | |
| Total Deferred Inflows of Resources | <u>-</u> | <u>5,117,729</u> | <u>-</u> | <u>5,117,729</u> | |
| Net Position | | | | | |
| Net investment in capital assets | 6,194,250 | - | 246,742 | 6,440,992 | |
| Unrestricted | (573,360) | - | - | (573,360) | |
| Restricted | - | - | 603,961 | 603,961 | |
| Total Net Position | <u>\$ 5,620,890</u> | <u>\$ -</u> | <u>\$ 850,703</u> | <u>\$ 6,471,593</u> | |

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, 2013

| | Business-type Activities - Enterprise Funds | | | | |
|--|---|-------------------|---|---------------------|-------|
| | Sunnyview Nursing and Rehabilitation Center | Health Choices | Emergency Communications 911 and Wireless 911 | | Total |
| Operating Revenues: | | | | | |
| Charges for services and fees: | | | | | |
| Intergovernmental | \$ 12,430,435 | \$ - | \$ - | \$ 12,430,435 | |
| Patient and client services | 6,359,251 | 30,575,472 | - | 36,934,723 | |
| Public safety | - | - | 1,045,384 | 1,045,384 | |
| Total operating revenues | <u>18,789,686</u> | <u>30,575,472</u> | <u>1,045,384</u> | <u>50,410,542</u> | |
| Operating Expenses: | | | | | |
| Personnel services | 15,078,353 | - | 1,656,167 | 16,734,520 | |
| Patient/client services | 4,551,141 | 30,575,472 | - | 35,126,613 | |
| Public safety | - | - | 792,177 | 792,177 | |
| Depreciation | 619,607 | - | 518,829 | 1,138,436 | |
| Total operating expenses | <u>20,249,101</u> | <u>30,575,472</u> | <u>2,967,173</u> | <u>53,791,746</u> | |
| Operating Income (Loss) | <u>(1,459,415)</u> | <u>-</u> | <u>(1,921,789)</u> | <u>(3,381,204)</u> | |
| Non-Operating Revenues (Expenses): | | | | | |
| Intergovernmental | - | - | 791,177 | 791,177 | |
| Interest and investment income | (27) | - | 191 | 164 | |
| Interest expense | (10,359) | - | (112,280) | (122,639) | |
| Amortization | - | - | 20,269 | 20,269 | |
| Other income | 6,755 | - | - | 6,755 | |
| Total non-operating revenues (expenses) | <u>(3,631)</u> | <u>-</u> | <u>699,357</u> | <u>695,726</u> | |
| Income (loss) before transfers | <u>(1,463,046)</u> | <u>-</u> | <u>(1,222,432)</u> | <u>(2,685,478)</u> | |
| Transfers in | <u>1,161,883</u> | <u>-</u> | <u>968,156</u> | <u>2,130,039</u> | |
| Change in Net Position | <u>(301,163)</u> | <u>-</u> | <u>(254,276)</u> | <u>(555,439)</u> | |
| Net position, beginning of year, as restated | <u>5,922,053</u> | <u>-</u> | <u>1,104,979</u> | <u>7,027,032</u> | |
| Net position, end of year | <u>\$ 5,620,890</u> | <u>\$ -</u> | <u>\$ 850,703</u> | <u>\$ 6,471,593</u> | |

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

| | Business-type Activities - Enterprise Funds | | | |
|--|---|-------------------|---|-----------------------|
| | Sunnyview Nursing and Rehabilitation Center | Health Choices | Emergency Communications 911 and Wireless 911 | Total |
| Cash Flows From Operating Activities: | | | | |
| Receipts from other governments | \$ 12,251,940 | \$ - | \$ - | \$ 12,251,940 |
| Receipts from customers and users | 6,130,651 | 24,197,482 | 1,048,268 | 31,376,401 |
| Receipts from other income | 6,755 | - | - | 6,755 |
| Payments to suppliers | (4,274,557) | (24,138,701) | (662,604) | (29,075,862) |
| Payments to employees | (14,991,342) | - | (1,627,526) | (16,618,868) |
| Net cash provided by (used in) operating activities | <u>(876,553)</u> | <u>58,781</u> | <u>(1,241,862)</u> | <u>(2,059,634)</u> |
| Cash Flows From Non-Capital Financing Activities: | | | | |
| Operating grants from other governments | - | - | 791,177 | 791,177 |
| Transfers (to) from other funds | 2,655,178 | (45,111) | 1,479,434 | 4,089,501 |
| Net cash provided by (used in) non-capital financing activities | <u>2,655,178</u> | <u>(45,111)</u> | <u>2,270,611</u> | <u>4,880,678</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Purchase of capital assets | (171,472) | - | (151,612) | (323,084) |
| Principal paid on capital debt | (450,000) | - | (405,000) | (855,000) |
| Interest paid on capital debt | (19,125) | - | (118,312) | (137,437) |
| Net cash provided by (used in) capital and related financing activities | <u>(640,597)</u> | <u>-</u> | <u>(674,924)</u> | <u>(1,315,521)</u> |
| Cash Flows From Investing Activities: | | | | |
| Interest on investments | (27) | - | 191 | 164 |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>1,138,001</u> | <u>13,670</u> | <u>354,016</u> | <u>1,505,687</u> |
| Cash and Cash Equivalents: | | | | |
| Beginning of year | 279,106 | 266,575 | 445,279 | 990,960 |
| End of year | <u>\$ 1,417,107</u> | <u>\$ 280,245</u> | <u>\$ 799,295</u> | <u>\$ 2,496,647</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | | | | |
| Operating income (loss) | \$ (1,459,415) | \$ - | \$ (1,921,789) | \$ (3,381,204) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 619,607 | - | 518,829 | 1,138,436 |
| Change in: | | | | |
| Accounts receivable | (228,600) | (6,293,015) | 2,825 | (6,518,790) |
| Due from other governments | (239,698) | (84,975) | 59 | (324,614) |
| Inventory | (3,206) | - | - | (3,206) |
| Accounts payable | 264,498 | (56,233) | 129,573 | 337,838 |
| Accrued payroll expenses | 87,011 | 94 | 5,694 | 92,799 |
| Unavailable revenue | - | 5,052,656 | - | 5,052,656 |
| Other | 83,250 | 1,440,254 | 22,947 | 1,546,451 |
| Total adjustments | <u>582,862</u> | <u>58,781</u> | <u>679,927</u> | <u>1,321,570</u> |
| Net cash provided by (used in) operating activities | <u>\$ (876,553)</u> | <u>\$ 58,781</u> | <u>\$ (1,241,862)</u> | <u>\$ (2,059,634)</u> |

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2013

| | Pension Trust Fund | Agency Funds |
|---|-----------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,537,345 | \$ 3,297,667 |
| Investments: | | |
| Money markets | 251,601 | - |
| Bond mutual funds | 45,789,197 | - |
| International equity funds | 25,641,649 | - |
| Domestic equity funds | 81,689,591 | - |
| Equities | 16,980,527 | - |
| Other | 13,198 | - |
| Total Assets | 171,903,108 | 3,297,667 |
| Liabilities | | |
| Accounts payable | 73,426 | - |
| Due to other governments | - | 1,352,783 |
| Due to others | - | 266,062 |
| Escrow liability and interest | - | 1,678,822 |
| Total Liabilities | 73,426 | 3,297,667 |
| Net Position | | |
| Held in trust for pension benefits | \$ 171,829,682 | \$ - |

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, 2013

| | Pension Trust Fund |
|--|-----------------------|
| Additions: | |
| Contributions: | |
| County | \$ 7,313,625 |
| Employee | <u>3,683,247</u> |
| Total contributions | <u>10,996,872</u> |
| Investment income: | |
| Net appreciation in fair value of investments | 21,535,925 |
| Interest and dividends | <u>3,554,930</u> |
| Total investment income | <u>25,090,855</u> |
| Investment expense | <u>197,350</u> |
| Net investment income | <u>24,893,505</u> |
| Total additions | <u>35,890,377</u> |
| Deductions: | |
| Benefits and refunds paid to plan members and beneficiaries | 7,970,677 |
| Administrative expense | 136,315 |
| Fiduciary liability insurance | <u>21,753</u> |
| Total deductions | <u>8,128,745</u> |
| Increase in Net Position | 27,761,632 |
| Net Position: | |
| Beginning of year | <u>144,068,050</u> |
| End of year | <u>\$ 171,829,682</u> |

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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, 2013 OR JUNE 30, 2013

- 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, 2013 OR JUNE 30, 2013

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 (Authority) is a non-operating Authority with limited activity.

Butler County Housing Authority

The Butler County Housing Authority (Authority) administers HUD's Section 8 housing program for the County and is funded through federal grants and other revenues. The 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 Authority.

Butler County Industrial Development Authority

The Butler County Industrial Development Authority (Authority) issues low interest, tax-exempt bonds, and uses the proceeds to finance projects intended to stimulate economic growth in the County. The Authority's seven-member Board is appointed by the County and the Authority operates independently of any ongoing involvement of the County. The County Commissioners must approve the concept of any major bond issue of the Authority 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 Authority debt.

Butler County Hospital Authority

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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

The Butler County Redevelopment Authority

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

Butler County General Authority

The Butler County General Authority (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 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.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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. is a private, non-profit corporation incorporated for the purpose of monitoring the behavioral health services of the Health Choices program. Southwest Behavioral Health Management, Inc. 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.

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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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.

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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 *Health Choices Reinvestment 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 government reports the following major proprietary funds:

The *Sunnyview Nursing and Rehabilitation Center Fund* is a nursing home funded through a combination of third party insurance, federal reimbursement, and County contributions.

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 and Wireless 911 Fund* are 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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. Sunnyview Nursing and Rehabilitation Center and Health Choices also recognize as operating revenue reimbursement received from the Commonwealth of Pennsylvania for services provided to patients. 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.

Sunnyview Nursing and Rehabilitation Center's patient revenue is reported at the estimated net realizable amounts from the residents and third-party payers. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and ultimate final settlements are reported as adjustments become known.

Sunnyview Nursing and Rehabilitation Center is also subject to the laws and regulations governing the Medicare and Medicaid programs. These laws and regulations are complex and subject to interpretation. Sunnyview Nursing and Rehabilitation Center believes that it is in compliance with all applicable laws and

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government reviews and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

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.

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."

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2013 in proprietary funds is not significant.

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.

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 |

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 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 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 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 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 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.

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, 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.
- 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, 2014 budget, and Conservation District.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

- 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.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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

Expendable restricted net position at December 31, 2013 of the County consists of: \$1,219,231 for operating reserve, \$39,902 for agricultural easements, \$1,740,237 for Act 13, \$876,746 for roads and bridges, \$640,586 for records improvement and automation, \$196,139 for central booking and court restitution, \$198,467 for the Area Agency on Aging Program, \$324,706 for capital purchases, and \$603,961 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:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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, 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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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 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

GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*," effective for periods beginning after June 15, 2012. This statement provides guidance to improve financial reporting for a governmental financial reporting entity by modifying existing requirements for the assessment of potential component units.

GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" effective for period beginning after December 15, 2012. This statement reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. As a result of this statement, net position as of December 31, 2012 was reduced to \$45,922,220 by a restatement of \$392,804, to remove bond issue costs that were previously considered assets. The restatement was as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Net position at December 31, 2012, as previously presented | \$ 39,259,379 | \$ 7,055,645 | \$ 46,315,024 |
| Beginning of the year restatement | (364,191) | (28,613) | (392,804) |
| Net position at December 31, 2012, as restated | <u>\$ 38,895,188</u> | <u>\$ 7,027,032</u> | <u>\$ 45,922,220</u> |

Pending Pronouncements

GASB has issued Statement No. 67, *“Financial Reporting for Pension Plans,”* effective for financial statements for periods beginning after June 15, 2013, and has also issued Statement No. 68, *“Accounting and Financial Reporting for Pensions,”* and Statement No. 71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date,”* effective for fiscal years beginning after June 15, 2014. These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

GASB has issued Statement No. 69, *“Government Combinations and Disposals of Government Operations,”* effective for fiscal years beginning after December 15, 2013. This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold.

GASB has issued Statement No. 70, *“Accounting and Financial Reporting for Non-exchange Financial Guarantees,”* effective for financial statements for periods beginning after June 15, 2013. This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

Management has not yet determined the impact of these statements on the County’s financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 \$18,283,923 at December 31, 2013, \$761,007 was covered by the Federal Deposit Insurance Corporation (FDIC), \$17,522,916 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, 2013 of \$17,912,860, which are reported as cash and cash equivalents in the statement of net position. This amount also includes \$40,863 in residents' funds as shown on 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 \$3,297,667 and the bank balance was \$3,714,945. Of the bank balance, \$897,114 was covered by the FDIC. The remaining balance of \$2,817,831 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.

Investments

As of December 31, 2013, the County held the following investment balances in the governmental funds:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | | Maturity in Years | |
|--|---------------------|---------------------|-------------|
| | Fair Value | Less than 1 year | 1-5 years |
| Mutual funds | \$ 1,121,883 | \$ 1,121,883 | \$ - |
| Total securities with maturities | 1,121,883 | <u>\$ 1,121,883</u> | <u>\$ -</u> |
| Money market funds | <u>299,130</u> | | |
| Total investments reported on the statement of net position | <u>\$ 1,421,013</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, 2013, the County's investment balance, excluding mutual funds, of \$299,130 (bank and book balance) was exposed to custodial credit risk.

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, 2013, 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-

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 \$1,471,515 at December 31, 2013) and accrued income (book value of \$65,830 at December 31, 2013). The bank balance of the checking and money market deposits as of December 31, 2013 was \$1,478,458. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation. The remaining balance of \$1,228,458 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, 2013, 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, 2013 OR JUNE 30, 2013

| 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 | \$ 45,789,197 | \$ 11,694,767 | \$ 11,858,311 | \$ 11,815,144 | \$10,420,975 |
| Total debt securities | 45,789,197 | \$ 11,694,767 | \$ 11,858,311 | \$ 11,815,144 | \$10,420,975 |
| Money markets | 251,601 | | | | |
| International equity funds | 25,641,649 | | | | |
| Domestic equity funds | 81,689,591 | | | | |
| Equities | <u>16,980,527</u> | | | | |
| Total other investments | <u>124,563,368</u> | | | | |
| Total investments reported on the statement of fiduciary net position | <u>\$170,352,565</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, 2013 OR JUNE 30, 2013

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, 2013, the pension trust fund's investments in debt securities have received the following ratings from Moody's:

| Investment Type | Moody's Rating | Percentage of Debt Securities |
|-----------------|----------------|-------------------------------|
| Bonds | AAA | 81% |
| Bonds | AA | 2% |
| Bonds | A | 8% |
| Bonds | BBB | 9% |
| | | 100% |

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, 2013, the County's money markets balance of \$251,601 included in investments (bank and book balance) was exposed to custodial credit risk.

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),

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 manager's 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 any of the plan assets available for benefits at December 31, 2013. 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 Depository Receipts (ADRs), European Depository 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, 2013, the County had \$25,641,649 invested in international equity mutual funds and did not hold any material foreign currency.

3. CAPITAL ASSETS

The following is a summary of changes in capital assets related to governmental activities for the year ended December 31, 2013:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | Beginning Balance at January 1, 2013 | Additions | Deletions | Ending Balance at December 31, 2013 |
|--|--|---------------------|-----------------------|---|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated/amortized: | | | | |
| Land | \$ 1,605,689 | \$ - | \$ - | \$ 1,605,689 |
| Easements | 2,148,058 | 121,000 | - | 2,269,058 |
| Construction in progress | <u>2,842,098</u> | <u>1,615,334</u> | <u>(2,301,079)</u> | <u>2,156,353</u> |
| Total capital assets, not being depreciated/amortized | <u>6,595,845</u> | <u>1,736,334</u> | <u>(2,301,079)</u> | <u>6,031,100</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Infrastructure - bridges | 20,487,657 | 3,520,668 | - | 24,008,325 |
| Buildings and improvements | 63,687,536 | - | - | 63,687,536 |
| Furniture and equipment | <u>14,710,574</u> | <u>587,137</u> | <u>(339,575)</u> | <u>14,958,136</u> |
| Total capital assets, being depreciated/amortized | <u>98,885,767</u> | <u>4,107,805</u> | <u>(339,575)</u> | <u>102,653,997</u> |
| Less accumulated depreciation/amortization: | | | | |
| Infrastructure - bridges | (10,402,519) | (808,341) | - | (11,210,860) |
| Buildings and improvements | (14,789,245) | (1,719,603) | - | (16,508,848) |
| Furniture and equipment | <u>(9,079,775)</u> | <u>(988,147)</u> | <u>305,927</u> | <u>(9,761,995)</u> |
| Total accumulated depreciation/ amortization | <u>(34,271,539)</u> | <u>(3,516,091)</u> | <u>305,927</u> | <u>(37,481,703)</u> |
| Total capital assets, being depreciated/ amortized, net | <u>64,614,228</u> | <u>591,714</u> | <u>(33,648)</u> | <u>65,172,294</u> |
| Governmental activities capital assets, net | <u>\$ 71,210,073</u> | <u>\$ 2,328,048</u> | <u>\$ (2,334,727)</u> | <u>\$ 71,203,394</u> |

The following is a summary of changes in capital assets related to business-type activities for the year ended December 31, 2013:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | Beginning Balance at January 1, 2013 | Additions | Deletions | Ending Balance at December 31, 2013 |
|--|--|--------------|-----------|---|
| 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 | 17,481,296 | - | - | 17,481,296 |
| Furniture and equipment | 8,641,869 | 323,084 | (61,499) | 8,903,454 |
| Total capital assets, being depreciated | 26,123,165 | 323,084 | (61,499) | 26,384,750 |
| Less: accumulated depreciation for: | | | | |
| Buildings and improvements | (10,068,601) | (518,630) | - | (10,587,231) |
| Furniture and equipment | (6,396,875) | (619,806) | 61,499 | (6,955,182) |
| Total accumulated depreciation | (16,465,476) | (1,138,436) | 61,499 | (17,542,413) |
| Total capital assets, being depreciated net | 9,657,689 | (815,352) | - | 8,842,337 |
| Business-type activities capital assets, net | \$ 9,657,689 | \$ (815,352) | \$ - | \$ 8,842,337 |

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

Governmental activities:

| | |
|--|---------------------|
| General government - administrative | \$ 898,560 |
| General government - judicial | 131,566 |
| Public safety | 1,318,474 |
| Public works | 825,622 |
| Human services | 220,240 |
| Culture and recreation | 121,261 |
| Conservation and development | 368 |
| | <hr/> |
| Total depreciation expense - governmental activities | <u>\$ 3,516,091</u> |

Business-type activities:

| | |
|---|---------------------|
| Sunnyview Nursing and Rehabilitation Center | \$ 619,607 |
| Emergency Communications 911 and Wireless 911 | <hr/> 518,829 |
| Total depreciation expense - business-type activities | <u>\$ 1,138,436</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 2013, 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 2013 was approximately \$1.7 billion.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

5. ACCOUNTS RECEIVABLES AND LOAN RECEIVABLES

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, 2013, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Health Services Block Grant | Children & Youth Services | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|---|-----------------------------|---|--------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Taxes receivable | \$ 3,922,571 | \$ - | \$ - | \$ 89,271 | \$ 4,011,842 |
| Less: allowance for uncollectibles | <u>(403,284)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(403,284)</u> |
| Net tax receivables | <u>\$ 3,519,287</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 89,271</u> | <u>\$ 3,608,558</u> |
| Accounts receivable | \$ 386,841 | \$ 131 | \$ 6,578 | \$ 83,879 | \$ 477,429 |
| Loans receivable | - | - | - | 252,166 | 252,166 |
| Court-related receivables | 7,597,765 | - | - | - | 7,597,765 |
| Less: allowance for uncollectibles | <u>(3,667,183)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,667,183)</u> |
| Net account and loan receivables | <u>\$ 4,317,423</u> | <u>\$ 131</u> | <u>\$ 6,578</u> | <u>\$ 336,045</u> | <u>\$ 4,660,177</u> |
| Business-type activities: | | | | | |
| | Sunnyview Nursing and Rehabilitation Center | Health Choices | Emergency Communications 911 and Wireless 911 | | Total Business-type Activities |
| Patient receivables | \$ 887,113 | \$ - | \$ - | \$ - | \$ 887,113 |
| Other receivables | - | 6,293,015 | 54,942 | 54,942 | 6,347,957 |
| Gross receivables | 887,113 | 6,293,015 | 54,942 | 54,942 | 7,235,070 |
| Less: allowance for uncollectibles | <u>(250,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(250,000)</u> |
| Net receivables | <u>\$ 637,113</u> | <u>\$ 6,293,015</u> | <u>\$ 54,942</u> | <u>\$ 54,942</u> | <u>\$ 6,985,070</u> |

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2013, as well as interfund transfers for the year ended December 31, 2013, were as follows:

| Funds | Interfund Receivables | Interfund Payables | Transfers In | Transfers Out |
|--|--------------------------|-----------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| General | \$ 5,888,325 | \$ 846,835 | \$ 1,111,191 | \$ 6,318,920 |
| Mental Health/Early Intervention/ | | | | |
| Intellectual Disabilities | 76 | 167,120 | 157,676 | - |
| Health Services Block Grant | 131,081 | 95,814 | 278,544 | 44,981 |
| Children & Youth Services | 3,138 | 691,564 | 1,926,601 | - |
| Other Governmental Funds | 689,601 | 1,576,398 | 2,767,299 | 2,007,449 |
| Business-Type Activities: | | | | |
| Sunnyview Nursing and Rehabilitation Center | 16,297 | 3,392,782 | 1,161,883 | - |
| Health Choices | 513 | 50,534 | - | - |
| Emergency Communications 911 and Wireless 911 | 735,586 | 643,570 | 968,156 | - |
| | <u>\$ 7,464,617</u> | <u>\$ 7,464,617</u> | <u>\$ 8,371,350</u> | <u>\$ 8,371,350</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 Public Welfare requirements and transfers of funds to the Capital Reserve Fund.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

7. BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Butler County Employees' Retirement System (plan), as administrated by the County, is a single employer defined benefit pension plan governed by the County Pension Law Act 96 (Act) of 1971, as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. 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.

At January 1, 2013, the date of the most recent valuation, participants in the plans were as follows:

Participants:

| | |
|----------------------------|-----|
| Retirees and beneficiaries | 447 |
| Deferred vested | 47 |
| Active employees: | |
| Vested | 590 |
| Nonvested | 205 |

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.

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 at current exchange

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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rates. Investments that do not have an established market are reported at estimated fair value.

At December 31, 2013, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the plan assets available for benefits. In addition, the plan did not have any investment transactions with related parties during the year.

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 obligation.

As a condition of participation, employees are to contribute 6% 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 County Retirement Board.

In 2013, the County's annual required contribution to the plan was \$7,313,625 as determined by the January 1, 2013 actuarial valuation. The 2013 employee contributions were \$3,683,247.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the plan and funded from investment earnings.

The County's annual pension cost and related information is as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | |
|-----------------------------|---|
| Annual pension cost | \$7,313,625 |
| Contributions made | \$7,313,625 |
| Actuarial valuation date | 1/1/2013 |
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Greater of Market Value and Actuarial Value |
| Amortization method | Level Percentage of Projected Payroll - Closed |
| Amortization period | 8 years |
| Actuarial assumptions: | |
| Investment rate of return* | 7.5% |
| Projected salary increases* | 3.5% |
| Cost of living adjustments | 100% change in C.P.I. |

* Includes inflation at 3%.

The County does not have a net pension obligation (NPO) as of December 31, 2013.

Trend Information

| <u>Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation (Asset)</u> |
|--------------------|--|--|---|
| 12/31/2011 | \$ 6,564,903 | 100.0% | \$ - |
| 12/31/2012 | 6,860,358 | 100.0% | - |
| 12/31/2013 | 7,313,625 | 100.0% | - |

Funded Status

The County's funded status and related information for the plan as of the latest actuarial valuation date, January 1, 2013, is as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| Actuarial Value of Assets | Actuarial Liability (AAL) Entry Age | Excess of Assets Over (Under) AAL | Funded Ratio | Covered Payroll | Excess (Deficiency) as a Percentage of Covered Payroll |
|---------------------------|--|-----------------------------------|--------------|-----------------|--|
| \$144,118,424 | \$ 186,098,445 | \$(41,980,021) | 77.44% | \$ 36,117,283 | 116.23% |

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2013. The next actuarial valuation will be performed as of January 1, 2014 and will take into account subsequent changes in the market value of investments being held in the plan.

8. DEBT

Tax Anticipation Note

In January 2013, the County issued a tax and revenue anticipation note in the amount of \$7 million. The note was paid in full by December 31, 2013.

Capital Leases

In April 2011, the County entered into a capital lease agreement as lessee for financing the acquisition of five vehicles for the County's Children & Youth Services program. The lease qualifies as a capital lease and the agreement stipulates minimum lease payment of approximately \$38,507, including interest, for a term of three years. \$115,521 is included in capital assets - furniture and equipment as capital leases. This lease was paid in full during 2013.

In April 2012, the County entered into a capital lease agreement as lessee for financing the acquisition of two vehicles for the County's Children & Youth Services program. The lease qualifies as a capital lease and the agreement stipulates minimum lease payment of approximately \$16,422, including interest, for a term of three years. \$49,364 is included in capital assets - furniture and equipment as capital leases. The

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

future minimum lease obligations as of December 31, 2013 for this capital lease are \$16,422 for the year ending December 31, 2014.

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 as of December 31, 2013 is \$3,965,000. 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 at the government center and Sunnyview Nursing and Rehabilitation Center. \$625,000 of the 2006 Bond proceeds was allocated to Sunnyview Nursing and Rehabilitation Center. The 2006 Bonds, whose last scheduled debt maturity is July 15, 2024, have interest rates that range between 4.00% and 5.00%.

Capital Bond Issue 2004

In March 2004, the County issued \$46,825,000 in General Obligation Bonds (2004 Bonds), of which \$45,309,000 was used to advance refund the majority of outstanding Series of 2003 Bonds (2003 Bonds). The defeased debt outstanding on the 2003 Bond Series at December 31, 2013 is \$40,500,000. \$5,550,000 of the 2004 Bonds proceeds were allocated to the Emergency Communications 911 Proprietary Fund for use in the construction of a new 911 Center. The 2004 Bonds, whose last scheduled debt maturity is July 15, 2026, have interest rates that vary between 2.00% and 5.00%.

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, 2013 comprises the following individual issues:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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| Series | Interest Rates | Final Maturity | Total Debt Outstanding |
|---------------------------|----------------|----------------|------------------------|
| Capital bond issue 2006 | 4.00% - 5.00% | 2024 | \$ 8,145,000 |
| Capital bond issue 2004 | 2.00% - 5.00% | 2026 | <u>40,800,000</u> |
| Total capital bond issues | | | <u>48,945,000</u> |
| General obligation debt | | | <u>\$ 48,945,000</u> |

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 |
| 2014 | \$ 2,630,000 | \$ 2,007,852 | \$ 415,000 | \$ 105,150 |
| 2015 | 2,755,000 | 1,881,002 | 440,000 | 84,400 |
| 2016 | 2,890,000 | 1,748,127 | 460,000 | 62,400 |
| 2017 | 3,030,000 | 1,603,627 | 485,000 | 39,400 |
| 2018 | 3,155,000 | 1,482,427 | 500,000 | 20,000 |
| 2019-2023 | 20,645,000 | 5,153,664 | - | - |
| 2024-2026 | <u>11,540,000</u> | <u>969,001</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 46,645,000</u> | <u>\$ 14,845,700</u> | <u>\$ 2,300,000</u> | <u>\$ 311,350</u> |

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| Governmental Activities | Balance at December 31, | | | Balance at December 31, 2013 | Due Within One Year |
|---------------------------------|-------------------------|---------------------|-----------------------|------------------------------|---------------------|
| | 2012 | Additions | Reductions | | |
| Workmen's compensation | \$ 726,339 | \$ 213,072 | \$ (253,752) | \$ 685,659 | \$ 253,752 |
| Compensated absences | 2,162,585 | 1,598,520 | (1,608,901) | 2,152,204 | 1,607,429 |
| Capital lease payable | 71,350 | - | (54,928) | 16,422 | 16,422 |
| Bonds payable | 48,735,000 | - | (2,090,000) | 46,645,000 | 2,630,000 |
| Long-term liabilities | <u>\$ 51,695,274</u> | <u>\$ 1,811,592</u> | <u>\$ (4,007,581)</u> | <u>\$ 49,499,285</u> | <u>\$ 4,507,603</u> |
| Business-Type Activities | Balance at December 31, | | | Balance at December 31, 2013 | Due Within One Year |
| | 2012 | Additions | Reductions | | |
| Compensated absences | \$ 819,552 | \$ 669,191 | \$ (639,424) | \$ 849,319 | \$ 644,359 |
| Bonds payable | 3,155,000 | - | (855,000) | 2,300,000 | 415,000 |
| Long-term liabilities | <u>\$ 3,974,552</u> | <u>\$ 669,191</u> | <u>\$ (1,494,424)</u> | <u>\$ 3,149,319</u> | <u>\$ 1,059,359</u> |

Bonds payable above do not reflect a bond premium in the amount of \$162,030 for governmental activities and \$101,345 for business-type activities. These amounts are amortized over the life of the bonds using the effective interest method.

The liability for compensated absences is liquidated from the governmental funds where the corresponding payroll costs for the employees are allocated. The liability for workmen's compensation is liquidated from the General Fund. The liability for the capital lease is liquidated from the Children & Youth Services Fund.

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

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NOTES TO FINANCIAL STATEMENTS

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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, 2013 to January 1, 2014. 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, 2013 of \$1,421,013 is in excess of the Department's requirements. Current claims are expensed as paid by the related fund. Workmen's compensation claims paid during 2013 were \$253,752. The liability for claims outstanding at December 31, 2013 was \$685,659.

The following represents changes in those aggregate liabilities for workmen's compensation for the years ended December 31, 2013 and 2012:

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Unpaid claims and claim adjustment expenses at beginning of year | \$ 726,339 | \$ 743,638 |
| Incurred claims and claim adjustments | 213,072 | 196,775 |
| Payments on claims and claim adjustment expenses: | | |
| Claims and claim adjustment expenses attributable to insured events of current year | 30,077 | 11,719 |
| Claims and claim adjustment expenses attributable to insured events of prior years | <u>223,675</u> | <u>202,355</u> |
| Total payments | <u>253,752</u> | <u>214,074</u> |
| Total unpaid claims and claim adjustment expenses at end of year | <u>\$ 685,659</u> | <u>\$ 726,339</u> |

COUNTY OF BUTLER, PENNSYLVANIA

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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.

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, at the same rate of \$10 per square foot (\$96,980 annually). As the construction of the new prison eliminated the need of the space for temporary housing of prisoners, the space will now be utilized to house the County’s Adult Probation offices. The County has the option to renew for an additional five years at the annual rental adjusted to reflect the percentage increase, if any, in the Consumer Price Index for the preceding 24-month period.

District Justice Offices

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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, 2013:

| Years | Total |
|---------------------------------|-------------------|
| 2014 | \$ 181,916 |
| 2015 | 131,054 |
| 2016 | 84,174 |
| 2017 | 87,595 |
| 2018 | 89,336 |
| Thereafter | <u>337,504</u> |
| Total minimum payments required | <u>\$ 911,579</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. The amount recognized as revenue during 2013 was \$115,992, with \$231,985 reported as unearned revenue on the statement of net position. Unearned revenue will be recognized into revenue in the amount of \$115,992 each year in accordance with the lease agreement. 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 2013 was \$225,280.

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

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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:

| | |
|------------|----------------------------|
| 2014 | \$ 68,750 |
| 2015 | 75,000 |
| 2016 | 75,000 |
| 2017 | 75,000 |
| 2018 | 75,000 |
| Thereafter | <u>787,500</u> |
| | <u><u>\$ 1,156,250</u></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 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 \$173 million limit per occurrence and equipment breakdown is insured at \$100 million per accident.

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The County is also involved in contracts related to various projects. Construction and development commitments outstanding related to these projects as of December 31, 2013 totaled approximately \$730,000.

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 Loan

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 this 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 local retail department store. The loan is required to be repaid over the next 20 years.

Health Choices

The County, along with Armstrong, Indiana, Lawrence, Washington and Westmoreland Counties (SW-6 Counties), are the contractors with the Pennsylvania Department of Public Welfare (DPW) 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 \$4,985,183 in the Health Choices fund. The receivable represents the amount of cash held by the Corporation on behalf of the County at December 31, 2013. In the agreement effective January 1, 2012 between the SW-6 Counties and VBH-PA, the Counties retained the right to meet the full DPW 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

COUNTY OF BUTLER, PENNSYLVANIA

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aggregate risk. Effective January 1, 2013, the SW-6 Counties met the equity and insolvency requirements imposed by DPW 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

Budget

The County Commissioners approved a \$194.7 million budget for 2014 with no change in the property tax rate of 24.628 mills.

Debt

In January 2014, the County issued a tax anticipation note in the amount of \$7.5 million. It is intended that the note will be repaid during 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 will be used to current refund the 2004 Bonds and pay the costs related to the issuance of the 2014 Bonds. The 2014 Bonds, whose last scheduled debt maturity is July 15, 2026, range in interest rates from 3% to 5%.

In June 2014, the Commissioners adopted an ordinance to authorize the County to guarantee a loan for the Butler County Airport Authority in the amount of \$500,000, pending approval by the Pennsylvania Department of Community and Economic Development. The County's guarantee is limited to the amount of the County's annual liquid fuels monies.

In December 2013, BCCC opened a line of credit with the State Public School Building Authority in the amount of \$1.5 million to purchase equipment/technology including computer equipment, security equipment, professional services, and software. BCCC will receive funding from the state for 50% of the annual debt service payments on the line of credit.

COUNTY OF BUTLER, PENNSYLVANIA

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Sunnyview Nursing and Rehabilitation Center

On May 15, 2014, the County closed on the sale of the Sunnyview Nursing and Rehabilitation Center in the amount of \$20.4 million. The assets and operations were transferred on May 17, 2014.

Construction Contracts

In April 2014, construction contracts were awarded for the Government Center Annex Project totaling approximately \$9.85 million to construct additional office space and a parking garage. Construction began in May 2014 and is estimated to be completed by August 2015. The total cost of the project is estimated at \$12 million. This project is being financed with current cash available to the County.

In April 2014, the County entered into an agreement to purchase property in Cranberry Township for the construction of an office for the Magisterial District Judge in the amount of \$96,500. A construction start date has not yet been set. Construction is estimated to be completed by January 2015. The total cost of the project is estimated at \$1.4 million. This project is being financed with current cash available to the County.

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, 5,379 students were enrolled in credit programs and another 10,268 people took part in the many other educational opportunities available on the BCCC main campus, and the Cranberry, Lawrence, 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

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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 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 nineteen 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, 2013, BCCC determines the portion of the receivable and

COUNTY OF BUTLER, PENNSYLVANIA

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the tuition that has been paid that relates to classes that will take place after June 30. This amount is reported as unearned revenue.

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 an 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 – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net position consists of restricted assets reduced by liabilities related to those assets. 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

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Expendable restricted net position at June 30, 2013 of BCCC consisted of \$5,155,034 related to the support agreement receivable.

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

- Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 \$173,595 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 been provided using the straight-line method over the estimated useful lives, as follows:

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| | |
|---------------------------------------|-------------|
| 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.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents 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. BCCC only has one item that qualifies for reporting in this category, the deferred charge on refunding. The deferred charge on refunding 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.

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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents 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. BCCC does not have any items that qualify for reporting in this category.

Adopted Pronouncements

GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus.*" The objective of this statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. As a result of this statement, net position was restated by \$355,270. The restatement was as follows:

| | |
|--|----------------------|
| Net position at June 30, 2012, as previously presented | \$ 25,657,712 |
| Beginning of the year restatement | <u>(355,270)</u> |
| Net position at June 30, 2012, as restated | <u>\$ 25,302,442</u> |

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.

GASB has issued Statement No. 67, "*Financial Reporting for Pension Plans,*" effective for financial statements for periods beginning after June 15, 2013 (BCCC's June 30, 2014 financial statements), and has also issued GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions,*" effective for fiscal years beginning after June 15, 2014 (BCCC's June 30, 2015 financial statements). These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

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GASB has issued Statement No. 70, *“Accounting and Financial Reporting for Non-exchange Financial Guarantees,”* effective for financial statements for periods beginning after June 15, 2013 (BCCC’s June 30, 2014 financial statements). This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

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.

COUNTY OF BUTLER, PENNSYLVANIA

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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 majority of BCCC's investments is in U.S. Government Obligations and is therefore not exposed to this type of risk.

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 \$10,520,634 and the related bank balances totaled \$11,059,394, of which \$550,067 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 \$1,562,236 and the related bank balance totaled \$1,569,898, \$553,185 of which was on deposit with bank institutions and covered under FDIC insurance. \$568,574 was in excess of FDIC limits, \$354,428 of which was collateralized by pledged assets in a coverage ratio of 1.11%. For every one dollar in excess of FDIC insurance, the financial institution has pledged \$1.11 in assets. The remaining \$448,139 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 \$3,019,427.

BCCC's investments at June 30, 2013 are composed of the following:

| | |
|----------------------------------|----------------------------|
| Government and agency securities | \$ 2,366,131 |
| Cash equivalent investments | <u>653,296</u> |
| | <u><u>\$ 3,019,427</u></u> |

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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At year-end, \$244,328 of the cash equivalent investments was covered by federal depository insurance. The remaining \$2,775,099 of BCCC's investments are not insured or registered and are held by the financial institution's trust department or agent, but are not in BCCC's name.

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 statement of net position.

The Foundation's investments at June 30, 2013 are composed of the following:

| | |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 135,530 |
| Mutual funds | 740,553 |
| Municipal bonds | 129,277 |
| Common stock | <u>1,677,613</u> |
| | <u><u>\$ 2,682,973</u></u> |

The Foundation's investments are not insured or registered and are held by the financial institution's trust department or agent, but are not in the Foundation's name. 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:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | Balance at June 30, 2012 | Issuance | Payments | Accretion | Balance at June 30, 2013 | Due within one year |
|---------------------------|-----------------------------|---------------------|-----------------------|--------------------|-----------------------------|------------------------|
| General obligation bonds: | | | | | | |
| Series D of 2000 | \$ 1,268,282 | \$ - | \$ (255,000) | \$ 63,727 | \$ 1,077,009 | \$ 295,000 |
| Series G of 2000 | 4,093,192 | - | - | 246,460 | 4,339,652 | - |
| Series A & B of 2008 | 7,855,000 | - | (7,855,000) | - | - | - |
| Series A & B of 2011 | 13,565,000 | - | (885,000) | - | 12,680,000 | 740,000 |
| Series A & B of 2012 | - | 8,775,000 | (375,000) | - | 8,400,000 | 360,000 |
| | <u>\$ 26,781,474</u> | <u>\$ 8,775,000</u> | <u>\$ (9,370,000)</u> | <u>\$ 310,187</u> | <u>26,496,661</u> | <u>\$ 1,395,000</u> |
| | | | | Unaccrued interest | <u>4,928,339</u> | |
| | | | | | <u>\$ 31,425,000</u> | |

Amounts above do not reflect an original issue discount in the amount of \$241,942 for the bonds. This amount is amortized using the straight-line method.

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 June 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 February 2008, the SPSBA and BCCC issued Series A and B bonds in the amount of \$8,875,000. The Series A Bonds and the Series B Bonds are being issued on behalf of BCCC to pay all or a portion of the costs of: (1) constructing and furnishing

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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a new Student Services Building on BCCC's campus; (2) various other capital improvements to BCCC's facilities; and (3) certain costs of issuing the Bonds. The interest rates on the bonds range from 3.00% to 4.57% with the bonds maturing in 2037. During fiscal year 2013, BCCC refunded the remaining balance of \$7,855,000 of the Series A and B of 2008 Bonds by issuing the Series 2012 A and B Bonds as described below.

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 \$393,791 along with principal payments of \$885,000.

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 A 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 range from 1.00% to 3.00% with the bonds maturing from 2013 until 2024. During the year, BCCC paid interest of \$49,724 along with principal payments of \$375,000. This refunding did not materially reduce total debt service payments. However, the refunding did result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$521,217. The refunding of the 2008 Bonds generated a deferred charge on refunding of \$235,720, which is amortized over the life of the 2012 Bonds.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

The scheduled retirement of bonds is as follows:

| | Principal | Interest | Total |
|--------------------------|-----------------------------|----------------------|----------------------|
| 2014 | \$ 1,395,000 | \$ 697,448 | \$ 2,092,448 |
| 2015 | 1,410,000 | 910,910 | 2,320,910 |
| 2016 | 1,435,000 | 885,613 | 2,320,613 |
| 2017 | 1,450,000 | 854,139 | 2,304,139 |
| 2018 | 1,460,000 | 810,879 | 2,270,879 |
| 2019 to 2023 | 8,340,000 | 3,242,499 | 11,582,499 |
| 2024 to 2028 | 9,815,000 | 1,927,616 | 11,742,616 |
| 2029 to 2033 | 5,125,000 | 708,065 | 5,833,065 |
| 2034 to 2038 | <u>995,000</u> | <u>203,610</u> | <u>1,198,610</u> |
| | <u>31,425,000</u> | <u>\$ 10,240,779</u> | <u>\$ 41,665,779</u> |
| Less unaccreted interest | <u>(4,928,339)</u> | | |
| | <u><u>\$ 26,496,661</u></u> | | |

In February of 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, 2013 approximated 3.80%. Interest-only payments were made for the first twelve months during the completion of the project. Upon completion of the project, drawdowns ceased and principal payments became due. At June 30, 2013, \$2,701,543 remains outstanding.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| Year ended <u>June 30,</u> | |
|-------------------------------|---------------------|
| 2014 | \$ 109,367 |
| 2015 | 113,597 |
| 2016 | 117,989 |
| 2017 | 122,552 |
| 2018 | 127,291 |
| Thereafter | <u>2,110,747</u> |
| Total | <u>\$ 2,701,543</u> |

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

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, 2013, the value of the contingent obligation on the Note is \$79,718 and is reported in the unearned revenue on the statement of net position.

5. PENSION AND RETIREMENT PLANS

Plan Description

BCCC contributed to a governmental cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the Public School Employees' Retirement System (PSERS). Benefit provisions of the Plan are established under the provisions of the Public School Employees' Retirement Code (Code) (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-8535) and may be amended by an act of the Pennsylvania State Legislature. The Plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Bureau of Fiscal Control, PSERS, P.O. Box 125, Harrisburg, PA 17108-0125.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Funding Policy

Contributions are required by active members, colleges, and the Commonwealth of Pennsylvania as established by the PSERS Board in accordance with the Code. Employees must contribute 5.25% or 6.50%, based on the employee's PSERS election of membership class, of their regular monthly compensation if they began participation in the plan prior to July 22, 1983, or 6.25% or 7.50%, based on the employee's PSERS election of membership class, if their participation began after July 22, 1983. Employees hired after July 1, 2001, contribute 7.50% of their regular monthly compensation.

BCCC's contribution shall be at a rate determined annually by PSERS. BCCC's contribution rate for the fiscal year ended June 30, 2013 was 6.18% and the Commonwealth of Pennsylvania contributed an additional 6.18% of covered payroll. This aggregate rate of 12.36% is composed of a pension contribution rate of 11.5% for pension benefits and 0.86% for healthcare insurance premium assistance. These rates are expected to increase in future years.

BCCC contributed \$274,865, \$185,262, and \$118,664 for the years ended June 30, 2013, 2012, and 2011, respectively, which was equal to its required contribution for the year. In accordance with Act 29, the Commonwealth of Pennsylvania also contributes an amount equal to that contributed by BCCC.

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, 2013 was 10%.

During fiscal year 2013, BCCC contributed \$858,703 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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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depend solely on amounts contributed to the Defined Contribution Plan plus investment earnings.

6. ACCUMULATED COMPENSATED ABSENCES

Accumulated compensated absences were comprised of the following at June 30, 2013:

| Early Retirement Incentive | Accumulated Sick Leave | Unused Vacation Pay | Total |
|----------------------------|------------------------|---------------------|--------------|
| \$ 60,000 | \$ 782,364 | \$ 267,240 | \$ 1,109,604 |

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, 2013 consisted of the following:

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

| | Balance at June 30, 2012 | Additions | Deletions | Balance at June 30, 2013 |
|---|-----------------------------|---------------------|-----------------|-----------------------------|
| Capital assets, not being depreciated/amortized: | | | | |
| Land and improvements | \$ 4,622,347 | \$ 507,209 | \$ - | \$ 5,129,556 |
| Total capital assets, not being depreciated/amortized | <u>4,622,347</u> | <u>507,209</u> | <u>-</u> | <u>5,129,556</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 46,111,128 | 71,740 | - | 46,182,868 |
| Vehicles | 132,313 | 107,287 | - | 239,600 |
| Equipment, furniture, and fixtures | 11,809,432 | 525,846 | - | 12,335,278 |
| Bookstore | 31,741 | - | (31,741) | - |
| Total capital assets, being depreciated/amortized | <u>58,084,614</u> | <u>704,873</u> | <u>(31,741)</u> | <u>58,757,746</u> |
| Less total accumulated depreciation/amortization | <u>(29,517,595)</u> | <u>(2,108,583)</u> | <u>31,742</u> | <u>(31,594,436)</u> |
| Net capital assets, being depreciated/amortized | <u>28,567,019</u> | <u>(1,403,710)</u> | <u>1</u> | <u>27,163,310</u> |
| Net capital assets | <u>\$ 33,189,366</u> | <u>\$ (896,501)</u> | <u>\$ 1</u> | <u>\$ 32,292,866</u> |

The Foundation's capital asset balances at June 30, 2013 consisted of the following:

| | Balance at June 30, 2012 | Additions | Deletions | Balance at June 30, 2013 |
|---|-----------------------------|---------------------|--------------|-----------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 455,991 | \$ - | \$ - | \$ 455,991 |
| Total capital assets, not being depreciated | <u>455,991</u> | <u>-</u> | <u>-</u> | <u>455,991</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 2,820,695 | - | - | 2,820,695 |
| Equipment | 1,200 | - | 1,200 | - |
| Total capital assets, being depreciated | <u>2,821,895</u> | <u>-</u> | <u>1,200</u> | <u>2,820,695</u> |
| Less total accumulated depreciation | <u>(193,425)</u> | <u>(112,820)</u> | <u>1,200</u> | <u>(305,045)</u> |
| Net capital assets, being depreciated | <u>2,628,470</u> | <u>(112,820)</u> | <u>-</u> | <u>2,515,650</u> |
| Net capital assets | <u>\$ 3,084,461</u> | <u>\$ (112,820)</u> | <u>\$ -</u> | <u>\$ 2,971,641</u> |

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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, 2013 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.

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.

COUNTY OF BUTLER, PENNSYLVANIA

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| | Available for educational and related purposes (Expendable) | Held in perpetuity as designated by donor (Nonexpendable) | Total |
|---|--|--|---------------------|
| Foundation Net Position at June 30, 2013: | | | |
| Net investment in capital assets | \$ 270,098 | \$ - | \$ 270,098 |
| Restricted: | | | |
| Expendable | 1,414,616 | - | 1,414,616 |
| Nonexpendable | - | 1,654,763 | 1,654,763 |
| Unrestricted | 836,530 | - | 836,530 |
| Total Net Position | <u>\$ 2,521,244</u> | <u>\$ 1,654,763</u> | <u>\$ 4,176,007</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:

| Fiscal Year | Amount |
|-------------|-----------------------------|
| 2014 | \$ 127,000 |
| 2015 | 127,000 |
| 2016 | 127,000 |
| 2017 | 127,000 |
| 2018 | 123,200 |
| Thereafter | <u>10,536,500</u> |
| | <u><u>\$ 11,167,700</u></u> |

As a result of the support agreement, BCCC has recorded a receivable at net present value in the amount of \$5,155,034.

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

COUNTY OF BUTLER, PENNSYLVANIA

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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, 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. The 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, 2013 in the amount of \$5,155,034. The expected rate of return on the investment is approximately 7%.

Unrecorded Assets

The Foundation owns shares of donated stock of a non-publicly traded company. The stock is not recorded on the financial statements because market valuation is not readily determinable. At June 30, 2013, the Foundation held 68,220 shares of stock in the entity. The stock was purported to have a value of \$4.67 per share as of June 30, 2013. Subsequent to year-end, the Foundation sold all 68,200 shares for \$272,880.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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10. LEASES

Capital Leases

In January 2010, BCCC entered into a capital lease agreement for the purchase of computer equipment. The computer equipment is recorded as a capital asset at June 30, 2010 and related depreciation is also recognized. The term of the lease is thirty-six months from January 2010.

Capital leases consist of the following:

| | Balance at July 1, 2012 | Issuance | Payments | Balance at June 30, 2013 |
|--------------------------|-------------------------------|----------|-------------|--------------------------------|
| Laurel Capital: Lease | \$ 17,464 | \$ - | \$ (17,464) | \$ - |

There are no future rental payments under this lease at June 30, 2013.

Operating Leases

Additionally, 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, 2013 amounted to approximately \$804,500.

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 June of 2008, the terms of the lease were amended. The commencement date changed from April 1, 2008 to July 1, 2008 and the expiration date changed from March 31, 2018 to June 30, 2018.

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.

Future minimum lease payments on the leases are as follows:

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| | Fiscal Year | Amount |
|--|-------------|----------------------------|
| | 2014 | \$ 629,394 |
| | 2015 | 629,394 |
| | 2016 | 629,394 |
| | 2017 | 629,394 |
| | 2018 | 629,394 |
| | Thereafter | <u>800,000</u> |
| | | <u><u>\$ 3,946,970</u></u> |

11. LINE OF CREDIT

Line of credit consists of the following at June 30, 2013:

| | Balance at June 30, 2012 | Proceeds | Payments | Balance at June 30, 2013 |
|---------------------|--------------------------------|-------------------|---------------------|--------------------------------|
| State Public School | | | | |
| Building Authority: | | | | |
| Line of credit | <u>\$ 173,614</u> | <u>\$ 318,102</u> | <u>\$ (333,190)</u> | <u>\$ 158,526</u> |

During 2009, BCCC obtained a line of credit with the State Public School Building Authority for capital purchases. At June 30, 2013, BCCC had an outstanding balance of \$158,526 relating to this line of credit. The line of credit has a maximum borrowing amount of \$1,435,000 with an interest rate of 1.61%, and matures in January of 2014.

12. NOTE PAYABLE

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, 2013 was \$86,534. Interest paid during fiscal year 2013 was \$1,704.

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NOTES TO FINANCIAL STATEMENTS

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The future annual payments required to amortize all debt outstanding as of June 30, 2013 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------------|------------------------|-------------------------|
| 2014 | \$ 33,631 | \$ 2,709 | \$ 36,340 |
| 2015 | 34,933 | 1,408 | 36,341 |
| 2016 | <u>17,970</u> | <u>200</u> | <u>18,170</u> |
| | <u><u>\$ 86,534</u></u> | <u><u>\$ 4,317</u></u> | <u><u>\$ 90,851</u></u> |

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

14. SUBSEQUENT EVENTS

BCCC had a tuition rate increase for fiscal year 2014. The approved 2013-2014 tuition rate increased to \$93 per credit hour for Butler County residents from \$88 per credit hour in 2012-2013, \$186 per credit hour for non-sponsored Pennsylvania residents from \$176 per credit hour in 2012-2013, and \$279 per credit hour for out-of-state residents from \$264 per credit hour in 2012-2013.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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.

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, 2013, as such amounts are immaterial.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 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.

Adopted Pronouncements

The Authority has adopted GASB Statement No. 61, "*The Financial Reporting Entity*." This statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

The Authority has adopted GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*." This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

being reported as assets and liabilities as outflows of resources and inflows of resources. As of December 31, 2013, the Authority had no items that qualified for reporting in the outflow of resources or inflow of resources categories.

Pending Pronouncements

GASB has issued Statement No. 70, *“Accounting and Financial Reporting for Non-exchange Financial Guarantees,”* effective for financial statements for periods beginning after June 15, 2013 (the Authority’s December 31, 2014 financial statements). This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

Management has not yet determined the impact of this statement 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.

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, 2013, \$1,289,071 of the Authority’s bank balance of \$1,540,404 was exposed to custodial credit risk, which is 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 have carrying amounts of \$1,539,071 as of December 31, 2013, which are reported as cash and cash equivalents in the statement of net position.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

4. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2013 consists of government grants receivable of \$79,942 and \$17,198 of accounts receivable for operating revenues.

5. LAND, BUILDINGS, AND EQUIPMENT

A summary of changes in capital assets is as follows for 2013:

| | December 31, 2012 | Additions | Deletions/ Transfers | December 31, 2013 |
|---|----------------------|-------------------|-------------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,275,901 | \$ 20,679 | \$ - | \$ 1,296,580 |
| Construction in progress | 547,416 | 42,988 | (473,128) | 117,276 |
| Total capital assets, not being depreciated | <u>1,823,317</u> | <u>63,667</u> | <u>(473,128)</u> | <u>1,413,856</u> |
| Capital assets, being depreciated: | | | | |
| Equipment | 420,688 | - | - | 420,688 |
| Buildings | 3,321,932 | 208,118 | - | 3,530,050 |
| Runway and taxiway | 14,049,410 | 582,114 | - | 14,631,524 |
| Land improvements | 638,271 | 5,736 | - | 644,007 |
| Total capital assets, being depreciated | <u>18,430,301</u> | <u>795,968</u> | <u>-</u> | <u>19,226,269</u> |
| Accumulated depreciation | <u>(8,250,423)</u> | <u>(702,620)</u> | <u>-</u> | <u>(8,953,043)</u> |
| Total capital assets being depreciated, net | <u>10,179,878</u> | <u>93,348</u> | <u>-</u> | <u>10,273,226</u> |
| Total capital assets, net | <u>\$ 12,003,195</u> | <u>\$ 157,015</u> | <u>\$ (473,128)</u> | <u>\$ 11,687,082</u> |

Construction in progress as of December 31, 2013 represents capitalized costs to the Airport Fuel Farm, terminal building, administration building renovations, and new T-hangar.

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-hangers. 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

As a result of the reduction, the loan is now payable through May 2019. The outstanding balance at December 31, 2013 was \$278,309. Interest paid during 2013 was \$5,351.

The future annual payments required to amortize all debt outstanding as of December 31, 2013 are as follows:

| | Principal | Interest | Total |
|------------|-------------------|------------------|-------------------|
| 2014 | \$ 50,012 | \$ 4,194 | \$ 54,206 |
| 2015 | 50,830 | 3,376 | 54,206 |
| 2016 | 51,661 | 2,545 | 54,206 |
| 2017 | 52,506 | 1,700 | 54,206 |
| 2018 | 53,364 | 842 | 54,206 |
| Thereafter | 19,936 | 88 | 20,024 |
| | <u>\$ 278,309</u> | <u>\$ 12,745</u> | <u>\$ 291,054</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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

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 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 are 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 will increase at a rate of \$500 per month each year.

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

| | |
|------------|--------------------------|
| 2014 | \$ 121,545 |
| 2015 | 101,625 |
| 2016 | 101,625 |
| 2017 | 101,625 |
| 2018 | 101,625 |
| Thereafter | <u>110,587</u> |
| | <u><u>\$ 638,632</u></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.

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 2013 was \$213,771, with \$427,543 reported as

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 OR JUNE 30, 2013

unearned revenue on the statement 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 no royalties during 2013.

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 2013. Contributions to the Plan during 2013 were \$3,349. 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 past three years.

11. CONTINGENT LIABILITIES

The Authority is subject to state and federal audits by grantor agencies. These laws and regulations are complex and subject to interpretation. The Authority is not aware of any pending audit involving prior or current years; however, compliance with such laws and regulations can be subject to future reviews and interpretation, which could result in disallowed costs.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Excess of Assets Over (Under) AAL | Funded Ratio | Covered Payroll | Excess (Deficiency) as a Percentage of Covered Payroll |
|--------------------------|---------------------------|---|-----------------------------------|--------------|-----------------|--|
| 1/1/2008 | \$ 106,174,910 | \$ 134,672,189 | \$ (28,497,279) | 78.84% | \$ 29,936,923 | (95.19%) |
| 1/1/2009 | 102,163,256 | 145,148,259 | (42,985,003) | 70.39% | 30,575,991 | (140.58%) |
| 1/1/2010 | 111,030,976 | 148,852,958 | (37,821,982) | 74.59% | 31,576,155 | (119.78%) |
| 1/1/2011 | 120,338,204 | 160,325,187 | (39,986,983) | 75.06% | 33,098,062 | (120.81%) |
| 1/1/2012 | 131,446,907 | 172,292,041 | (40,845,134) | 76.29% | 34,891,445 | (117.06%) |
| 1/1/2013 | 144,118,424 | 186,098,445 | (41,980,021) | 77.44% | 36,117,283 | (116.23%) |

See accompanying note to supplemental schedules.

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

DECEMBER 31, 2013

| Calendar Year | Annual Required Contributions | Percentage Contributed |
|------------------|-------------------------------------|---------------------------|
| 2008 | \$ 4,712,669 | 100% |
| 2009 | 6,486,486 | 100% |
| 2010 | 6,095,561 | 100% |
| 2011 | 6,564,903 | 100% |
| 2012 | 6,860,358 | 100% |
| 2013 | 7,313,625 | 100% |

See accompanying note to supplemental schedules.

COUNTY OF BUTLER, PENNSYLVANIA

NOTE TO SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2013

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|------------------------------|---|
| Actuarial valuation date | 1/1/2013 |
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Greater of Market Value and Actuarial Value |
| Amortization method | Level Percentage of Projected Payroll - Closed |
| Amortization period | 8 years |
| Actuarial assumptions: | |
| Investment rate of return * | 7.5% |
| Projected salary increases * | 3.5% |
| Cost of living adjustments | 100% change in C.P.I. |

* Includes inflation at 3%.

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
- Community Services Block Grant
- Project Hope Program
- Homeless Assistance Program
- Council on Drug and Alcohol
- Independent Living Grant
- Medical Assistance Transportation Grant
- Senior Aide Program
- Shared Ride Transportation Funds
- State Food Program
- Welfare to Work Transportation Grant
- Tobacco Fund

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 **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.

The **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.

The **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 **Homeless Prevention and Rapid Re-Housing Program Grant (HPRP Grant) Fund** accounts for federal grant revenue and expenditures designated for the purpose of providing short-term and medium-term rental assistance, housing relocation and stabilization services, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance, moving cost assistance, case management, or other appropriate activities for homelessness prevention and rapid re-housing of eligible persons who have become homeless.

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

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, 2013

| | Special Revenue | | | | | | | | | | |
|---|-------------------|----------------------|--------------------------------|-----------------------|--------------------------|-----------------------------|-------------------------------|------------------------------|------------------|--------------------------|----------------------------------|
| | Hotel Tax Fund | Marcellus Shale Fund | Act 13 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 | Tobacco Fund | Independent Living Grant | Shared Ride Transportation Funds |
| Assets | | | | | | | | | | | |
| Cash and cash equivalents | \$ 118,013 | \$ 740,586 | \$ 457,187 | \$ 15,300 | \$ 716,278 | \$ 95,372 | \$ 13,928 | \$ 845,645 | \$ 19,574 | \$ 928 | \$ 41,966 |
| Advances receivable | - | - | - | - | - | - | - | - | - | - | 50,000 |
| Taxes receivable | 89,271 | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | 557 | - | (73) | - | - | 20,396 |
| Due from other funds | - | - | - | 87,134 | - | 70,919 | - | 20,853 | - | - | - |
| Due from other governments | - | 1,200,000 | - | 66,952 | 48,783 | 53,789 | 80,072 | 110,086 | 11,426 | 59,094 | 82,998 |
| Prepays | - | - | - | - | - | - | - | 2,908 | - | - | - |
| Total Assets | \$ 207,284 | \$ 1,940,586 | \$ 457,187 | \$ 169,386 | \$ 765,061 | \$ 220,637 | \$ 94,000 | \$ 979,419 | \$ 31,000 | \$ 60,022 | \$ 195,360 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 203,132 | \$ - | \$ - | \$ 107,077 | \$ 345,502 | \$ 64,902 | \$ 91,004 | \$ 186,270 | \$ - | \$ 23,096 | \$ 50,591 |
| Accrued payroll and payroll taxes | - | - | - | 15,754 | - | 15,796 | - | 56,112 | - | - | - |
| Unearned revenue | - | 200,349 | - | - | - | 81,953 | - | 403,243 | - | - | 67,557 |
| Due to other funds | 4,152 | - | - | 46,555 | - | 57,986 | 2,996 | 112,392 | 31,000 | 33,817 | 77,212 |
| Due to other governments | - | - | - | - | - | - | - | 20,027 | - | 3,109 | - |
| Total Liabilities | 207,284 | 200,349 | - | 169,386 | 345,502 | 220,637 | 94,000 | 778,044 | 31,000 | 60,022 | 195,360 |
| Deferred Inflows of Resources: | | | | | | | | | | | |
| Unavailable revenue - impact fees | - | 1,200,000 | - | - | - | - | - | - | - | - | - |
| Unavailable revenue - loans | - | - | - | - | - | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | 1,200,000 | - | - | - | - | - | - | - | - | - |
| Fund Balance: | | | | | | | | | | | |
| Nonspendable - prepaid items | - | - | - | - | - | - | - | - | 2,908 | - | - |
| Restricted for: | | | | | | | | | | | |
| Act 13 | - | 540,237 | - | - | - | - | - | - | - | - | - |
| Roads and bridges | - | - | 457,187 | - | 419,559 | - | - | - | - | - | - |
| Records improvement/automation | - | - | - | - | - | - | - | - | - | - | - |
| Central booking/court restitution | - | - | - | - | - | - | - | - | - | - | - |
| Area Agency on Aging program | - | - | - | - | - | - | - | 198,467 | - | - | - |
| Capital purchases | - | - | - | - | - | - | - | - | - | - | - |
| Assigned: | | | | | | | | | | | |
| Conservation District | - | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - |
| Total Fund Balance | - | 540,237 | 457,187 | - | 419,559 | - | - | 201,375 | - | - | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 207,284 | \$ 1,940,586 | \$ 457,187 | \$ 169,386 | \$ 765,061 | \$ 220,637 | \$ 94,000 | \$ 979,419 | \$ 31,000 | \$ 60,022 | \$ 195,360 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2013

(Continued)

| Special Revenue | | | | | | | | | | | | |
|---|---|--------------------------------|--------------------|-----------------------------|--------------------------------------|----------------------|---------------------|-----------------------------------|----------------------------|----------------------------|------------------|--|
| | Medical Assistance Transportation Grant | Community Services Block Grant | State Food Program | Homeless Assistance 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 | |
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 207,079 | \$ 922 | \$ 21,110 | \$ - | \$ 426 | \$ 2,698 | \$ 290 | \$ 214,582 | \$ 426,164 | \$ 26,637 | \$ 4,551 | |
| Advances receivable | 250,000 | - | - | - | - | - | - | - | - | - | - | |
| Taxes receivable | - | - | - | - | - | - | - | - | - | - | - | |
| Accounts receivable | - | - | 25 | - | - | - | - | - | - | - | - | |
| Due from other funds | - | - | - | 1,947 | - | - | - | - | 1,324 | 148 | - | |
| Due from other governments | 385 | 150,485 | 11,783 | - | 2,670 | 25,135 | 18,027 | 382,224 | 18,177 | 39,766 | 21,364 | |
| Prepays | - | - | - | - | - | - | - | 1,080 | - | - | - | |
| Total Assets | \$ 457,464 | \$ 151,407 | \$ 32,918 | \$ 1,947 | \$ 3,096 | \$ 27,833 | \$ 18,317 | \$ 599,210 | \$ 444,489 | \$ 66,403 | \$ 35,876 | |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | \$ 140,779 | \$ 77,574 | \$ 3,512 | \$ - | \$ 2,670 | \$ 27,829 | \$ 2,406 | \$ 4,605 | \$ 1,822 | \$ 28,000 | \$ 6 | |
| Accrued payroll and payroll taxes | - | - | - | - | - | - | 5,783 | 65,398 | 10,484 | - | 1,970 | |
| Unearned revenue | 289,142 | 8,700 | 17,960 | - | 426 | 4 | 2 | - | 189,579 | 37,386 | 4,911 | |
| Due to other funds | 27,543 | 65,133 | 11,446 | 1,947 | - | - | 10,126 | 529,207 | 30,669 | 1,017 | 28,989 | |
| Due to other governments | - | - | - | - | - | - | - | - | - | - | - | |
| Total Liabilities | 457,464 | 151,407 | 32,918 | 1,947 | 3,096 | 27,833 | 18,317 | 599,210 | 232,554 | 66,403 | 35,876 | |
| Deferred Inflows of Resources: | | | | | | | | | | | | |
| Unavailable revenue - impact fees | - | - | - | - | - | - | - | - | - | - | - | |
| Unavailable revenue - loans | - | - | - | - | - | - | - | - | - | - | - | |
| Total Deferred Inflows of Resources | - | - | - | - | - | - | - | - | - | - | - | |
| Fund Balance: | | | | | | | | | | | | |
| Nonspendable - prepaid items | - | - | - | - | - | - | - | - | 1,080 | - | - | |
| Restricted for: | | | | | | | | | | | | |
| Act 13 | - | - | - | - | - | - | - | - | - | - | - | |
| Roads and bridges | - | - | - | - | - | - | - | - | - | - | - | |
| Records improvement/automation | - | - | - | - | - | - | - | - | - | - | - | |
| Central booking/court restitution | - | - | - | - | - | - | - | - | - | - | - | |
| Area Agency on Aging program | - | - | - | - | - | - | - | - | - | - | - | |
| Capital purchases | - | - | - | - | - | - | - | - | - | - | - | |
| Assigned: | | | | | | | | | | | | |
| Conservation District | - | - | - | - | - | - | - | - | 211,935 | - | - | |
| Unassigned | - | - | - | - | - | - | - | (1,080) | - | - | - | |
| Total Fund Balance | - | - | - | - | - | - | - | - | 211,935 | - | - | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 457,464 | \$ 151,407 | \$ 32,918 | \$ 1,947 | \$ 3,096 | \$ 27,833 | \$ 18,317 | \$ 599,210 | \$ 444,489 | \$ 66,403 | \$ 35,876 | |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2013

(Continued)

| | Special Revenue | | | | | | | | | | | | |
|---|--------------------------|---|-----------------------------|--|---|----------------------------|--|--|--|--|-----------------------|--|--------------------|
| | Landfill Closure Fund | 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 | HPRP Grant Fund | Emergency Shelter Reno Grant Fund | Recreation Fund |
| Assets | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 313,445 | \$ 67,617 | \$ 45,059 | \$ 374,964 | \$ 99,519 | \$ 203,105 | \$ 9,687 | \$ 27,725 | \$ 82,558 | \$ 70,683 | \$ 25 | \$ 1,181 | \$ 62,581 |
| Advances receivable | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | - | 1,648 | 27,365 | - | - | - | - | - | - | - | - | - | 900 |
| Due from other funds | - | 36,492 | - | - | 43 | 29 | - | - | - | - | - | - | 223,919 |
| Due from other governments | - | 3,876 | 196,182 | - | - | - | - | - | - | - | - | 1,173 | 83,709 |
| Prepads | - | 8,397 | - | - | 30,945 | - | - | - | - | - | - | - | 120 |
| Total Assets | \$ 313,445 | \$ 118,030 | \$ 268,606 | \$ 374,964 | \$ 130,507 | \$ 203,134 | \$ 9,687 | \$ 27,725 | \$ 82,558 | \$ 70,683 | \$ 25 | \$ 2,354 | \$ 371,229 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ 214 | \$ 7,280 | \$ - | \$ 6 | \$ 3 | \$ - | \$ - | \$ - | \$ 9,431 | \$ - | \$ - | \$ 24,089 |
| Accrued payroll and payroll taxes | - | 2,210 | 1,164 | - | 1,834 | 2,852 | - | - | - | - | - | - | 6,316 |
| Unearned revenue | 313,445 | 110,851 | - | - | - | - | - | - | - | - | 25 | 2,354 | 8,723 |
| Due to other funds | - | 4,755 | 260,162 | - | 3,635 | 13,827 | - | - | - | - | - | - | 13,528 |
| Due to other governments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Liabilities | 313,445 | 118,030 | 268,606 | - | 5,475 | 16,682 | - | - | - | 9,431 | 25 | 2,354 | 52,656 |
| Deferred Inflows of Resources: | | | | | | | | | | | | | |
| Unavailable revenue - impact fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unavailable revenue - loans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fund Balance: | | | | | | | | | | | | | |
| Nonspendable - prepaid items | - | 8,397 | - | - | 30,945 | - | - | - | - | - | - | - | 120 |
| Restricted for: | | | | | | | | | | | | | |
| Act 13 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Records improvement/automation | - | - | - | 374,964 | 94,087 | - | - | 27,725 | 82,558 | 61,252 | - | - | - |
| Central booking/court restitution | - | - | - | - | - | 186,452 | 9,687 | - | - | - | - | - | - |
| Area Agency on Aging program | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital purchases | - | - | - | - | - | - | - | - | - | - | - | - | 318,453 |
| Assigned: | | | | | | | | | | | | | |
| Conservation District | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | (8,397) | - | - | - | - | - | - | - | - | - | - | - |
| Total Fund Balance | - | - | - | 374,964 | 125,032 | 186,452 | 9,687 | 27,725 | 82,558 | 61,252 | - | - | 318,573 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 313,445 | \$ 118,030 | \$ 268,606 | \$ 374,964 | \$ 130,507 | \$ 203,134 | \$ 9,687 | \$ 27,725 | \$ 82,558 | \$ 70,683 | \$ 25 | \$ 2,354 | \$ 371,229 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2013

(Continued)

| | Special Revenue | | | | Capital Projects | | | | | Debt Service | | Total Other Governmental Funds |
|---|-------------------------------|---|-----------------------------|----------------------------|-----------------------|---|--|---------------------------------|-----------------------|------------------------------|-----------------|---|
| | General Fund Grant Fund | Supportive Services for Veteran Families | Total Special Revenue | Capital Reserve Fund | 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 | \$ - | \$ - | \$ 5,327,385 | \$ - | \$ 1,860 | \$ 2,859 | \$ 1,543,282 | \$ 9,135 | \$ 149 | \$ 1,557,285 | \$ - | \$ 6,884,670 |
| Advances receivable | - | - | 300,000 | - | - | - | - | - | - | - | - | 300,000 |
| Taxes receivable | - | - | 89,271 | - | - | - | - | - | - | - | - | 89,271 |
| Accounts receivable | 33,061 | - | 83,879 | - | - | - | 252,166 | - | - | 252,166 | - | 336,045 |
| Due from other funds | 1,821 | - | 454,590 | 235,011 | - | - | - | - | - | 235,011 | - | 689,601 |
| Due from other governments | 192,383 | 21,125 | 2,881,664 | - | 98,345 | 44,359 | - | - | - | 142,704 | - | 3,024,368 |
| Prepays | - | - | 43,450 | - | - | - | - | - | - | - | - | 43,450 |
| Total Assets | \$ 227,265 | \$ 21,125 | \$ 9,180,239 | \$ 235,011 | \$ 100,205 | \$ 47,218 | \$ 1,795,448 | \$ 9,135 | \$ 149 | \$ 2,187,166 | \$ - | \$ 11,367,405 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | \$ 48,196 | \$ 21,125 | \$ 1,471,121 | \$ 217,760 | \$ 97,532 | \$ 23,259 | \$ 3,100 | \$ 5,180 | \$ - | \$ 346,831 | \$ - | \$ 1,817,952 |
| Accrued payroll and payroll taxes | 7,780 | - | 193,453 | 1,212 | - | - | - | - | - | 1,212 | - | 194,665 |
| Unearned revenue | 1,170 | - | 1,737,780 | - | 1,860 | 2,859 | 1,533,696 | 3,955 | 149 | 1,542,519 | - | 3,280,299 |
| Due to other funds | 170,119 | - | 1,538,213 | 9,786 | 813 | 21,100 | 6,486 | - | - | 38,185 | - | 1,576,398 |
| Due to other governments | - | - | 23,136 | - | - | - | - | - | - | - | - | 23,136 |
| Total Liabilities | 227,265 | 21,125 | 4,963,703 | 228,758 | 100,205 | 47,218 | 1,543,282 | 9,135 | 149 | 1,928,747 | - | 6,892,450 |
| Deferred Inflows of Resources: | | | | | | | | | | | | |
| Unavailable revenue - impact fees | - | - | 1,200,000 | - | - | - | - | - | - | - | - | 1,200,000 |
| Unavailable revenue - loans | - | - | - | - | - | - | 252,166 | - | - | 252,166 | - | 252,166 |
| Total Deferred Inflows of Resources | - | - | 1,200,000 | - | - | - | 252,166 | - | - | 252,166 | - | 1,452,166 |
| Fund Balance: | | | | | | | | | | | | |
| Nonspendable - prepaid items | - | - | 43,450 | - | - | - | - | - | - | - | - | 43,450 |
| Restricted for: | | | | | | | | | | | | |
| Act 13 | - | - | 540,237 | - | - | - | - | - | - | - | - | 540,237 |
| Roads and bridges | - | - | 876,746 | - | - | - | - | - | - | - | - | 876,746 |
| Records improvement/automation | - | - | 640,586 | - | - | - | - | - | - | - | - | 640,586 |
| Central booking/court restitution | - | - | 196,139 | - | - | - | - | - | - | - | - | 196,139 |
| Area Agency on Aging program | - | - | 198,467 | - | - | - | - | - | - | - | - | 198,467 |
| Capital purchases | - | - | 318,453 | 6,253 | - | - | - | - | - | 6,253 | - | 324,706 |
| Assigned: | | | | | | | | | | | | |
| Conservation District | - | - | 211,935 | - | - | - | - | - | - | - | - | 211,935 |
| Unassigned | - | - | (9,477) | - | - | - | - | - | - | - | - | (9,477) |
| Total Fund Balance | - | - | 3,016,536 | 6,253 | - | - | - | - | - | 6,253 | - | 3,022,789 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 227,265 | \$ 21,125 | \$ 9,180,239 | \$ 235,011 | \$ 100,205 | \$ 47,218 | \$ 1,795,448 | \$ 9,135 | \$ 149 | \$ 2,187,166 | \$ - | \$ 11,367,405 |

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

| | Special Revenue | | | | | | | | | | |
|--|-----------------|----------------------|--------------------------------|-----------------------|--------------------------|-----------------------------|-------------------------------|------------------------------|--------------|--------------------------|----------------------------------|
| | Hotel Tax Fund | Marcellus Shale Fund | Act 13 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 | Tobacco Fund | Independent Living Grant | Shared Ride Transportation Funds |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ 1,364,156 | \$ - | \$ 257,936 | \$ 486,621 | \$ 2,388,677 | \$ 1,124,719 | \$ 262,233 | \$ 2,991,909 | \$ 96,560 | \$ 173,343 | \$ - |
| Intergovernmental | - | 1,306,721 | - | - | - | - | - | 229,589 | - | - | 515,664 |
| Charges for services | - | - | - | - | - | 23,884 | - | - | - | - | 64,485 |
| Interest | - | 2,369 | 551 | 3 | 95 | - | - | 306 | - | - | - |
| Other | - | - | - | 9,002 | - | 572 | - | 189,814 | - | - | 885 |
| Total revenues | 1,364,156 | 1,309,090 | 258,487 | 495,626 | 2,388,772 | 1,149,175 | 262,233 | 3,411,618 | 96,560 | 173,343 | 581,034 |
| Expenditures: | | | | | | | | | | | |
| General government - administration | - | - | - | - | - | - | - | - | - | - | - |
| General government - judicial | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - | - | - |
| Public works and enterprises | - | - | - | 693,265 | 2,353 | - | - | - | - | - | - |
| Human services | - | - | - | - | - | 1,659,004 | 262,233 | 3,544,259 | 96,560 | 193,856 | 598,238 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | - |
| Conservation and development | 1,336,528 | 150,000 | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - | - |
| Capital projects | - | - | 62,025 | - | 2,417,485 | - | - | - | - | - | - |
| Total expenditures | 1,336,528 | 150,000 | 62,025 | 693,265 | 2,419,838 | 1,659,004 | 262,233 | 3,544,259 | 96,560 | 193,856 | 598,238 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 27,628 | 1,159,090 | 196,462 | (197,639) | (31,066) | (509,829) | - | (132,641) | - | (20,513) | (17,204) |
| Other Financing Sources (Uses): | | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 197,639 | 2,353 | 509,829 | - | 40,877 | - | 20,513 | 17,204 |
| Transfers out | (27,628) | (1,516,351) | - | - | - | - | - | (630) | - | - | - |
| Total other financing sources (uses) | (27,628) | (1,516,351) | - | 197,639 | 2,353 | 509,829 | - | 40,247 | - | 20,513 | 17,204 |
| Net Change in Fund Balance | - | (357,261) | 196,462 | - | (28,713) | - | - | (92,394) | - | - | - |
| Fund Balance: | | | | | | | | | | | |
| Beginning of year | - | 897,498 | 260,725 | - | 448,272 | - | - | 293,769 | - | - | - |
| End of year | \$ - | \$ 540,237 | \$ 457,187 | \$ - | \$ 419,559 | \$ - | \$ - | \$ 201,375 | \$ - | \$ - | \$ - |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Continued)

| | Special Revenue | | | | | | | | | |
|--|---|--------------------------------|--------------------|-----------------------------|--------------------------------------|----------------------|---------------------|-----------------------------------|----------------------------|----------------------------|
| | Medical Assistance Transportation Grant | Community Services Block Grant | State Food Program | Homeless Assistance Program | Welfare to Work Transportation Grant | Project Hope Program | Senior Aide Program | Domestic Relations Operating Fund | Conservation District Fund | Dirt and Gravel Roads Fund |
| Revenues: | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 1,931,665 | 414,897 | 214,775 | - | 21,246 | 165,271 | 158,679 | 1,516,939 | 105,978 | 73,800 |
| Charges for services | - | - | - | - | - | - | - | 52,681 | 285,180 | - |
| Interest | - | - | 308 | - | - | - | - | - | - | 29,258 |
| Other | - | - | 11,672 | - | - | - | - | 5,811 | 945 | - |
| Total revenues | 1,931,665 | 414,897 | 226,755 | - | 21,246 | 165,271 | 158,679 | 1,575,431 | 392,103 | 103,058 |
| | | | | | | | | | | 47,630 |
| Expenditures: | | | | | | | | | | |
| General government - administration | - | - | - | - | - | - | - | - | - | - |
| General government - judicial | - | - | - | - | - | - | - | 2,434,868 | - | - |
| Public safety | - | - | - | - | - | - | - | - | - | - |
| Public works and enterprises | - | - | - | - | - | - | - | - | - | - |
| Human services | 1,931,665 | 414,897 | 226,755 | - | 21,246 | 165,271 | 158,679 | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - |
| Conservation and development | - | - | - | - | - | - | - | 337,177 | 103,058 | 63,231 |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 1,931,665 | 414,897 | 226,755 | - | 21,246 | 165,271 | 158,679 | 2,434,868 | 337,177 | 103,058 |
| | | | | | | | | | | 63,231 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | | | | | | |
| | - | - | - | - | - | - | - | (859,437) | 54,926 | - |
| | | | | | | | | | | (15,601) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | 859,437 | - | 15,601 |
| Transfers out | - | - | - | - | - | - | - | - | (9,915) | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | 859,437 | (9,915) | - |
| | | | | | | | | | | 15,601 |
| Net Change in Fund Balance | | | | | | | | | 45,011 | - |
| Fund Balance: | | | | | | | | | | |
| Beginning of year | - | - | - | - | - | - | - | - | 166,924 | - |
| End of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 211,935 | \$ - |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Continued)

| Special Revenue | | | | | | | | | | | | | |
|--|--------------------------|---------------------------------|-----------------------------|--|---|----------------------------|---------------------------------------|--|--|--|-----------------------|--|--------------------|
| | Landfill Closure Fund | 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 | HPRP Grant Fund | Emergency Shelter Reno Grant Fund | Recreation Fund |
| Revenues: | | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | | 34,483 | 239,660 | | | | | | | | | 76,435 | 115,906 |
| Charges for services | - | 73,985 | 113,914 | 72,752 | 109,128 | 126,794 | 6,089 | 11,745 | 10,980 | 26,428 | - | - | 144,397 |
| Interest | - | - | - | 703 | - | - | - | - | - | - | - | - | - |
| Other | - | 50 | - | - | - | - | - | - | - | - | - | - | 1,481 |
| Total revenues | - | 108,518 | 353,574 | 73,455 | 109,128 | 126,794 | 6,089 | 11,745 | 10,980 | 26,428 | - | 76,435 | 261,784 |
| Expenditures: | | | | | | | | | | | | | |
| General government - administration | - | - | - | 64,857 | 97,626 | - | - | - | - | - | - | - | - |
| General government - judicial | - | - | - | - | - | 99,465 | 3,329 | 4,250 | 4,250 | 13,184 | - | - | - |
| Public safety | - | 144,959 | - | - | - | - | - | - | - | - | - | - | - |
| Public works and enterprises | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | - | - | - | - | 1,581 | - |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | - | - | 305,492 |
| Conservation and development | - | - | 201,497 | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - | - | - | - | - | - | 74,854 | 190,788 |
| Total expenditures | - | 144,959 | 201,497 | 64,857 | 97,626 | 99,465 | 3,329 | 4,250 | 4,250 | 13,184 | - | 76,435 | 496,280 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | (36,441) | 152,077 | 8,598 | 11,502 | 27,329 | 2,760 | 7,495 | 6,730 | 13,244 | - | - | (234,496) |
| Other Financing Sources (Uses): | | | | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | 36,441 | - | - | 891 | - | - | - | - | - | - | - | 304,996 |
| Transfers out | - | - | (152,077) | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 36,441 | (152,077) | - | 891 | - | - | - | - | - | - | - | 304,996 |
| Net Change in Fund Balance | - | - | - | 8,598 | 12,393 | 27,329 | 2,760 | 7,495 | 6,730 | 13,244 | - | - | 70,500 |
| Fund Balance: | | | | | | | | | | | | | |
| Beginning of year | - | - | - | 366,366 | 112,639 | 159,123 | 6,927 | 20,230 | 75,828 | 48,008 | - | - | 248,073 |
| End of year | \$ - | \$ - | \$ - | \$ 374,964 | \$ 125,032 | \$ 186,452 | \$ 9,687 | \$ 27,725 | \$ 82,558 | \$ 61,252 | \$ - | \$ - | \$ 318,573 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Continued)

| | Special Revenue | | | Capital Projects | | | | | | Debt Service | | Total Other Governmental Funds |
|--|-------------------------------|---|-----------------------------|----------------------------|-----------------------|---|--|---------------------------------|-----------------------|------------------------------|-----------------|---|
| | General Fund Grant Fund | Supportive Services for Veteran Families | Total Special Revenue | Capital Reserve Fund | 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 | |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ - | \$ 1,364,156 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,364,156 |
| Intergovernmental | 588,247 | 21,125 | 15,331,119 | 137,276 | 169,284 | 507,098 | - | 51,456 | 192,624 | 1,057,738 | - | 16,388,857 |
| Charges for services | 59,588 | - | 1,411,619 | 3,650 | - | - | 40,637 | - | - | 44,287 | - | 1,455,906 |
| Interest | - | - | 33,593 | - | - | - | 2,607 | - | - | 2,607 | - | 36,200 |
| Other | 27,844 | - | 248,076 | 1,021 | - | - | - | - | - | 1,021 | - | 249,097 |
| Total revenues | 675,679 | 21,125 | 18,388,563 | 141,947 | 169,284 | 507,098 | 43,244 | 51,456 | 192,624 | 1,105,653 | - | 19,494,216 |
| Expenditures: | | | | | | | | | | | | |
| General government - administration | - | - | 162,483 | - | - | - | - | - | - | - | - | 162,483 |
| General government - judicial | 127,007 | - | 2,686,353 | - | - | - | - | - | - | - | - | 2,686,353 |
| Public safety | 188,510 | - | 333,469 | - | - | - | - | - | - | - | - | 333,469 |
| Public works and enterprises | - | - | 695,618 | - | - | 91,948 | - | - | - | 91,948 | - | 787,566 |
| Human services | 73,719 | 21,125 | 9,369,088 | - | - | - | - | - | - | - | - | 9,369,088 |
| Culture and recreation | - | - | 305,492 | - | - | - | - | - | - | - | - | 305,492 |
| Conservation and development | - | - | 2,191,491 | - | 13,508 | 19,363 | 17,550 | - | - | 50,421 | - | 2,241,912 |
| Debt service | - | - | - | 450 | - | - | - | - | - | 450 | - | 450 |
| Capital projects | - | - | 2,745,152 | 1,016,412 | 155,776 | 395,787 | 19,208 | 56,224 | 192,624 | 1,836,031 | - | 4,581,183 |
| Total expenditures | 389,236 | 21,125 | 18,489,146 | 1,016,862 | 169,284 | 507,098 | 36,758 | 56,224 | 192,624 | 1,978,850 | - | 20,467,996 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 286,443 | - | (100,583) | (874,915) | - | - | 6,486 | (4,768) | - | (873,197) | - | (973,780) |
| Other Financing Sources (Uses): | | | | | | | | | | | | |
| Sale of capital assets | - | - | 7,533 | - | - | - | - | 4,768 | - | 12,301 | - | 12,301 |
| Transfers in | 1,639 | - | 2,007,420 | 759,879 | - | - | - | - | - | 759,879 | - | 2,767,299 |
| Transfers out | (288,082) | - | (1,994,683) | (6,280) | - | - | (6,486) | - | - | (12,766) | - | (2,007,449) |
| Total other financing sources (uses) | (286,443) | - | 12,737 | 761,132 | - | - | (6,486) | 4,768 | - | 759,414 | - | 772,151 |
| Net Change in Fund Balance | - | - | (87,846) | (113,783) | - | - | - | - | - | (113,783) | - | (201,629) |
| Fund Balance: | | | | | | | | | | | | |
| Beginning of year | - | - | 3,104,382 | 120,036 | - | - | - | - | - | 120,036 | - | 3,224,418 |
| End of year | \$ - | \$ - | \$ 3,016,536 | \$ 6,253 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,253 | \$ - | \$ 3,022,789 |

(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 (Sheriff, Treasurer's Office, Register of Wills, Prothonotary, District Justice Courts, Clerk of Courts, and Recorder of Deeds) 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, 2013

| | 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 | \$ 106,008 | \$ 2,144 | \$ 559,274 | \$ 151,241 | \$ 323,121 | \$ 1,165,665 | \$ 281,238 | \$ 133,615 | \$ 575,361 | \$ 3,297,667 |
| Total Assets | \$ 106,008 | \$ 2,144 | \$ 559,274 | \$ 151,241 | \$ 323,121 | \$ 1,165,665 | \$ 281,238 | \$ 133,615 | \$ 575,361 | \$ 3,297,667 |
| Liabilities | | | | | | | | | | |
| Due to other governments | \$ 55,717 | \$ 2,144 | \$ 5,543 | \$ 81,779 | \$ 80,439 | \$ 1,111,985 | \$ 15,176 | \$ - | \$ - | \$ 1,352,783 |
| Due to others/unreconciled amounts | - | - | - | - | - | - | 266,062 | - | - | 266,062 |
| Escrow liability | 50,291 | - | 553,731 | 69,462 | 242,682 | 53,680 | - | 133,615 | 575,361 | 1,678,822 |
| Total Liabilities | \$ 106,008 | \$ 2,144 | \$ 559,274 | \$ 151,241 | \$ 323,121 | \$ 1,165,665 | \$ 281,238 | \$ 133,615 | \$ 575,361 | \$ 3,297,667 |

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

| | Balance at January 1, 2013 | Additions | Deletions | Balance at December 31, 2013 |
|---------------------------|----------------------------------|--------------------------|--------------------------|------------------------------------|
| Treasurer's Office | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 185,429 | <u>567,087</u> | <u>646,508</u> | <u>106,008</u> |
| Liabilities | | | | |
| Due to other governments | \$ 56,311 | \$ 432,831 | \$ 433,425 | \$ 55,717 |
| Escrow liability | <u>129,118</u> | <u>134,256</u> | <u>213,083</u> | <u>50,291</u> |
| Total Liabilities | <u>\$ 185,429</u> | <u>\$ 567,087</u> | <u>\$ 646,508</u> | <u>\$ 106,008</u> |
| Register of Wills | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,263 | <u>37,329</u> | <u>37,448</u> | <u>2,144</u> |
| Liabilities | | | | |
| Due to other governments | \$ 2,263 | \$ 37,329 | \$ 37,448 | \$ 2,144 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Continued)

| | Balance at January 1, 2013 | Additions | Deletions | Balance at December 31, 2013 |
|--------------------------------|----------------------------------|---------------------|---------------------|------------------------------------|
| Prothonotary | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 265,734</u> | <u>\$ 916,056</u> | <u>\$ 622,516</u> | <u>\$ 559,274</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$ 4,751</u> | <u>\$ 76,301</u> | <u>\$ 75,509</u> | <u>\$ 5,543</u> |
| Escrow liability | <u>260,983</u> | <u>839,755</u> | <u>547,007</u> | <u>553,731</u> |
| Total Liabilities | <u>\$ 265,734</u> | <u>\$ 916,056</u> | <u>\$ 622,516</u> | <u>\$ 559,274</u> |
| District Justice Courts | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 145,635</u> | <u>\$ 3,227,474</u> | <u>\$ 3,221,868</u> | <u>\$ 151,241</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$ 57,322</u> | <u>\$ 2,747,793</u> | <u>\$ 2,723,336</u> | <u>\$ 81,779</u> |
| Escrow liability | <u>88,313</u> | <u>479,681</u> | <u>498,532</u> | <u>69,462</u> |
| Total Liabilities | <u>\$ 145,635</u> | <u>\$ 3,227,474</u> | <u>\$ 3,221,868</u> | <u>\$ 151,241</u> |
| Clerk of Courts | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 236,452</u> | <u>\$ 1,801,598</u> | <u>\$ 1,714,929</u> | <u>\$ 323,121</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$ 64,155</u> | <u>\$ 990,570</u> | <u>\$ 974,286</u> | <u>\$ 80,439</u> |
| Escrow liability | <u>172,297</u> | <u>811,028</u> | <u>740,643</u> | <u>242,682</u> |
| Total Liabilities | <u>\$ 236,452</u> | <u>\$ 1,801,598</u> | <u>\$ 1,714,929</u> | <u>\$ 323,121</u> |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Continued)

| | Balance at January 1, 2013 | Additions | Deletions | Balance at December 31, 2013 |
|------------------------------------|----------------------------------|---------------------|---------------------|------------------------------------|
| Recorder of Deeds | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 1,053,544</u> | <u>\$ 9,203,550</u> | <u>\$ 9,091,429</u> | <u>\$ 1,165,665</u> |
| Liabilities | | | | |
| Due to other governments | \$ 1,005,540 | \$ 8,935,544 | \$ 8,829,099 | \$ 1,111,985 |
| Escrow liability | 48,004 | 268,006 | 262,330 | 53,680 |
| Total Liabilities | <u>\$ 1,053,544</u> | <u>\$ 9,203,550</u> | <u>\$ 9,091,429</u> | <u>\$ 1,165,665</u> |
| Sheriff | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 465,671 | \$ 1,702,757 | \$ 1,887,190 | \$ 281,238 |
| Liabilities | | | | |
| Due to other governments | \$ 12,955 | \$ 44,386 | \$ 42,165 | \$ 15,176 |
| Due to others/unreconciled amounts | 452,716 | 1,658,371 | 1,845,025 | 266,062 |
| Total Liabilities | <u>\$ 465,671</u> | <u>\$ 1,702,757</u> | <u>\$ 1,887,190</u> | <u>\$ 281,238</u> |
| Domestic Relations | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 171,010 | \$ 473,359 | \$ 510,754 | \$ 133,615 |
| Liabilities | | | | |
| Escrow liability | \$ 171,010 | \$ 473,359 | \$ 510,754 | \$ 133,615 |
| Prison Commissary | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 456,249 | \$ 910,069 | \$ 790,957 | \$ 575,361 |
| Liabilities | | | | |
| Escrow liability | \$ 456,249 | \$ 910,069 | \$ 790,957 | \$ 575,361 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Continued)

| | Balance at January 1, 2013 | Additions | Deletions | Balance at December 31, 2013 |
|------------------------------------|----------------------------------|----------------------|----------------------|------------------------------------|
| Total all Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 2,981,987</u> | <u>\$ 18,839,279</u> | <u>\$ 18,523,599</u> | <u>\$ 3,297,667</u> |
| Liabilities | | | | |
| Due to other governments | \$ 1,203,297 | \$ 13,264,754 | \$ 13,115,268 | \$ 1,352,783 |
| Due to others/unreconciled amounts | 452,716 | 1,658,371 | 1,845,025 | 266,062 |
| Escrow liability | <u>1,325,974</u> | <u>3,916,154</u> | <u>3,563,306</u> | <u>1,678,822</u> |
| Total Liabilities | <u>\$ 2,981,987</u> | <u>\$ 18,839,279</u> | <u>\$ 18,523,599</u> | <u>\$ 3,297,667</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 |
|---|---------|
| <u>Financial Trends</u> 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 |
| <u>Revenue Capacity</u> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | VI - 7 |
| <u>Debt Capacity</u> 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 - 16 |
| <u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. | VI - 22 |
| <u>Operating Information</u> 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 - 24 |
| <u>Miscellaneous Statistics</u> 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 | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 25,313,445 | \$ 23,599,674 | \$ 23,913,294 | \$ 22,906,434 | \$ 19,903,350 | \$ 20,552,185 | \$ 17,872,091 | \$ 8,246,137 | \$ 6,218,750 | \$ 3,751,092 |
| Restricted | 5,236,014 | 5,051,507 | 2,750,339 | 1,122,420 | 1,544,172 | - | - | - | - | - |
| Unrestricted | 11,303,768 | 10,608,198 | 12,877,634 | 15,856,395 | 14,719,099 | 13,569,202 | 12,547,834 | 14,634,988 | 15,506,489 | 16,888,758 |
| Total governmental activities net position | \$ 41,853,227 | \$ 39,259,379 | \$ 39,541,267 | \$ 39,885,249 | \$ 36,166,621 | \$ 34,121,387 | \$ 30,419,925 | \$ 22,881,125 | \$ 21,725,239 | \$ 20,639,850 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 6,440,992 | \$ 6,409,688 | \$ 6,884,377 | \$ 7,188,717 | \$ 7,262,937 | \$ 7,557,840 | \$ 6,545,017 | \$ 3,288,059 | \$ 374,570 | \$ 1,076,705 |
| Restricted | 603,961 | 916,288 | 878,330 | 968,288 | 1,100,703 | - | - | - | - | - |
| Unrestricted | (573,360) | (270,331) | (338,882) | (408,454) | (283,442) | 1,012,451 | 1,086,844 | 893,186 | 1,170,094 | (76,705) |
| Total business-type activities net position | \$ 6,471,593 | \$ 7,055,645 | \$ 7,423,825 | \$ 7,748,551 | \$ 8,080,198 | \$ 8,570,291 | \$ 7,631,861 | \$ 4,181,245 | \$ 1,544,664 | \$ 1,000,000 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 31,754,437 | \$ 30,009,362 | \$ 30,797,671 | \$ 30,095,151 | \$ 27,166,287 | \$ 28,110,025 | \$ 24,417,108 | \$ 11,534,196 | \$ 6,593,320 | \$ 4,827,797 |
| Restricted | 5,839,975 | 5,967,795 | 3,628,669 | 2,090,708 | 2,644,875 | - | - | - | - | - |
| Unrestricted | 10,730,408 | 10,337,867 | 12,538,752 | 15,447,941 | 14,435,657 | 14,581,653 | 13,634,678 | 15,528,174 | 16,676,583 | 16,812,053 |
| Total primary government net position | \$ 48,324,820 | \$ 46,315,024 | \$ 46,965,092 | \$ 47,633,800 | \$ 44,246,819 | \$ 42,691,678 | \$ 38,051,786 | \$ 27,062,370 | \$ 23,269,903 | \$ 21,639,850 |

COUNTY OF BUTLER, PENNSYLVANIA

CHANGES IN NET POSITION - LAST TEN YEARS

(Accrual Basis of Accounting)

(Unaudited)

| | Year | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government - administration | \$ 10,741,653 | \$ 10,998,572 | \$ 10,722,578 | \$ 11,108,263 | \$ 9,788,320 | \$ 10,150,095 | \$ 9,431,972 | \$ 9,570,928 | \$ 8,428,972 | \$ 8,864,607 |
| General government - judicial | 15,260,808 | 14,675,698 | 14,286,291 | 13,792,135 | 13,232,171 | 12,952,026 | 12,135,032 | 11,972,550 | 10,350,385 | 9,320,467 |
| Public safety | 16,481,883 | 15,280,500 | 14,529,189 | 13,771,241 | 13,447,206 | 10,771,217 | 11,354,240 | 10,258,214 | 9,040,857 | 9,157,098 |
| Public works and enterprises | 2,045,812 | 1,706,037 | 1,671,912 | 1,709,646 | 1,522,381 | 1,333,339 | 2,287,600 | 1,953,986 | 1,528,915 | 1,307,271 |
| Human services | 37,065,928 | 70,340,797 | 71,619,452 | 70,739,280 | 73,338,982 | 76,291,713 | 71,907,923 | 69,661,248 | 64,549,767 | 60,217,953 |
| Culture and recreation | 1,237,488 | 1,495,817 | 1,204,152 | 1,191,478 | 1,230,785 | 1,172,551 | 1,219,942 | 1,285,463 | 1,036,720 | 866,539 |
| Conservation and development | 3,233,785 | 3,029,481 | 2,618,891 | 2,395,196 | 2,357,970 | 3,207,103 | 2,505,202 | 2,585,833 | 2,366,187 | 3,409,269 |
| Interest, premiums, and discounts | 2,162,448 | 2,286,154 | 2,395,659 | 2,540,990 | 2,730,254 | 2,921,467 | 2,933,652 | 2,786,843 | 2,847,114 | 2,416,915 |
| Total governmental activities expenses | 88,229,805 | 119,813,056 | 119,048,124 | 117,248,229 | 117,648,069 | 118,799,511 | 113,775,563 | 110,075,065 | 100,148,917 | 95,560,119 |
| Business-type activities: | | | | | | | | | | |
| Healthcare services | 20,259,460 | 19,337,991 | 19,160,115 | 19,216,562 | 19,255,723 | 18,338,855 | 17,349,436 | 16,634,111 | 15,796,147 | 15,158,812 |
| Health Choices | 30,575,472 | - | - | - | - | - | - | - | - | - |
| Emergency communications | 3,059,184 | 2,961,617 | 2,943,513 | 2,807,231 | 2,758,190 | 2,698,741 | 2,616,421 | 2,457,547 | 2,380,727 | 2,245,345 |
| Total business-type activities expenses | 53,894,116 | 22,299,608 | 22,103,628 | 22,023,793 | 22,013,913 | 21,037,596 | 19,965,857 | 19,091,658 | 18,176,874 | 17,404,157 |
| Total primary government expenses | \$ 142,123,921 | \$ 142,112,664 | \$ 141,151,752 | \$ 139,272,022 | \$ 139,661,982 | \$ 139,837,107 | \$ 135,741,420 | \$ 129,166,723 | \$ 118,325,791 | \$ 112,964,276 |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government - administration | \$ 2,531,181 | \$ 2,694,515 | \$ 2,466,045 | \$ 2,398,778 | \$ 2,321,407 | \$ 2,227,674 | \$ 2,479,217 | \$ 2,357,857 | \$ 2,491,710 | \$ 2,284,137 |
| General government - judicial | 3,660,429 | 3,455,255 | 3,284,336 | 4,377,350 | 3,886,069 | 4,462,094 | 3,869,381 | 4,468,499 | 3,087,800 | 3,088,152 |
| Public safety | 2,841,068 | 1,988,196 | 1,290,786 | 1,147,825 | 616,346 | 778,879 | 672,265 | 679,512 | 505,383 | 367,271 |
| Human services | 747,675 | 798,755 | 880,404 | 844,195 | 981,785 | 977,349 | 1,014,690 | 980,389 | 1,057,275 | 912,155 |
| Culture and recreation | 315,715 | 598,583 | 293,984 | 278,282 | 219,503 | 243,264 | 247,633 | 210,544 | 229,223 | 195,932 |
| Conservation and development | 470,357 | 708,076 | 290,125 | 219,626 | 291,048 | 709,854 | 264,155 | 215,975 | 297,715 | 739,586 |
| Operating grants and contributions | 33,403,679 | 65,305,946 | 66,053,392 | 64,498,232 | 68,740,013 | 70,535,956 | 66,515,249 | 63,337,337 | 57,302,453 | 55,065,414 |
| Capital grants and contributions | 4,144,241 | 2,150,141 | 2,597,010 | 2,491,940 | 2,020,299 | 2,181,416 | 2,031,345 | 3,627,461 | 2,832,680 | 4,623,973 |
| Total governmental activities program revenues | 48,114,345 | 77,699,467 | 77,156,082 | 76,250,828 | 79,076,470 | 82,116,486 | 77,093,935 | 75,877,574 | 67,804,239 | 67,276,620 |
| Business-type activities: | | | | | | | | | | |
| Healthcare services | 18,796,441 | 18,113,511 | 18,371,188 | 19,045,208 | 18,336,806 | 17,832,911 | 19,469,134 | 18,187,661 | 15,503,378 | 14,353,557 |
| Health Choices | 30,575,472 | - | - | - | - | - | - | - | - | - |
| Emergency communications | 1,836,561 | 2,004,218 | 2,238,568 | 2,227,432 | 1,927,388 | 1,793,365 | 1,756,185 | 1,918,474 | 1,923,665 | 1,431,391 |
| Total business-type activities revenues | 51,208,474 | 20,117,729 | 20,609,756 | 21,272,640 | 20,264,194 | 19,626,276 | 21,205,319 | 20,106,135 | 17,427,043 | 15,784,948 |
| Total primary government revenues | \$ 99,322,819 | \$ 97,817,196 | \$ 97,765,838 | \$ 97,523,468 | \$ 99,340,664 | \$ 101,742,762 | \$ 98,299,254 | \$ 95,983,709 | \$ 85,231,282 | \$ 83,061,568 |
| Net (Expenses)/Revenues: | | | | | | | | | | |
| Governmental activities | \$ (40,115,460) | \$ (42,113,589) | \$ (41,892,042) | \$ (40,997,401) | \$ (38,571,599) | \$ (36,683,025) | \$ (36,681,628) | \$ (34,197,491) | \$ (32,344,678) | \$ (28,283,499) |
| Business-type activities | (2,685,642) | (2,181,879) | (1,493,872) | (751,153) | (1,749,719) | (1,411,320) | 1,239,462 | 1,014,477 | (749,831) | (1,619,209) |
| Total primary government net (expenses) revenues | \$ (42,801,102) | \$ (44,295,468) | \$ (43,385,914) | \$ (41,748,554) | \$ (40,321,318) | \$ (38,094,345) | \$ (35,442,166) | \$ (33,183,014) | \$ (33,094,509) | \$ (29,902,708) |
| General Revenues and other Changes in Net Position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate taxes | \$ 41,502,607 | \$ 39,375,548 | \$ 38,828,772 | \$ 38,250,524 | \$ 37,739,278 | \$ 35,623,077 | \$ 31,875,883 | \$ 31,275,498 | \$ 30,530,941 | \$ 26,681,111 |
| Hotel tax | 1,364,156 | 1,259,592 | 1,062,312 | 958,332 | 837,505 | 899,444 | 834,392 | 776,761 | 685,624 | 663,435 |
| Interest and investment income | 52,534 | 99,018 | 163,821 | 255,534 | 382,023 | 1,490,566 | 2,402,654 | 3,002,264 | 1,788,055 | 1,075,811 |
| Other income | 2,284,241 | 2,910,391 | 2,660,106 | 3,508,032 | 2,904,651 | 4,464,064 | 2,474,697 | 2,514,595 | 1,662,458 | 3,211,483 |
| Transfers | (2,130,039) | (1,812,848) | (1,166,951) | (413,465) | (1,246,624) | (2,092,664) | (2,189,063) | (1,564,289) | (1,237,011) | (1,573,497) |
| Total governmental activities | 43,073,499 | 41,831,701 | 41,548,060 | 42,558,957 | 40,616,833 | 40,384,487 | 35,398,563 | 36,004,829 | 33,430,067 | 30,058,343 |
| Business-type activities: | | | | | | | | | | |
| Interest and investment income | 164 | 851 | 2,195 | 6,041 | 13,002 | 257,086 | 22,091 | 57,815 | 57,484 | 44,834 |
| Other income | - | - | - | - | - | - | - | - | - | - |
| Transfers | 2,130,039 | 1,812,848 | 1,166,951 | 413,465 | 1,246,624 | 2,092,664 | 2,189,063 | 1,564,289 | 1,237,011 | 1,573,497 |
| Total business-type activities | 2,130,203 | 1,813,699 | 1,169,146 | 419,506 | 1,259,626 | 2,349,750 | 2,211,154 | 1,622,104 | 1,294,495 | 1,618,331 |
| Total primary government | \$ 45,203,702 | \$ 43,645,400 | \$ 42,717,206 | \$ 42,978,463 | \$ 41,876,459 | \$ 42,734,237 | \$ 37,609,717 | \$ 37,626,933 | \$ 34,724,562 | \$ 31,676,674 |
| Change in Net Position: | | | | | | | | | | |
| Governmental activities | \$ 2,958,039 | \$ (281,888) | \$ (343,982) | \$ 1,561,556 | \$ 2,045,234 | \$ 3,701,462 | \$ (1,283,065) | \$ 1,807,338 | \$ 1,085,389 | \$ 1,774,844 |
| Business-type activities | (555,439) | (368,180) | (324,726) | (331,647) | (490,093) | 938,430 | 3,450,616 | 2,636,581 | 544,664 | (878) |
| Total primary government change in net position | \$ 2,402,600 | \$ (650,068) | \$ (668,708) | \$ 1,229,909 | \$ 1,555,141 | \$ 4,639,892 | \$ 2,167,551 | \$ 4,443,919 | \$ 1,630,053 | \$ 1,773,966 |

COUNTY OF BUTLER, PENNSYLVANIA

FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

| | Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 (1) | 2012 (1) | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 251,297 | \$ 285,458 | \$ 580,916 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 1,259,133 | 1,233,230 | 1,456,636 | - | - | - | - | - | - | - |
| Committed | 685,659 | 726,339 | 743,638 | - | - | - | - | - | - | - |
| Assigned | 6,153,177 | 6,492,677 | 8,181,467 | - | - | - | - | - | - | - |
| Unassigned | 664,489 | - | 708,364 | - | - | - | - | - | - | - |
| Reserved | - | - | - | 1,309,634 | 1,272,799 | 1,590,766 | 1,573,459 | 1,492,505 | 1,332,732 | 1,559,244 |
| Unreserved: | | | | | | | | | | |
| Designated | - | - | - | 7,486,591 | 7,063,656 | 4,923,942 | 6,367,321 | 7,046,617 | 8,585,001 | 2,175,473 |
| Undesignated | - | - | - | 2,751,493 | 1,592,807 | 775,322 | (578,009) | 1,617,087 | 1,147,329 | 7,508,893 |
| Total General Fund | <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> | <u>\$ 11,065,062</u> | <u>\$ 11,243,610</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ 43,450 | \$ 51,508 | \$ 24,271 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 2,776,881 | 2,893,277 | 1,293,703 | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | 211,935 | 292,918 | 166,463 | - | - | - | - | - | - | - |
| Unassigned | (9,477) | (13,285) | (12,196) | - | - | - | - | - | - | - |
| Reserved | - | - | - | 7,289 | 628,621 | 4,995,690 | 8,448,566 | 26,113,466 | 32,948,366 | 38,982,535 |
| 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 | 1,426,196 | 2,590,847 |
| Capital Project Funds | - | - | - | 156,014 | 592,947 | 568,263 | 331,622 | 336,462 | 278,407 | 662,257 |
| Total all Other Governmental Funds | <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> | <u>\$ 34,652,969</u> | <u>\$ 42,235,639</u> |

(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 | | | | | | | | | |
|--|--------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 42,772,400 | \$ 40,566,799 | \$ 39,952,764 | \$ 39,315,897 | \$ 38,309,296 | \$ 36,168,622 | \$ 32,597,320 | \$ 31,947,356 | \$ 30,967,970 | \$ 27,017,394 |
| Intergovernmental | 37,272,922 | 66,531,089 | 68,650,401 | 66,990,169 | 70,760,310 | 72,717,368 | 68,546,593 | 66,964,792 | 60,135,133 | 59,689,387 |
| Charges for services | 9,091,712 | 8,935,969 | 7,322,284 | 8,050,587 | 7,092,574 | 7,580,391 | 6,820,189 | 7,025,913 | 6,555,525 | 6,579,364 |
| Fines and forfeits | 1,121,276 | 1,129,708 | 1,229,275 | 1,287,501 | 1,207,144 | 1,457,985 | 1,387,881 | 1,347,582 | 983,256 | 614,011 |
| Interest | 52,534 | 99,018 | 163,821 | 255,534 | 382,023 | 1,490,566 | 2,402,654 | 3,002,263 | 1,788,055 | 1,075,811 |
| Other | 2,305,588 | 2,903,167 | 2,650,298 | 3,366,705 | 2,524,259 | 2,392,325 | 2,469,704 | 2,513,831 | 2,626,065 | 3,009,084 |
| Total revenues | 92,616,432 | 120,165,750 | 119,968,843 | 119,266,393 | 120,275,606 | 121,807,257 | 114,224,341 | 112,801,737 | 103,056,004 | 97,985,051 |
| Expenditures: | | | | | | | | | | |
| General government - administration | 9,830,002 | 9,765,746 | 9,628,864 | 9,577,124 | 9,185,444 | 8,945,812 | 8,345,064 | 8,187,018 | 7,290,140 | 7,271,682 |
| General government - judicial | 15,021,003 | 14,447,016 | 14,104,122 | 13,603,720 | 13,074,794 | 12,736,487 | 12,040,802 | 11,828,928 | 10,520,447 | 10,084,658 |
| Public safety | 15,049,900 | 13,820,772 | 13,161,066 | 12,369,990 | 11,603,819 | 10,680,528 | 11,200,898 | 9,950,489 | 8,693,253 | 7,894,220 |
| Public works and enterprises | 789,241 | 566,429 | 613,325 | 708,423 | 599,460 | 527,661 | 615,268 | 551,664 | 568,626 | 2,487,518 |
| Human services | 36,354,183 | 69,607,032 | 71,371,882 | 70,491,659 | 72,945,280 | 75,957,257 | 71,649,804 | 69,022,843 | 62,690,286 | 60,439,421 |
| Culture and recreation | 915,063 | 1,021,363 | 913,424 | 883,232 | 816,616 | 784,312 | 778,129 | 751,216 | 728,378 | 804,749 |
| Conservation and development | 2,980,745 | 2,836,419 | 2,170,014 | 2,026,229 | 1,964,053 | 2,246,618 | 2,227,851 | 2,039,961 | 1,781,537 | 2,364,119 |
| Other | 624,067 | 587,001 | 303,191 | 296,884 | 387,773 | 428,056 | 420,792 | 772,858 | 2,706,202 | 1,216,983 |
| Debt service: | | | | | | | | | | |
| Principal | 2,144,930 | 2,375,029 | 2,223,607 | 1,601,536 | 1,694,447 | 1,704,082 | 1,604,165 | 1,819,677 | 1,670,600 | 1,826,917 |
| Interest | 2,133,955 | 2,256,239 | 2,362,026 | 2,493,227 | 2,682,660 | 2,872,461 | 2,886,760 | 2,750,625 | 2,735,494 | 1,906,766 |
| Capital projects | 4,581,183 | 2,307,584 | 3,341,176 | 3,510,937 | 6,392,472 | 8,080,323 | 20,581,380 | 16,674,616 | 10,226,398 | 5,678,338 |
| Total expenditures | 90,424,272 | 119,590,630 | 120,192,697 | 117,562,961 | 121,346,818 | 124,963,597 | 132,350,913 | 124,349,895 | 109,611,361 | 101,975,371 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | | | | | | |
| | 2,192,160 | 575,120 | (223,854) | 1,703,432 | (1,071,212) | (3,156,340) | (18,126,572) | (11,548,158) | (6,555,357) | (3,990,320) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers in | 6,241,311 | 5,926,326 | 5,341,563 | 8,607,172 | 7,367,803 | 7,198,397 | 6,125,573 | 9,755,032 | 6,998,998 | 5,542,129 |
| Transfers out | (8,371,350) | (7,739,174) | (6,508,514) | (9,020,637) | (8,614,427) | (9,291,061) | (8,314,636) | (11,319,321) | (8,236,009) | (7,115,626) |
| Issuance of capital lease | - | 49,364 | 115,621 | - | - | - | - | 9,590,000 | - | 46,825,000 |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | (4,684,447) | - | (45,824,680) |
| Sale of capital assets | 12,301 | 7,224 | 28,055 | 13,080 | 17,330 | 57,012 | 14,995 | 16,040 | 31,150 | 16,877 |
| Other | - | - | - | 140,097 | 369,841 | 2,024,320 | - | - | - | - |
| Total other financing sources (uses) | (2,117,738) | (1,756,260) | (1,023,275) | (260,288) | (859,453) | (11,332) | (2,174,068) | 3,357,304 | (1,205,861) | (556,300) |
| Net change in fund balance | \$ 74,422 | \$ (1,181,140) | \$ (1,247,129) | \$ 1,443,144 | \$ (1,930,665) | \$ (3,167,672) | \$ (20,300,640) | \$ (8,190,854) | \$ (7,761,218) | \$ (4,546,620) |
| Debt service as a percentage of noncapital expenditures | 4.92% | 3.91% | 3.89% | 3.55% | 3.75% | 3.86% | 3.96% | 4.17% | 4.38% | 3.90% |

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2004-2013

(Unaudited)

| Fiscal Year | General Government Administration | General Government Judicial | Public Safety | Public Works and Enterprises (1) | Human Services | Culture and Recreation | Conservation and Development | Other | Debt Service | Capital Projects | Total |
|----------------|---|-----------------------------------|------------------|--|-------------------|------------------------------|------------------------------------|--------------|-----------------|---------------------|----------------|
| 2004 | \$ 7,271,682 | \$ 10,084,658 | \$ 7,894,220 | \$ 2,487,518 | \$60,439,421 | \$ 804,749 | \$ 2,364,119 | \$ 1,216,983 | \$ 3,733,683 | \$ 5,678,338 | \$ 101,975,371 |
| 2005 | 7,290,140 | 10,520,447 | 8,693,253 | 568,626 | 62,690,286 | 728,378 | 1,781,537 | 2,706,202 | 4,406,094 | 10,226,398 | 109,611,361 |
| 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 |

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

(1) Amounts fluctuate based on bridge construction done in the current year.

(2) Health Choices became a business-type fund in 2013.

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL REVENUES BY SOURCE - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2004-2013

(Unaudited)

| Fiscal Year | Property Taxes | Inter-governmental | Charges for Services | Fines and Forfeits | Interest | Other | Total |
|-------------|----------------|--------------------|----------------------|--------------------|--------------|--------------|---------------|
| 2004 | \$ 27,017,394 | \$ 59,689,387 | \$ 6,579,364 | \$ 614,011 | \$ 1,075,811 | \$ 3,009,084 | \$ 97,985,051 |
| 2005 | 30,967,970 (1) | 60,135,133 | 6,555,525 | 983,256 | 1,788,055 | 2,626,065 | 103,056,004 |
| 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 (2) | 72,717,368 | 7,580,391 | 1,457,985 | 1,490,566 | 2,392,325 | 121,807,257 |
| 2009 | 38,309,296 (3) | 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 (4) | 37,272,922 (5) | 9,091,712 | 1,121,276 | 52,534 | 2,305,588 | 92,616,432 |

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

(1) Increase in 2005 is due to a 3 mill increase in real estate taxes from 2004.

(2) Increase in 2008 is due to a 2.5 mill increase in real estate taxes from 2007.

(3) Increase in 2009 is due to a 5% increase limit when assessment ratio was increased to 100% from 75%.

(4) Increase in 2013 is due to a 1 mill increase in real estate taxes from 2012.

(5) Intergovernmental revenue decreased because Health Choices became a business-type fund in 2013.

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS 2004-2013

(Unaudited)

| Fiscal Year | A | | C (A+B) | D | | E | F | |
|-------------|--|--------------------|---------------|---------------------------|---|------------|------------------------------------|---|
| | (1) Taxes Levied for the Fiscal Year (Original Levy) | (2) Adjustments | | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | (D+E) Total Collections to Date | (F/C) Percentage of Adjusted Levy |
| 2004 | \$ 26,742,000 | \$ (41,408) | \$ 26,700,592 | \$ 25,817,918 | 96.54% | \$ 864,010 | \$26,681,928 | 99.93% |
| 2005 (3) | 30,721,009 | (13,237) | 30,707,772 | 29,696,619 | 96.67% | 990,227 | 30,686,846 | 99.93% |
| 2006 (3) | 31,589,822 | (13,339) | 31,576,483 | 30,498,217 | 96.54% | 1,054,095 | 31,552,312 | 99.92% |
| 2007 (3) | 32,204,090 | (52,391) | 32,151,699 | 31,098,052 | 96.57% | 1,026,665 | 32,124,717 | 99.92% |
| 2008 (3) | 35,921,402 | (13,428) | 35,907,974 | 34,648,173 | 96.46% | 1,223,198 | 35,871,371 | 99.90% |
| 2009 (3) | 38,150,318 | (52,952) | 38,097,366 | 36,722,850 | 96.26% | 1,329,706 | 38,052,556 | 99.88% |
| 2010 (3) | 38,623,639 | (69,053) | 38,554,586 | 37,400,349 | 96.83% | 1,091,743 | 38,492,092 | 99.84% |
| 2011 (3) | 39,284,071 | (9,438) | 39,274,633 | 38,125,369 | 97.05% | 1,052,153 | 39,177,522 | 99.75% |
| 2012 (3) | 39,794,128 | (13,874) | 39,780,254 | 38,636,151 | 97.09% | 652,398 | 39,288,549 | 98.76% |
| 2013 (3) | 42,026,464 | (107,061) | 41,919,403 | 40,827,137 | 97.15% | - | 40,827,137 | 97.39% |

NOTES:

(1) Includes interims beginning in year 2005

(2) Includes additions and exonerations.

Prior to 2005, the exonerations included error corrections. The software package used in 2005 and later years eliminated this process.

(3) Interim county tax levy commenced in 2005.

SOURCES:

Annual Reports of Butler County Controller

Butler County Tax Claim Bureau

COUNTY OF BUTLER, PENNSYLVANIA

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

2004-2013
(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) (2) | G 1969 Estimated Actual Value (3) | (F/G) Taxable Assessed Value As a Percentage of 1969 Estimated Actual Value | | | Total Direct Millage Rate (5) |
|-------------|---------------------------|--------------------------|--------------------------|---------------------|-------------------------------|--|--------------------------------------|--|-------------------------------|---|--|
| | | | | | | | | Current Year Estimated Actual Value (4) | Estimated Actual Value (4) | Total Assessed Value Actual Value | |
| 2004 | \$ 598,634,500 | \$ 210,330,850 | \$ 131,900,560 | \$ 283,634,025 | \$132,999,087 | \$ 1,091,500,848 | \$ 1,455,334,464 | \$ 10,391,088,073 | 75% | 24.50 | |
| 2005 | 610,528,900 | 215,360,900 | 135,900,550 | 301,160,032 | 149,991,550 | 1,112,958,832 | 1,483,945,109 | 11,018,292,436 | 75% | 27.50 | |
| 2006 | 624,500,000 | 216,660,300 | 136,203,509 | 314,514,926 | 151,972,979 | 1,139,905,756 | 1,519,874,341 | 11,631,691,388 | 75% | 27.50 | |
| 2007 | 628,886,597 | 220,000,000 | 137,560,000 | 333,628,693 | 156,271,571 | 1,163,803,719 | 1,551,738,292 | 12,126,834,572 | 75% | 27.50 | |
| 2008 | 632,500,000 | 223,000,000 | 138,650,000 | 351,618,281 | 158,015,269 | 1,187,753,012 | 1,583,670,683 | 12,768,344,879 | 75% | 30.00 | |
| 2009 | 851,759,801 | 323,600,300 | 174,005,250 | 474,532,386 | 213,991,636 | 1,609,906,101 | 1,609,906,101 | 10,061,913,131 | 100% | 23.63 | |
| 2010 | 855,950,000 | 328,000,000 | 176,500,000 | 516,003,547 | 247,708,450 | 1,628,745,097 | 1,628,745,097 | 11,889,839,208 | 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 | 893,619,450 | 331,682,750 | 177,716,050 | 523,830,486 | 248,472,873 | 1,678,375,863 | 1,678,375,863 | 9,868,850,074 | 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 | |

NOTES:

- (1) Prior to 2009, assessed values were computed at 75% of the estimated 1969 actual value. Effective 1/1/2009, assessed values are now 100% of the 1969 actual value.
- (2) Does not include Exempt and Utility assessments.
- (3) Effective 1/1/2009, the assessed property value was changed to 100% so the Total Taxable Assessed Value is now equal to the 1969 Estimated Actual Value.
- (4) Current year estimated actual value is calculated as the total taxable assessed value multiplied by the current year common level ratio which is 7.41. The common level ratio is set annually on July 1st of each year by the Commonwealth of Pennsylvania.
- (5) Direct tax rates are expressed in millage. The tax rate is applied per every \$1000 of the 1969 estimated actual values. The millage rate did not include any portion for debt service prior to 2001. The millage rate includes 2 mills for debt service for the year 2004, and 5 mills for debt service for the years 2005, 2006, 2007, and 2008. For 2009, 2010, 2011, 2012, and 2013, the millage rate includes 3.94 mills for debt service.

SOURCES:

- (1) County Board of Assessment
- (2) Annual Reports of Butler County Controller

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BUTLER COUNTY | | | | | | | | | | |
| Operating Millage | 20.69 | 19.69 | 19.69 | 19.69 | 19.69 | 25.00 | 22.50 | 22.50 | 22.50 | 22.50 |
| Debt Service Millage | 3.94 | 3.94 | 3.94 | 3.94 | 3.94 | 5.00 | 5.00 | 5.00 | 5.00 | 2.00 |
| Total County Millage | 24.63 | 23.63 | 23.63 | 23.63 | 23.63 | 30.00 | 27.50 | 27.50 | 27.50 | 24.50 |
| 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 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Mars Area School S.D. | 99.00 | 99.00 | 99.00 | 99.00 | 99.00 | 132.00 | 132.00 | 128.00 | 124.00 | 119.00 |
| Allegheny Township | | | | | | | | | | |
| Municipal | 7.13 | 7.13 | 7.13 | 7.13 | 7.13 | 9.50 | 9.50 | 9.50 | 7.50 | 7.50 |
| Allegheny-Clarion Valley S.D. | 63.81 | 46.74 | 55.34 | 73.88 | 76.53 | 97.54 | 91.22 | 91.20 | 91.90 | 88.30 |
| Brady Township | | | | | | | | | | |
| Municipal | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 4.20 | 4.20 | 4.20 | 4.20 | 4.20 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Bruin Borough | | | | | | | | | | |
| Municipal (3) | 13.85 | 13.88 | 13.88 | 13.88 | 13.88 | 18.50 | 18.50 | 18.50 | 18.50 | 18.50 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Buffalo Township | | | | | | | | | | |
| Municipal | 3.38 | 3.38 | 3.38 | 3.38 | 3.38 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Freeport Area S.D. | 125.90 | 122.10 | 121.60 | 119.00 | 118.00 | 161.00 | 159.00 | 158.00 | 152.00 | 145.00 |
| Butler City (2) | | | | | | | | | | |
| Municipal (3) | 38.75 | 38.75 | 41.50 | 41.50 | 37.50 | 37.50 | 37.50 | 36.50 | 34.50 | 34.50 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Butler Township | | | | | | | | | | |
| Municipal (3) | 11.25 | 11.25 | 8.25 | 8.25 | 8.25 | 11.00 | 11.00 | 11.00 | 13.00 | 13.00 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Callery Borough | | | | | | | | | | |
| Municipal (3) | 24.63 | 24.63 | 24.63 | 17.63 | 17.63 | 23.50 | 17.00 | 17.00 | 17.00 | 17.00 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| Center Township | | | | | | | | | | |
| Municipal (3) | 7.05 | 7.05 | 4.41 | 4.41 | 1.88 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Cherry Township | | | | | | | | | | |
| Municipal | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Cherry Valley Borough | | | | | | | | | | |
| Municipal | 1.05 | 1.05 | 1.05 | 1.05 | 1.05 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Chicora Borough | | | | | | | | | | |
| Municipal (3) | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Clay Township | | | | | | | | | | |
| Municipal (3) | 5.62 | 5.62 | 5.62 | 5.62 | 5.62 | 7.48 | 7.48 | 7.48 | 7.48 | 5.23 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Clearfield Township | | | | | | | | | | |
| Municipal | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 3.27 | 3.27 | 3.27 | 3.27 | 3.27 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Clinton Township | | | | | | | | | | |
| Municipal | 4.13 | 4.13 | 4.13 | 4.13 | 4.13 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| South Butler S.D. | 93.28 | 93.28 | 91.28 | 89.68 | 87.68 | 116.90 | 114.90 | 112.00 | 107.00 | 103.00 |
| Concord Township | | | | | | | | | | |
| Municipal (3) | 8.50 | 8.50 | 7.00 | 5.00 | 3.55 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Connoquenessing Borough | | | | | | | | | | |
| Municipal (3) | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Connoquenessing Township | | | | | | | | | | |
| Municipal (3) | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.83 | 2.83 | 2.83 | 2.83 | 2.83 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Cranberry Township | | | | | | | | | | |
| Municipal (3) | 13.00 | 13.00 | 10.65 | 10.65 | 10.65 | 14.20 | 14.20 | 14.20 | 14.20 | 14.20 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |
| Donegal Township | | | | | | | | | | |
| Municipal (3) | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| East Butler Borough | | | | | | | | | | |
| Municipal (3) | 12.75 | 12.75 | 12.75 | 12.75 | 12.75 | 17.00 | 17.00 | 17.00 | 17.00 | 15.53 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Eau Claire Borough | | | | | | | | | | |
| Municipal (3) | 9.30 | 9.30 | 9.30 | 9.30 | 9.30 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Evans City Borough | | | | | | | | | | |
| Municipal | 22.88 | 19.88 | 19.88 | 19.88 | 19.88 | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |
| Fairview Borough | | | | | | | | | | |
| Municipal | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Fairview Township | | | | | | | | | | |
| Municipal | 4.75 | 4.75 | 4.75 | 4.75 | 3.75 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Forward Township | | | | | | | | | | |
| Municipal | 2.78 | 2.78 | 2.78 | 2.78 | 2.78 | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| Franklin Township | | | | | | | | | | |
| Municipal (3) | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 5.00 | 8.00 | 5.00 | 5.00 | 5.00 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Harmony Borough | | | | | | | | | | |
| Municipal | 12.21 | 12.21 | 12.21 | 12.21 | 12.21 | 15.50 | 14.00 | 14.00 | 14.00 | 13.00 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |
| Harrisville Borough | | | | | | | | | | |
| Municipal (3) | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Jackson Township | | | | | | | | | | |
| Municipal (3) | 7.88 | 7.88 | 7.88 | 7.88 | 7.88 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |
| Jefferson Township | | | | | | | | | | |
| Municipal | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.33 | 1.33 | 1.33 | 1.33 | 1.33 |
| South Butler S.D. | 93.28 | 93.28 | 91.28 | 89.68 | 87.68 | 116.90 | 114.90 | 112.00 | 107.00 | 103.00 |
| Karns City Borough | | | | | | | | | | |
| Municipal (3) | 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. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Lancaster Township | | | | | | | | | | |
| Municipal | 8.72 | 8.72 | 8.72 | 8.72 | 8.72 | 11.62 | 11.62 | 10.00 | 10.00 | 10.00 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |
| Marion Township | | | | | | | | | | |
| Municipal | 7.13 | 7.13 | 7.13 | 7.13 | 7.13 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Mars Borough | | | | | | | | | | |
| Municipal (3) | 16.88 | 16.88 | 16.88 | 16.88 | 16.88 | 22.50 | 22.50 | 22.50 | 22.50 | 22.50 |
| Mars Area School S.D. | 99.00 | 99.00 | 99.00 | 99.00 | 99.00 | 132.00 | 132.00 | 128.00 | 124.00 | 119.00 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| Mercer Township | | | | | | | | | | |
| Municipal | 6.60 | 6.60 | 6.60 | 6.60 | 6.60 | 8.80 | 8.80 | 8.80 | 5.00 | 5.00 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Middlesex Township | | | | | | | | | | |
| Municipal (3) | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 16.50 | 17.00 | 18.00 | 18.00 | 18.00 |
| Mars Area School S.D. | 99.00 | 99.00 | 99.00 | 99.00 | 99.00 | 132.00 | 132.00 | 128.00 | 124.00 | 119.00 |
| Muddycreek Township | | | | | | | | | | |
| Municipal | 5.00 | 5.00 | 5.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 2.00 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Oakland Township | | | | | | | | | | |
| Municipal (3) | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Parker Township | | | | | | | | | | |
| Municipal | 7.13 | 7.13 | 7.13 | 7.13 | 7.13 | 9.50 | 9.50 | 9.50 | 8.50 | 8.50 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Penn Township | | | | | | | | | | |
| Municipal (3) | 8.00 | 8.00 | 6.47 | 6.47 | 5.47 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| South Butler S.D. | 93.28 | 93.28 | 91.28 | 89.68 | 87.68 | 116.90 | 114.90 | 112.00 | 107.00 | 103.00 |
| Petrolia Borough | | | | | | | | | | |
| Municipal | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Karns City Area S.D. | 82.48 | 80.80 | 77.24 | 77.26 | 77.10 | 102.79 | 100.71 | 96.53 | 84.95 | 83.95 |
| Portersville Borough | | | | | | | | | | |
| Municipal (3) | 4.00 | 4.00 | 4.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.70 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Prospect Borough | | | | | | | | | | |
| Municipal (3) | 7.50 | 7.50 | 1.69 | 1.69 | 1.69 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| Saxonburg Borough | | | | | | | | | | |
| Municipal | 22.66 | 18.66 | 18.66 | 18.66 | 16.68 | 21.00 | 21.00 | 21.00 | 21.00 | 19.00 |
| South Butler S.D. | 93.28 | 93.28 | 91.28 | 89.68 | 87.68 | 116.90 | 114.90 | 112.00 | 107.00 | 103.00 |
| Seven Fields Borough | | | | | | | | | | |
| Municipal | 7.00 | 7.00 | 6.00 | 6.00 | 6.00 | 7.00 | 8.00 | 6.00 | 6.00 | 5.00 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |
| Slippery Rock Borough | | | | | | | | | | |
| Municipal (3) | 21.88 | 19.88 | 19.88 | 19.88 | 19.88 | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Slippery Rock Township | | | | | | | | | | |
| Municipal | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Summit Township | | | | | | | | | | |
| Municipal (3) | 6.13 | 6.13 | 6.13 | 5.63 | 5.63 | 7.50 | 5.50 | 5.50 | 5.50 | 4.00 |
| Butler Area S.D. | 93.80 | 91.80 | 89.80 | 88.13 | 85.13 | 113.50 | 113.50 | 111.50 | 107.00 | 103.00 |
| Valencia Borough | | | | | | | | | | |
| Municipal (3) | 7.75 | 7.75 | 7.75 | 7.50 | 7.50 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Mars Area School S.D. | 99.00 | 99.00 | 99.00 | 99.00 | 99.00 | 132.00 | 132.00 | 128.00 | 124.00 | 119.00 |
| Venango Township | | | | | | | | | | |
| Municipal (3) | 7.40 | 7.40 | 7.40 | 7.40 | 7.40 | 9.60 | 9.60 | 9.60 | 9.60 | 7.60 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Washington Township | | | | | | | | | | |
| Municipal (3) | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| West Liberty Borough | | | | | | | | | | |
| Municipal | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS (1)

2004-2013
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

| Municipality and School District | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| West Sunbury Borough | | | | | | | | | | |
| Municipal (3) | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Moniteau S.D. | 84.64 | 83.64 | 81.60 | 81.60 | 80.27 | 107.03 | 104.03 | 101.55 | 100.00 | 100.00 |
| Winfield Township | | | | | | | | | | |
| Municipal | 3.00 | 3.00 | 2.00 | 2.00 | 1.58 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| South Butler S.D. | 93.28 | 93.28 | 91.28 | 89.68 | 87.68 | 116.90 | 114.90 | 112.00 | 107.00 | 103.00 |
| Worth Township | | | | | | | | | | |
| Municipal | 3.80 | 3.80 | 3.80 | 3.80 | 2.80 | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 |
| Slippery Rock Area S.D. | 89.15 | 89.15 | 89.15 | 86.72 | 85.22 | 113.62 | 107.94 | 103.30 | 101.00 | 97.10 |
| Zelienople Borough | | | | | | | | | | |
| Municipal (3) | 4.56 | 4.56 | 4.56 | 4.56 | 4.56 | 5.80 | 5.80 | 5.80 | 5.80 | 5.80 |
| Seneca Valley S.D. | 112.75 | 110.00 | 105.60 | 100.00 | 97.24 | 129.65 | 129.65 | 125.39 | 120.39 | 117.59 |

(Concluded)

(1) Source: The Butler County Assessment Office

(2) 100% valuation

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

COUNTY OF BUTLER, PENNSYLVANIA
RATIO OF OUTSTANDING DEBT BY TYPE - LAST TEN YEARS

2004-2013
 (Unaudited)

| Fiscal Year | Governmental Activities | | Business-Type Activities | Total Primary Government | (1) | | (2) Percentage of Personal Income | (2) Per Capita |
|----------------|--------------------------------|------------------------------------|-----------------------------|--------------------------------|--------------------------------|-------|---|----------------------|
| | General Obligation Bonds | Capital Reserve Note/ Leases | | | General Obligation Bonds | Total | | |
| | | | | | Primary Government | | | |
| 2004 | \$ 57,015,000 | \$ 1,159,507 | \$ 8,650,000 | \$ 66,824,507 | | 1.17% | | 370 |
| 2005 | 55,545,000 | 958,907 | 8,135,000 | 64,638,907 | | 1.07% | | 356 |
| 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 | * | | | 264 |

* 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

2004-2013
 (Unaudited)

| FISCAL YEAR | GENERAL OBLIGATION BONDS | LESS AMOUNTS AVAILABLE IN DEBT SERVICE | | | ACTUAL TAXABLE VALUE OF PROPERTY | (1) PERCENTAGE OF ESTIMATED | (2) PER CAPITA |
|------------------------|---|---|---------------|--|---|--|-------------------------------|
| | | FUND | TOTAL | | | | |
| 2004 | \$ 65,665,000 | \$ - | \$ 65,665,000 | | 0.63% | | 388 |
| 2005 | 63,680,000 | - | 63,680,000 | | 0.58% | | 376 |
| 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 |

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, 2013
(Unaudited)

| Governmental Unit (1) | Debt Outstanding | (1) Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|-------------------------------|-------------------------|--|---|
| School Districts: (2) | | | |
| Allegheny-Clarion | \$ 3,530,000 | 11.14% | \$ 393,242 |
| Butler Area | 96,522,700 | 100.00% | 96,522,700 |
| Butler County Area Vo-Tech | 16,536 | 100.00% | 16,536 |
| Freeport Area | 13,200,000 | 62.16% | 8,205,120 |
| Karns City Area | 3,998,658 | 64.88% | 2,594,329 |
| Mars Area | 80,853,055 | 100.00% | 80,853,055 |
| Moniteau | 13,843,825 | 100.00% | 13,843,825 |
| Seneca Valley | 79,655,000 | 100.00% | 79,655,000 |
| Slippery Rock Area | 8,675,566 | 100.00% | 8,675,566 |
| South Butler County | 19,673,842 | 100.00% | 19,673,842 |
| Total School Districts | \$ 319,969,182 | | \$ 310,433,215 |
| Cities: (3) | | | |
| Butler | \$ 2,410,114 | 100.00% | \$ 2,410,114 |
| Total Cities | \$ 2,410,114 | | \$ 2,410,114 |
| Townships: (3) | | | |
| Adams Township | \$ - | 100.00% | \$ - |
| Allegheny Township | - | 100.00% | - |
| Brady Township | 3,949 | 100.00% | 3,949 |
| Buffalo Township | 371,180 | 100.00% | 371,180 |
| Butler Township | 3,505,000 | 100.00% | 3,505,000 |
| Center Township | 1,800,030 | 100.00% | 1,800,030 |
| Cherry Township | 62,668 | 100.00% | 62,668 |
| Clay Township | 69,295 | 100.00% | 69,295 |
| Clearfield Township | 10,780 | 100.00% | 10,780 |
| Clinton Township | 3,828 | 100.00% | 3,828 |
| Concord Township | - | 100.00% | - |
| Connoquenessing Township | - | 100.00% | - |
| Cranberry Township | 60,265,677 | 100.00% | 60,265,677 |
| Donegal Township | - | 100.00% | - |
| Fairview Township | - | 100.00% | - |
| Forward Township | - | 100.00% | - |
| Franklin Township | - | 100.00% | - |
| Jackson Township | 168,600 | 100.00% | 168,600 |
| Jefferson Township | - | 100.00% | - |
| Lancaster Township | 118,597 | 100.00% | 118,597 |
| Marion Township | 50,000 | 100.00% | 50,000 |
| Mercer Township | - | 100.00% | - |
| Middlesex Township | 16,182,275 | 100.00% | 16,182,275 |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

DECEMBER 31, 2013

(Unaudited)

(Continued)

| Governmental Unit (1) | Debt Outstanding | (1) Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|------------------------------|-----------------------------|--|---|
| Muddycreek Township | 42,536 | 100.00% | 42,536 |
| Oakland Township | - | 100.00% | - |
| Parker Township | 16,000 | 100.00% | 16,000 |
| Penn Township | 15,690,235 | 100.00% | 15,690,235 |
| Slippery Rock Township | - | 100.00% | - |
| Summit Township | 182,125 | 100.00% | 182,125 |
| Venango Township | 16,334 | 100.00% | 16,334 |
| Washington Township | - | 100.00% | - |
| Winfield Township | 700,000 | 100.00% | 700,000 |
| Worth Township | - | 100.00% | - |
| Total Townships | <u>\$ 99,259,109</u> | | <u>\$ 99,259,109</u> |
| Boroughs: (3) | | | |
| Bruin Borough | \$ 25,236 | 100.00% | \$ 25,236 |
| Callery Borough | - | 100.00% | - |
| Cherry Valley Borough | - | 100.00% | - |
| Chicora Borough | - | 100.00% | - |
| Connoquenessing Borough | 537,774 | 100.00% | 537,774 |
| East Butler Borough | - | 100.00% | - |
| Eau Claire Borough | - | 100.00% | - |
| Evans City Borough | 81,807 | 100.00% | 81,807 |
| Fairview Borough | - | 100.00% | - |
| Harmony Borough | 14,314 | 100.00% | 14,314 |
| Harrisville Borough | 55,633 | 100.00% | 55,633 |
| Karns City Borough | - | 100.00% | - |
| Mars Borough | 350,185 | 100.00% | 350,185 |
| Petrolia Borough | - | 100.00% | - |
| Portersville Borough | - | 100.00% | - |
| Prospect Borough | 1,275,181 | 100.00% | 1,275,181 |
| Saxonburg Borough | 7,586 | 100.00% | 7,586 |
| Seven Fields Borough | 1,860,000 | 100.00% | 1,860,000 |
| Slippery Rock Borough | 411,901 | 100.00% | 411,901 |
| Valencia Borough | - | 100.00% | - |
| West Liberty Borough | - | 100.00% | - |
| West Sunbury Borough | - | 100.00% | - |
| Zelienople Borough | <u>9,825,166</u> | 100.00% | <u>9,825,166</u> |
| Total Boroughs | <u>\$ 14,444,783</u> | | <u>\$ 14,444,783</u> |

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2013
 (Unaudited)
 (Continued)

| Governmental Unit (1) | Debt Outstanding | (1) Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|--|-------------------------|--|---|
| Subtotal, Overlapping Debt | | | \$ 426,547,221 |
| Total Direct Debt | | | <u>51,961,350</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 478,508,571</u></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. 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, 2013.
- (3) Municipal Debt is as of December 31, 2010. 2011 and 2012 amounts were unavailable.

SOURCES:

- (1) Annual audited financial reports for the school districts.
- (2) Pennsylvania Department of Community and Economic Development.

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION - LAST TEN YEARS

2004-2013

(Unaudited)

| Fiscal Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Borrowing Base Revenues: | | | | | | | | | | |
| Two years prior | \$ 34,415,581 | \$ 36,528,503 | \$ 37,440,500 | \$ 41,290,924 | \$ 45,434,794 | \$ 42,802,182 | \$ 46,849,506 | \$ 48,293,150 | \$ 50,314,237 | \$ 50,793,601 |
| Prior year | 36,528,503 | 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 |
| Current year | 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 |
| Total Borrowing Base Revenues | \$108,384,584 | \$115,259,927 | \$124,166,218 | \$129,527,900 | \$135,086,482 | \$137,944,838 | \$145,456,893 | \$149,400,988 | \$152,914,392 | \$157,463,334 |
| Average Borrowing Base Revenues | \$ 36,128,195 | \$ 38,419,976 | \$ 41,388,739 | \$ 43,175,967 | \$ 45,028,827 | \$ 45,981,613 | \$ 48,485,631 | \$ 49,800,329 | \$ 50,971,464 | \$ 52,487,778 |
| Limit for Non-Electoral Debt: | | | | | | | | | | |
| Average Borrowing Base Revenues | \$ 36,128,195 | \$ 38,419,976 | \$ 41,388,739 | \$ 43,175,967 | \$ 45,028,827 | \$ 45,981,613 | \$ 48,485,631 | \$ 49,800,329 | \$ 50,971,464 | \$ 52,487,778 |
| Debt Limit Percent | 300% | 300% | 300% | 300% | 300% | 300% | 300% | 300% | 300% | 300% |
| Debt Limit | 108,384,584 | 115,259,927 | 124,166,218 | 129,527,900 | 135,086,482 | 137,944,838 | 145,456,893 | 149,400,987 | 152,914,392 | 157,463,334 |
| Total Amount of Debt Applicable to Debt Limit Percent | 66,824,507 | 64,638,907 | 66,664,230 | 64,465,065 | 62,145,983 | 59,716,536 | 57,355,000 | 54,690,000 | 51,890,000 | 48,945,000 |
| Legal Debt Margin | \$ 41,560,077 | \$ 50,621,020 | \$ 57,501,988 | \$ 65,062,835 | \$ 72,940,499 | \$ 78,228,302 | \$ 88,101,893 | \$ 94,710,987 | \$ 101,024,392 | \$ 108,518,334 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 61.65% | 56.08% | 53.69% | 49.77% | 46.00% | 43.29% | 39.43% | 36.61% | 33.93% | 31.08% |
| Limit for Non-Electoral and Lease Rental Debt: | | | | | | | | | | |
| Average Borrowing Base Revenues | \$ 36,128,195 | \$ 38,419,976 | \$ 41,388,739 | \$ 43,175,967 | \$ 45,028,827 | \$ 45,981,613 | \$ 48,485,631 | \$ 49,800,329 | \$ 50,971,464 | \$ 52,487,778 |
| Debt Limit Percent | 400% | 400% | 400% | 400% | 400% | 400% | 400% | 400% | 400% | 400% |
| Debt Limit | 144,512,779 | 153,679,903 | 165,554,957 | 172,703,867 | 180,115,309 | 183,926,451 | 193,942,524 | 199,201,316 | 203,885,855 | 209,951,111 |
| Total Amount of Debt Applicable to Debt Limit Percent | 66,824,507 | 64,638,907 | 66,664,230 | 64,465,065 | 62,145,983 | 59,716,536 | 57,355,000 | 54,767,014 | 51,961,350 | 48,961,422 |
| Legal Debt Margin | \$ 77,688,272 | \$ 89,040,996 | \$ 98,890,727 | \$108,238,802 | \$117,969,326 | \$124,209,915 | \$193,942,524 | \$144,434,302 | \$151,924,505 | \$160,989,689 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 46% | 42% | 40% | 37% | 35% | 32% | 30% | 27% | 25% | 23% |

SOURCES:

- (1) Local Government Unit Debt Act of 1972 as amended.
- (2) Annual Reports of the Butler County Controller.

NOTES:

Borrowing Base Revenue includes total revenue from all sources less debt proceeds, transfers-in, and grants for specific projects, and interest on 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. The outstanding non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent Funds' revenue.

COUNTY OF BUTLER, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

2004-2013
(Unaudited)

| Fiscal Year | (1) Population | (2) (5) Total Personal Income (thousands of dollars) | (2) (5) Per Capita Income (\$) | (7) Higher Education Enrollment | (3) Public School Enrollment | (3) Private School Enrollment | (4) (6) Unemployment Rate | |
|-------------|-------------------|--|---|--|---------------------------------------|--|---------------------------------|--|
| | | | | | | | | |
| 2004 | 179,343 | \$ 5,748,373 | \$ 32,052 | 11,651 | 27,958 | 1,882 | 5.6% | |
| 2005 | 179,990 | 6,003,242 | 33,353 | 11,914 | 27,916 | 1,831 | 4.7% | |
| 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 | * | * | 12,089 | 25,761 | 2,851 | 5.5% | |

* 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
- (7) Slippery Rock University & Butler County Community College - Institutional Research

NOTES:

- (5) Per capita personal income was computed using Census Bureau mid-year population estimates available as of April 2011 for 2000-2009.
- (6) Unemployment rate is the annual average and reflects revised inputs, reestimation, and new statewide controls.

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

(Unaudited)

| Employer: | Employees | | Ranking (1) 2000* |
|--|------------------|-------------|------------------------------|
| | 2013 | 2013 | |
| Westinghouse Electric Company, LLC (1) | 3,400 | 1 | - |
| U.S. Government (1) | 2,212 | 2 | 2 |
| Butler Health Systems (1) | 2,013 | 3 | 3 |
| PA State System of Education (SRU) (1) | 1,500 | 4 | 6 |
| Commonwealth of PA (1) | 1,425 | 5 | - |
| AK Steel (formerly Armco Steel (1) | 1,360 | 6 | 1 |
| Lutheran SeniorLife (1) | 1,100 | 7 | 9 |
| Butler County Community College (1) | 971 | 8 | - |
| Butler Area School District (1) | 938 | 9 | 4 |
| U.S Investigations Services (1) | 916 | 10 | - |
| Traco | | | 5 |
| Seneca Valley School District | | | 7 |
| County of Butler | | | 8 |
| Spang & Company | | | 10 |

NOTE:

* Data not available for 2001-2005

SOURCES:

(1) Pittsburgh Business Times 2013 Book of Lists

COUNTY OF BUTLER, PENNSYLVANIA
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS
 (Unaudited)

| | Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Government - Administration: | | | | | | | | | | |
| Commissioners | 11.00 | 10.00 | 10.00 | 10.00 | 10.00 | 11.75 | 11.75 | 11.75 | 11.75 | 11.75 |
| Election | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| Controller | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Property and revenue | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 16.00 | 17.00 | 17.00 | 17.00 | 17.00 |
| Treasurer | 6.00 | 6.00 | 6.00 | 6.00 | 5.50 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Purchasing | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Public defender | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 8.50 | 8.50 | 8.50 | 8.50 | 8.00 |
| Recorder of Deeds | 8.00 | 8.50 | 8.50 | 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 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Planning commission | 6.00 | 6.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 5.00 | 5.00 |
| Facilities and operation | 24.50 | 24.50 | 25.50 | 25.00 | 23.00 | 23.00 | 23.00 | 23.00 | 24.00 | 24.00 |
| 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 | 108.50 | 108.00 | 108.00 | 106.50 | 104.00 | 109.25 | 111.25 | 110.25 | 112.25 | 111.75 |
| General Government - Judicial: | | | | | | | | | | |
| Court administration | 35.50 | 35.50 | 35.00 | 34.00 | 34.00 | 34.00 | 34.00 | 32.50 | 31.50 | 31.50 |
| Jury commissioners | 2.00 | 2.00 | 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 | 14.50 | 14.50 |
| Coroner | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| District Attorney | 21.25 | 21.75 | 22.25 | 21.25 | 22.25 | 20.75 | 20.75 | 20.75 | 20.50 | 20.50 |
| Prothonotary | 11.00 | 11.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Register of Wills | 8.00 | 7.50 | 7.50 | 8.50 | 7.50 | 7.50 | 7.50 | 8.50 | 8.50 | 8.50 |
| Sheriff | 29.25 | 30.50 | 25.50 | 23.25 | 27.25 | 27.50 | 28.60 | 29.60 | 30.50 | 34.33 |
| Domestic relations | 36.00 | 36.00 | 36.00 | 35.00 | 35.00 | 35.25 | 35.25 | 34.25 | 33.25 | 33.25 |
| General Government - Judicial Sub-total | 187.50 | 188.75 | 182.75 | 178.50 | 182.50 | 181.50 | 182.60 | 184.60 | 185.75 | 185.58 |
| Public Safety: | | | | | | | | | | |
| Prison | 114.00 | 114.00 | 106.00 | 98.50 | 61.00 | 61.00 | 61.00 | 61.00 | 61.00 | 61.00 |
| Adult probation | 29.50 | 29.50 | 28.50 | 26.50 | 26.00 | 26.00 | 25.00 | 22.00 | 20.00 | 20.00 |
| Juvenile probation | 20.50 | 20.50 | 20.50 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Emergency communication | 29.50 | 29.50 | 29.50 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 |
| Public Safety Sub-total | 193.50 | 193.50 | 184.50 | 173.50 | 135.00 | 135.00 | 134.00 | 134.00 | 131.00 | 129.00 |
| Public Works: | | | | | | | | | | |
| Liquid Fuel | 8.00 | 8.00 | 8.00 | 7.00 | 7.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Public Works Sub-total | 8.00 | 8.00 | 8.00 | 7.00 | 7.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Human Services: | | | | | | | | | | |
| Human services administration | 12.00 | 12.00 | 6.00 | 6.00 | 6.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| MH/ID, Drug and Alcohol | 20.00 | 20.00 | 23.00 | 23.00 | 23.00 | 26.00 | 26.00 | 25.00 | 25.00 | 25.00 |
| Area Agency on Aging | 28.00 | 28.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 28.00 | 29.00 | 26.50 |
| Children and Youth | 45.00 | 45.00 | 48.00 | 46.00 | 42.00 | 42.00 | 42.00 | 41.00 | 42.00 | 42.00 |
| Sunnyview Nursing and Rehabilitation Center | 277.75 | 277.20 | 275.75 | 283.30 | 278.80 | 291.00 | 292.00 | 294.00 | 289.00 | 289.00 |
| Veterans Services | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Human Services Sub-total | 384.75 | 384.20 | 381.75 | 387.30 | 378.80 | 391.00 | 393.00 | 394.00 | 387.50 | |
| Culture and Recreation: | | | | | | | | | | |
| Alameda Park/Pool | 11.3 | 11.50 | 10.00 | 9.50 | 9.50 | 9.50 | 9.80 | 9.80 | 10.00 | 10.00 |
| Culture and Recreation Sub-total | 11.3 | 11.50 | 10.00 | 9.50 | 9.50 | 9.50 | 9.80 | 9.80 | 10.00 | 10.00 |
| Conservation and Development: | | | | | | | | | | |
| Community Action | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 |
| 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 | 1.00 | 1.00 |
| Conservation and Development Sub-total | 7.50 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 | 9.00 | 9.00 | 10.00 | 10.00 |
| TOTAL | 901.00 | 901.95 | 883.00 | 870.30 | 824.80 | 843.25 | 845.65 | 848.65 | 851.00 | 841.83 |

Source: County Organizational List from first Salary Board Meeting each year.

Method: Using 1.0 for each full-time employee

Employees working 12hrs = .25

Employees working 16 hrs to 24hrs= .50

Employees working 32 hrs = .75

Part-time, on call, substitute employees = .50

Sheriff Deputies and Alameda Park Seasonal Employees are based on actual hours worked.

Court of Common Pleas Judges and Magisterial Judges are excluded from this list.

Court Administrators are excluded from this list.

Tax Collectors are excluded from this list.

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

| Function | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General Government - Administration: (3) | | | | | | | | | | |
| General election information: | | | | | | | | | | |
| Registered voters | 120,469 | 122,762 | 117,986 | 118,198 | 115,991 | 121,730 | 113,481 | 113,022 | 111,110 | 112,948 |
| Votes cast | 23,895 | 90,278 | 29,643 | 66,102 | 30,752 | 91,529 | 34,273 | 64,313 | 32,956 | 86,410 |
| Percent of votes cast | 19.83% | 73.54% | 25.12% | 55.92% | 26.51% | 75.19% | 30.20% | 56.90% | 29.66% | 76.50% |
| Instruments recorded | 36,490 | 37,650 | 32,689 | 31,183 | 30,380 | 26,421 | 32,692 | 32,811 | 37,275 | 40,838 |
| General Government - Judicial: (4) | | | | | | | | | | |
| Cases reported to coroner | 1,200 | 1,200 | 1,000 | 850 | 843 | 767 | 884 | 705 | 687 | 492 |
| Autopsies performed | 76 | 71 | 65 | 56 | 57 | 49 | 74 | 93 | 70 | 88 |
| Civil cases filed | 1,206 | 1,419 | 1,603 | 2,200 | 2,391 | 2,552 | 2,188 | 1,947 | 1,584 | 1,533 |
| Judgments | 2,385 | 2,385 | 2,827 | 2,790 | 3,597 | 3,237 | 2,602 | 2,563 | 2,438 | 1,790 |
| Executions (1) | 397 | 410 | 442 | 480 | 570 | 619 | 598 | 544 | 477 | 452 |
| Miscellaneous civil cases | 341 | 338 | 317 | 358 | 387 | 376 | 390 | 366 | 419 | 529 |
| Federal tax liens | 163 | 215 | 349 | 363 | 283 | 221 | 231 | 247 | 176 | 187 |
| No lien agreements | 246 | 195 | 244 | 204 | 205 | 310 | 311 | 458 | 485 | 603 |
| Municipal liens | 178 | 143 | 194 | 142 | 174 | 182 | 106 | 72 | 67 | 93 |
| Family court cases | 852 | 829 | 913 | 871 | 878 | 843 | 869 | 818 | 840 | 844 |
| Adoptions/parental terminations (2) | 84 | 74 | 113 | 105 | 123 | 77 | 90 | 76 | 101 | 116 |
| Adoptions/petitions (2) | 53 | 52 | 51 | 83 | 64 | 54 | 80 | 78 | 85 | 103 |
| Court accounts (2) | 118 | 104 | 68 | 104 | 115 | 66 | 117 | 149 | 138 | 192 |
| Estates (2) | 869 | 907 | 1,002 | 995 | 978 | 959 | 912 | 900 | 945 | 947 |
| Guardianships (2) | 48 | 45 | 45 | 60 | 44 | 42 | 43 | 49 | 49 | 43 |
| Marriage licenses issued (2) | 913 | 890 | 861 | 942 | 917 | 961 | 971 | 882 | 913 | 1,018 |
| Marriage licenses filed (2) | 892 | 871 | 861 | 942 | 917 | 865 | 956 | 854 | 905 | 955 |
| Public Safety: (5) | | | | | | | | | | |
| Prison inmates | 2,591 | 2,514 | 2,516 | 2,423 | 2,312 | 2,468 | 2,272 | 2,030 | 2,119 | 2,136 |
| Prison average daily population | 354 | 358 | 358 | 317 | 299 | 179 | 294 | 234 | 265 | 227 |
| Public Works: (6) | | | | | | | | | | |
| Tons of salt purchased for snow removal | 136 | 100 | 100 | 67 | 192 | 266 | 141 | 110 | 223 | 182 |
| Tons of asphalt purchased for road maintenance | 11 | 9 | 9 | 15 | 6 | 21 | 16 | 19 | 15 | 33 |
| Human Services: (7) | | | | | | | | | | |
| Sunnyview Nursing and Rehabilitation Center: | | | | | | | | | | |
| Days of care | 78,091 | 78,955 | 77,749 | 78,236 | 78,165 | 77,503 | 87,600 | 78,192 | 78,942 | 77,659 |
| Occupancy percentage | 97% | 98% | 97% | 97% | 97% | 93% | 86% | 89% | 90% | 88% |
| Culture & Recreation: (8) | | | | | | | | | | |
| Pool usage by person | 38,934 | 30,809 | 30,613 | 30,809 | 21,208 | 26,757 | 28,324 | 40,000 | 44,000 | 32,000 |
| Park reservations | 442 | 429 | 446 | 402 | 328 | 336 | 299 | 317 | 288 | 294 |
| Conservation & Development: (9) | | | | | | | | | | |
| Tons of waste produced | 150,001 | 286,112 | 132,953 | 126,202 | 122,810 | 145,942 | 153,119 | 249,919 | 232,943 | 219,635 |
| Tons of waste recycled | * | 140,773 | 132,393 | 130,174 | 113,638 | 104,550 | 79,122 | 101,173 | 78,744 | 63,778 |
| Veterans: (10) | | | | | | | | | | |
| Death Benefits | 461 | 500 | 515 | 455 | 438 | 461 | 514 | 432 | 444 | 0 |

* Information not yet available

Notes:

(1) Execution cases include mortgage foreclosures, sale of property for foreclosures, garnishee attachments, sale of household goods, foreign writs, and attachment of wages.

(2) Totals represent new cases filed in the years referenced.

(5) Prison average daily population includes inmates housed at out-of-county jails.

Sources:

(3) Butler County Bureau of Elections; Butler County Recorder of Deeds

(4) Butler County Coroner; Butler County Prothonotary; Butler County Register of Wills and Clerk of Orphans' Court

(5) Butler County Prison Warden

(6) Butler County Planning Department

(7) Butler County Sunnyview Nursing and Rehabilitation Center

(8) Butler County Parks and Recreation Department

(9) Butler County Waste Management Department

(10) Butler County Veterans Services

COUNTY OF BUTLER, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

| Function/Program | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---------|---------|---------|-------|-------|-------|-------|-------|-------|-------|
| General Government - Administration: | | | | | | | | | | |
| Buildings (3) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Departmental vehicles (1) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 | 14 | 14 |
| General Government - Judicial: | | | | | | | | | | |
| Buildings (3) | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Sheriff vehicles (1) | 11 | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 8 |
| Sheriff transport vehicles (1) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sheriff K-9 Unit (1) | 1 | 1 | n/a | n/a | n/a | n/a | n/a | 1 | 1 | 1 |
| Coroner vehicles (1) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other departmental vehicles (1) | 10 | 12 | 10 | 10 | 10 | 10 | 10 | 13 | 11 | 10 |
| Public Safety: | | | | | | | | | | |
| Number of jails (3) | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Number of beds at jail (4) | 564 | 561 | 561 | 561 | 561 | 194 | 194 | 194 | 194 | 194 |
| Jails - Under construction (3) | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | n/a |
| 9-1-1 Call Center (3) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 9-1-1 Towers & Buildings (3) | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 11 | 11 | 11 |
| 9-1-1 Antennas & Buildings (3) | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 4 | 4 | 4 |
| Probation officer vehicles (1) | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 12 | 12 | 12 |
| Emergency Management vehicles (1) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Hazmat vehicles (1) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| Other departmental vehicles (1) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Hazmat/Emergency Trailers (1) | 22 | 22 | 22 | 10 | 9 | 8 | 8 | 0 | 0 | 0 |
| Public Works: | | | | | | | | | | |
| Buildings (3) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Salt Shed (3) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bridges (Less than 8 ft. in length) (2) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bridges (Between 8 ft. and 20 ft.) (2) | 10 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Bridges (20 ft. and over) (2) | 123 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 |
| Streets paved (miles) (2) | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 | 2.33 |
| Streets unpaved (miles) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bridge department vehicles (2) | 4 | 4 | 4 | 5 | 4 | 4 | 4 | 4 | 3 | 3 |
| Human Services: | | | | | | | | | | |
| Buildings (3) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Veteran's Administration Building (3) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | n/a |
| Number of nursing homes (8) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of beds at nursing home (8) | 220 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| Number of acres at nursing home (7) | 39.42 | 39.42 | 39.42 | 39.42 | 39.42 | 39.42 | 39.42 | 39.42 | 39.42 | 39.42 |
| Number of Group Homes (3) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of memorials (5) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 3 |
| Number of senior centers (6) | 10 | 11 | 11 | 11 | 11 | 11 | 7 | 7 | 7 | 7 |
| Culture & Recreation: | | | | | | | | | | |
| Buildings (3) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of parks (1) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of acres in parks (1) | 408.757 | 408.757 | 408.757 | 407.5 | 407.5 | 407.5 | 407.5 | 407.5 | 407.5 | 407.5 |
| Number of swimming pools (3) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of shelters (3) | 14 | 14 | 14 | 14 | 14 | 14 | 13 | 13 | 13 | 13 |
| Conservation & Development: | | | | | | | | | | |
| Buildings (3) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of BART buses (1) | 20 | 18 | 16 | 18 | 17 | 15 | 15 | 16 | 15 | 16 |

SOURCES:

- (1) Butler County Controllers Office
- (2) Butler County Liquid Fuel Engineer
- (3) Butler County Commissioners Office
- (4) Butler County Prison
- (5) Butler County Veteran's Affairs Department
- (6) Butler County Area Agency on Aging
- (7) Butler County Tax Claim Bureau
- (8) Butler County Sunnyview Nursing and Rehabilitation Center

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

| Taxpayer | December 31, 2013 | | | December 31, 2004 | | | Percentage of Total Assessed Valuation (1) |
|---|--------------------------------|------|--|--------------------------------|------|--|--|
| | Taxable Assessed Valuation (1) | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Valuation (1) | Rank | Percentage of Total Assessed Valuation (1) | |
| Clearview Mall | \$ 6,496,000 | 1 | 0.38% | \$ 5,332,000 | 1 | 0.49% | |
| Oxford Development Co. Moraine | 4,101,020 | 2 | 0.24% | 3,316,689 | 2 | 0.30% | |
| Northwestern Mutual | 3,294,580 | 3 | 0.19% | 2,470,935 | 4 | 0.23% | |
| AK Steel (Armco Adv Materials Corp) | 2,915,733 | 4 | 0.17% | 2,186,800 | 6 | 0.20% | |
| Aldi Inc | 2,856,090 | 5 | 0.17% | - | - | - | |
| OCG Slippery Rock LP | 2,853,760 | 6 | 0.17% | - | - | - | |
| Mine Safety Appliances Co | 2,665,876 | 7 | 0.16% | 2,443,523 | 5 | 0.22% | |
| Gumberg Associates | 2,524,250 | 8 | 0.15% | 1,893,188 | 8 | 0.17% | |
| GC Net Lease (Cranberry) | 2,367,090 | 9 | 0.14% | - | - | - | |
| Berkley Manor Apartments | 2,179,250 | 10 | 0.13% | 1,634,438 | 9 | 0.15% | |
| Lowes Home Centers Inc. | - | - | - | 2,793,750 | 3 | 0.26% | |
| Three Rivers Aluminum Co. | - | - | - | 1,971,104 | 7 | 0.18% | |
| North PGH Hotel LLC | - | - | - | 1,617,728 | 10 | 0.15% | |
| Year-End Total Taxable Assessed Valuation | <u>\$ 32,253,649</u> | | <u>1.90%</u> | <u>\$ 25,660,155</u> | | <u>2.35%</u> | |
| | <u><u>\$ 1,700,763,050</u></u> | | | <u><u>\$ 1,091,500,848</u></u> | | | |

SOURCE:

Butler County Assessment Office

NOTE:

(1) Assessed valuation based on the valuation of property for taxes collected in 2013 and 2004, respectively, and a review of the 10 largest taxpayers for the County. Assessed values are computed at 100% of estimated 1969 market values.

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM SELECTED DATA

LAST TEN YEARS 2004-2013 (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 (1) | Total | | |
| 2004 | 808 | \$ 2,550,607 | # \$ 1,877,440 | \$ 4,428,047 | 316 | \$ 2,910,628 |
| 2005 | 791 | 2,593,649 | 4,293,595 (2) | 6,887,244 | 330 | 3,761,462 |
| 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) | 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 * | 840 | 3,674,551 | 7,313,625 | 10,988,176 | 473 | 7,970,677 |

NOTE:

(1) Net of contributions deducted from the Employees' Retirement Fund Unreserved Fund Balance.

(2) The \$2.4 million increase in 2005 is the result of Act 43 of 2003 which amended the County Pension Law on December 16, 2003.

Effective January 2, 2004, the Butler County Retirement Board authorized the County to increase the pension fund class basis to 1/40th, retroactive to an employee's date of hire.

(3) The Butler County Retirement Board authorized the County to reduce the pension fund class basis to 1/60th for all new hires effective April 1, 2009.

* Subject to actuarial adjustment

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 (2004-2013)

COUNTY OF BUTLER, PENNSYLVANIA

COUNTY EXPENDITURES 2013 \$250,000 OR MORE (Unaudited)

| ORGANIZATION | LOCATION | AMOUNT |
|---|------------------|------------|
| Adelphi Village, Inc | Latrobe | \$ 351,056 |
| Advantage Care Rehabilitation, Inc | Pittsburgh | 926,450 |
| Alliance for Non-profit Resources | Butler | 2,573,340 |
| ARC - Butler County | Butler | 339,522 |
| BPC Management Group Inc | Franklin | 327,391 |
| Butler County Community College | Butler | 3,487,387 |
| Butler County Federated Library System | Butler | 277,000 |
| Butler County Tourism | Zelienople | 1,329,029 |
| Butler Healthcare Providers | Butler | 306,904 |
| Catholic Charities | Pittsburgh | 324,491 |
| Center for Community Resources | Butler | 2,313,887 |
| Child & Adolescent Clinical Associates | Cranberry Twp | 513,262 |
| Community Care Connections, Inc | Butler | 364,109 |
| Community Development Corp | Butler | 345,000 |
| Consolidated Communications | St Louis, MO | 268,326 |
| Diamond Pharmacy | Indiana | 487,291 |
| Family Pathways | Butler | 889,249 |
| Glade Run Lutheran Services | Zelienople | 250,390 |
| Grapevine Center | Butler | 301,088 |
| Gulf South Medical Supply | Dallas, TX | 284,496 |
| Housing Authority of the County of Butler | Butler | 267,456 |
| Irene Stacy CMH Center | Butler | 1,969,476 |
| Keystone Adolescent Center | Pittsburgh | 822,958 |
| Lutheran Service Society of Western PA | Pittsburgh | 486,687 |
| Mars Home for Youth | Louisville, KY | 698,206 |
| Mental Health Association | Butler | 266,724 |
| Milestone Centers, Inc | Harrisburg | 1,051,796 |
| Francis J Palo Inc | Clarion | 1,160,827 |
| Pennsylvania Correctional Ind/Dept of Corrections | Camp Hill | 268,218 |
| PCN | Irwin | 268,790 |
| PCORP | Harrisburg | 308,275 |
| Pediatric Therapy Professionals | New Castle | 324,824 |
| Pennsylvania National Mutual Ins Co | Harrisburg | 287,370 |
| Pitney Bowes Credit Corporation | Gibsonia | 275,164 |
| Plum Contracting Inc | Greensburg | 780,278 |
| Positive Steps Therapy LLC | Gibsonia | 328,702 |
| Residential Recovery Service, Inc. | New Castle | 281,839 |
| Southwest Behavioral | New Castle | 27,675,424 |
| Southwest Behavioral Health Management | New Castle | 449,903 |
| Totin Family Services | Worthington | 423,635 |
| Trinity Services LLC | Oldmar, FL | 581,072 |
| U S Foodservice Inc | Pittsburgh | 483,370 |
| United Telephone Company | Monroe, LA | 316,408 |
| Value Options | Norfolk, VA | 1,380,553 |
| West Penn Power Company | Greensburg | 601,857 |
| Wex Bank | Carol Stream, IL | 363,600 |
| Wexford Health Sources | Pittsburgh | 666,316 |

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 various human services. Audited financial statements, when available, are filed with the controller for review.

COUNTY OF BUTLER, PENNSYLVANIA

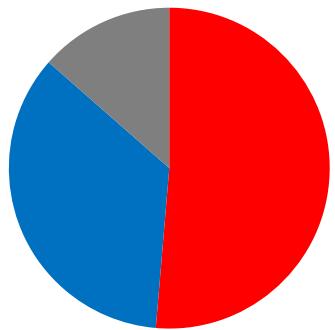
MISCELLANEOUS STATISTICS

December 31, 2013

Election Information

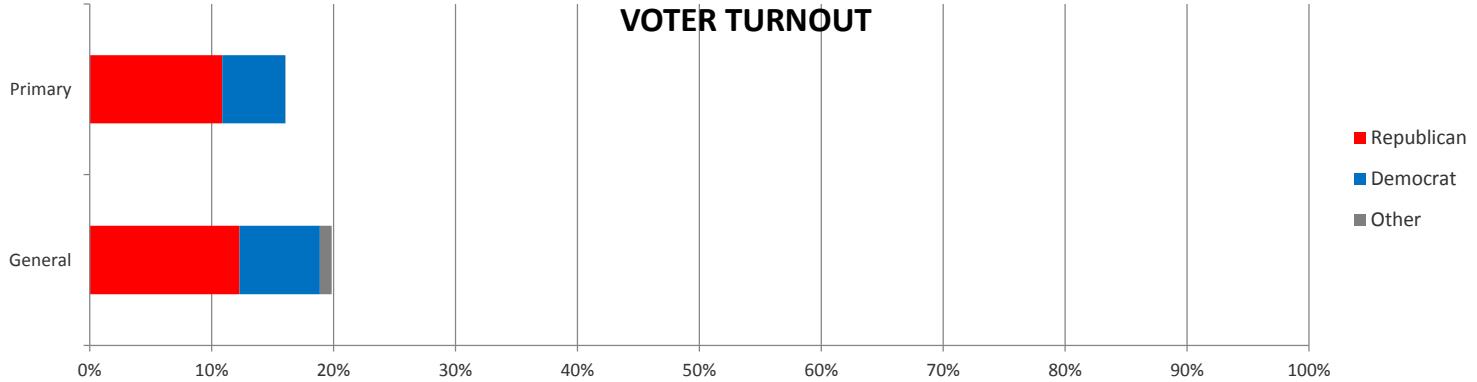
REGISTERED VOTERS

December 31, 2013

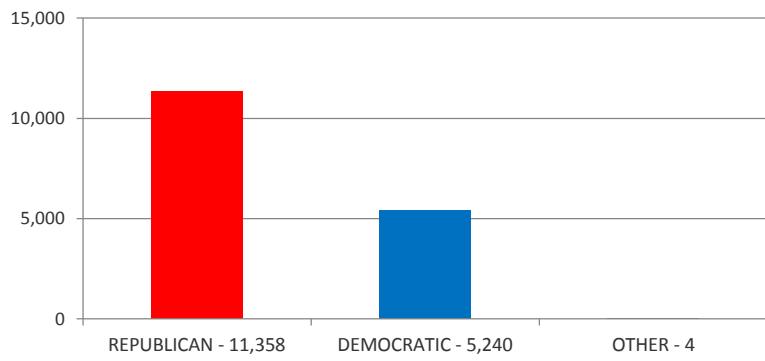


■ REPUBLICAN - 61,814 ■ DEMOCRATIC - 42,292 ■ OTHER - 16,294

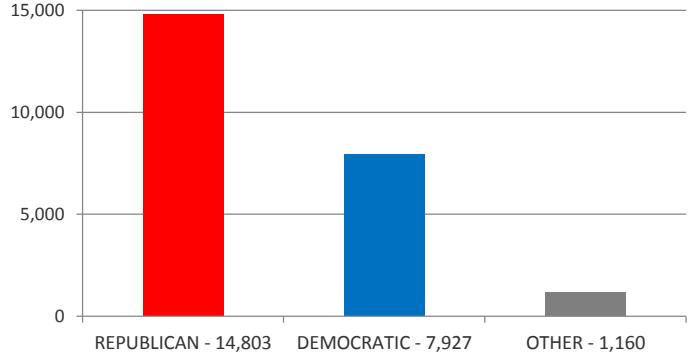
VOTER TURNOUT



PRIMARY MUNICIPAL ELECTION



GENERAL MUNICIPAL ELECTION



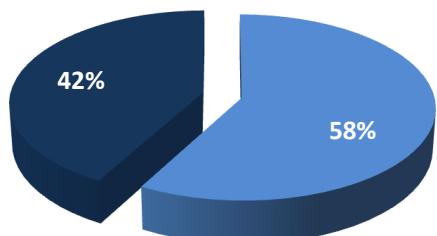
COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2013

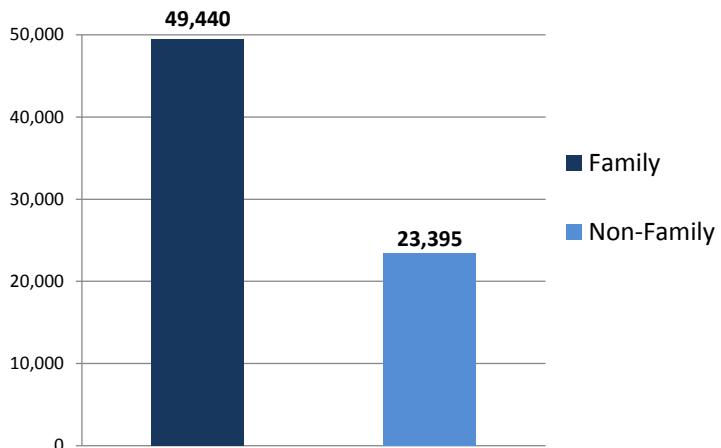
Demographics

Land Area



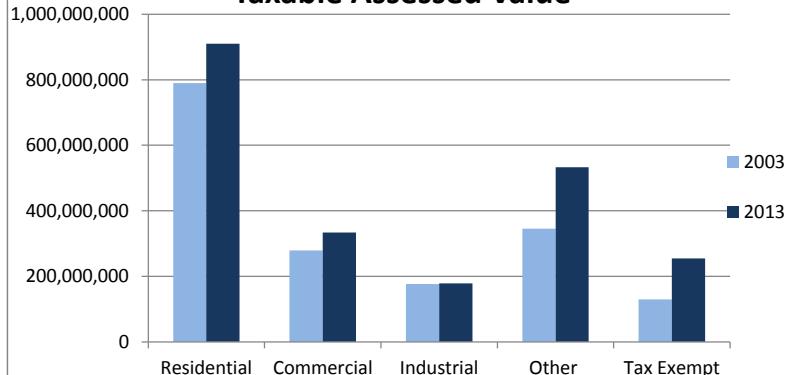
789 Square Miles

Households

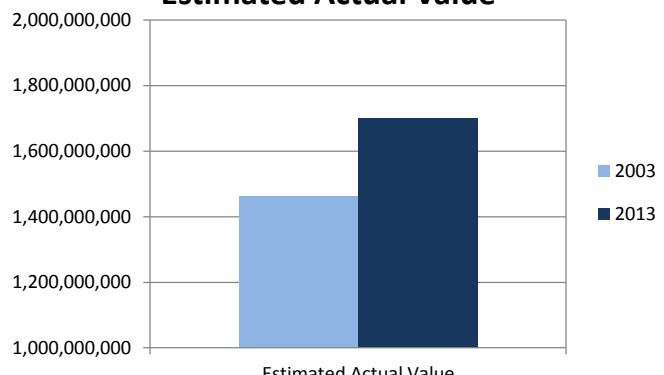


Real Estate

Taxable Assessed Value

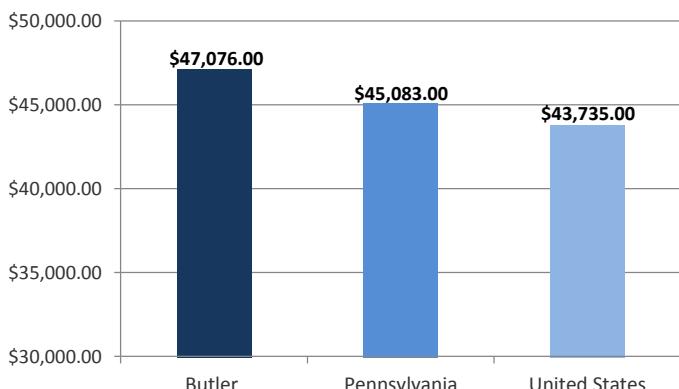


Estimated Actual Value

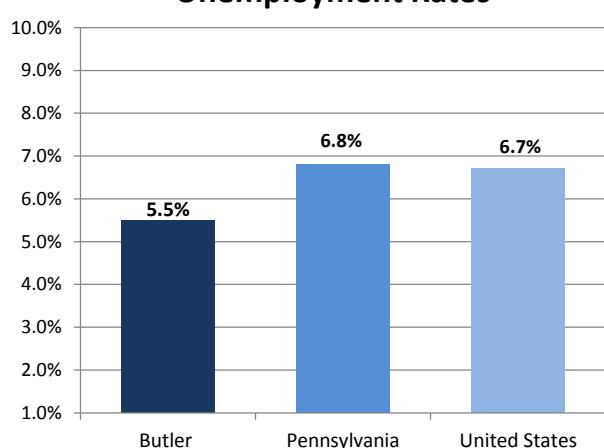


Income & Employment

Per Capita Income



Unemployment Rates



COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2013

Points of Interest



Old Stone House

This historic site operated as a stage coach stop for 50 years in the 1800's. The reconstructed house is maintained by Slippery Rock University and features events including public tours and reenactments.

Lowrie-Shaw House

The house is located directly behind the County Courthouse in downtown Butler. It was built as a summer residence for Walter Lowrie, Butler's only U.S. Senator.



Little Red Schoolhouse

Butler's first public school was a "one-room" red brick classroom experience until 1874. It later served as the first public library in Butler.

Cooper Cabin

The homestead was built by the Cooper family and enlarged after the Civil War. Family descendants remained in the cabin until 1963. Living history demonstrations are now offered May through September.



Harmony Historic District

This landmark spans eight blocks in old-town Harmony and includes the Harmony Society cemetery. It is the site of the shots fired at George Washington that marked the beginning of the French and Indian War in 1753.

Maridom Museum

The most recent addition to the rich cultural background of Butler County opened its doors in 2004. The Maridom Museum includes four galleries. One gallery displays Asian art with jade and ivory sculptures. Two other galleries present rare Asian objects including the scrolls of ancient scholars. The fourth gallery displays a porcelain collection produced near Dresden, Germany in 1713.

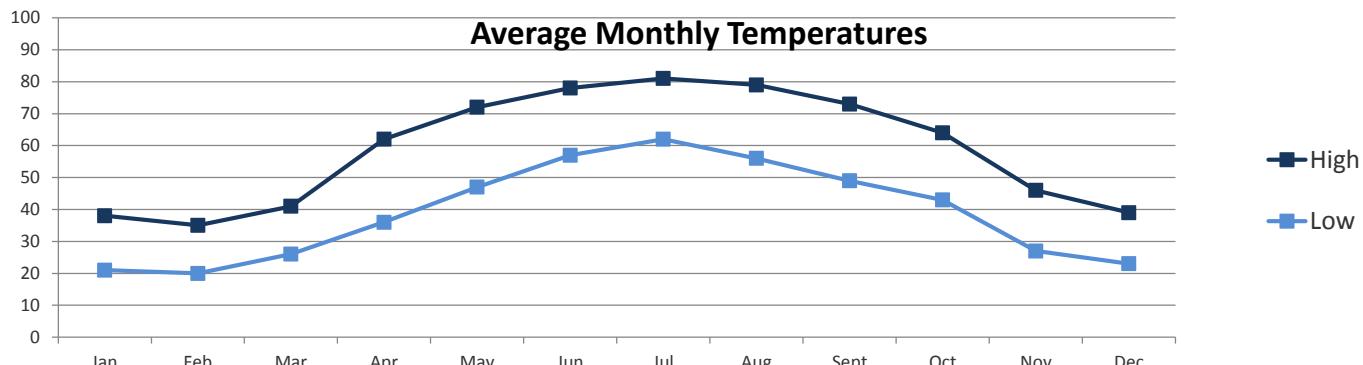


COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS
(Continued)

December 31, 2013

Weather



Transportation

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

Zelienople Municipal Airport

Butler Farm Show Airport

Lake Hill Airport

BTP

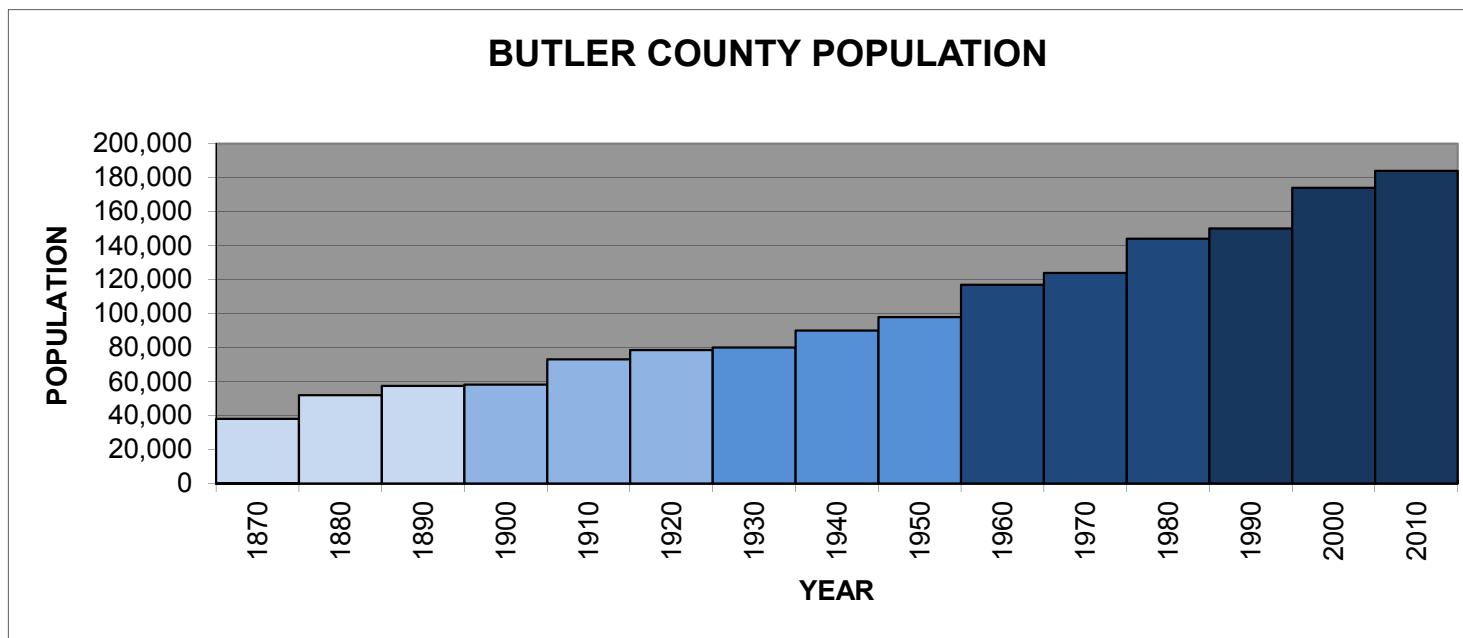
PJC

3G9

P09

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY POPULATION



Source: Butler County Planning Commission 2010 census

