

COUNTY OF BUTLER, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED
DECEMBER 31, 2018

Prepared by the Office of the Controller
Benjamin Holland, Controller

COUNTY OF BUTLER, PENNSYLVANIA

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INTRODUCTORY SECTION

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY OFFICIALS

DECEMBER 31, 2018

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
William T. Fullerton	Magisterial District Judge
Dave T. Kovach	Magisterial District Judge
William S. O'Donnell	Magisterial District Judge

ELECTED COUNTY OFFICIALS

Leslie A. Osche	County Commissioner, Chairman
Kimberly D. Geyer	County Commissioner
Kevin E. Boozel	County Commissioner
Richard A. Goldinger	District Attorney
Diane R. Marburger	Treasurer
Benjamin Holland	Controller
Michele M. Mustello	Recorder of Deeds
Sarah E. Edwards	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
Controller



Butler County

Pennsylvania

June 28, 2019

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, 2018. The primary purpose of this report is to provide a detailed accounting of the County's 2018 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 to determine whether they qualify for the prestigious *Certificate of Achievement for Excellence in Financial Reporting*. The County has received this award for seventeen consecutive years.

The Office of the County Controller prepares the report with assistance from other County officials and employees; and together with the Board of County Commissioners, supplies the commentary 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 the auditor obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud.

Maher Duessel provided an unmodified opinion of the County's basic financial statements for the year ended December 31, 2018. 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 2018 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 2017 CAFR; and (4) the County's organizational chart, relevant maps, and photographs.

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

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

This report is comprehensive in scope, designed to provide the citizenry with an accurate accounting of the County's financial activities during the year, as well as to provide readers with relevant and practical information about the County. The report is also intended for use by investors, creditors, bond underwriters, credit-rating agencies, and other governmental officials.

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

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

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

HISTORY AND PROFILE OF BUTLER COUNTY GOVERNMENT

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

The County has a land area of approximately 789 square miles with an estimated population of 187,888 residents. The U.S. Census Bureau estimated that the County's population grew by a net of 884 residents between July 2017 and July 2018. Ten of the County's 57 municipalities are estimated to have experienced increases during that same period, thus offsetting estimated declines in population of 45 municipalities. Notably, Cranberry Township was the third fastest growing township in Pennsylvania between 2010 and 2018. Butler County is comprised of 33 townships, 23 boroughs, and one city.

Pennsylvania is comprised of 67 designated counties. For the purposes of legislation and regulation, a county is further categorized into one of nine classes, as determined by the County's most recent census population. Butler County became a Fourth Class county following the 1990 census, when its population was certified as exceeding 150,000 residents. The 2010 census determined the County's population to be 183,862 residents. This figure is short of the 210,000-person threshold required for Third Class county status.

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

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

There are four principal Boards with authority over the County's administrative and fiscal matters. The Board of County Commissioners functions as the primary governing body of the County. The other three boards are the County: (1) Salary Board, (2) Prison Board of Inspectors, 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 of Inspectors 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 of Inspectors meets in regular public sessions once a month; and must meet at the jail on a quarterly basis.

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

ECONOMIC CONDITION AND OUTLOOK

The local economy continues to rebound from the most recent recession. The Townships of Cranberry, Adams, Middlesex, Clinton, and Buffalo are anticipating accelerated growth as they add infrastructure supportive of population growth resulting primarily from an influx of residents moving from neighboring counties. Butler County has continued to gain population during the last decade, with the County's population growing by more than five percent in the last census. The median age of a County resident is 43 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 2018, the County Commissioners adopted a budget that maintained the same tax rate of 27.626, from the previous year. During the same year, the assessed value of taxable property grew by nearly \$30 million, to \$1.83 billion, according to County assessment records.

Exploration of the Marcellus Shale gas formation continued to impact Butler County residents in 2018. Undoubtedly, many property owners have benefited financially in recent years from efforts to extract natural gas and other products from this enormous reservoir, which runs approximately a mile below the surface in parts of Pennsylvania. Another natural gas reservoir, which exists beneath the Marcellus formation and is known as the Utica Shale, was recently explored in Butler County near Portersville in Muddy Creek Township.

At the end of 2018, Butler County had a total of 500 unconventional producing wells, according to the Pennsylvania Public Utility Commission. That number represents a 19% increase over the 420 wells in place at the end of 2017. With the passage of Act 13 in 2012, the County began to receive a portion of the annual impact fees collected from natural gas companies. Butler County was allotted over \$2.6 million of 2018 impact fees, up from \$2.1 million in 2017.

According to the PA Department of Labor & Industry, the County's unemployment rate was 3.9% at the end of 2018 - one of the lowest rates among Western Pennsylvania counties. For instance, Westinghouse remains the County's largest employer, with its headquarters in Cranberry Township. Also headquartered in Cranberry Township is Mine Safety Appliances (MSA), the world's largest manufacturer of safety equipment and systems for industrial workers. Additionally, PPG Industries recently established its North American Architectural Coatings headquarters in Butler County.

Transportation

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

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

Education

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

Health Care

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

Parks & Recreation

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

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

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

Construction for the new UPMC Lemieux Sports Complex was completed and opened in 2015. Situated in Cranberry Township, this state-of-the-art facility is named after Hall of Fame hockey player Mario Lemieux, and is a partnership between UPMC and the Pittsburgh Penguins. This complex is the primary practice and training facility for the Penguins, and serves as a comprehensive outpatient facility for UPMC Sports Medicine. It features two rinks, and local officials expect the facility to be a major recreational attraction in Butler County. The first rink is an exact replica of PPG Paints Arena located in Pittsburgh, and will be used exclusively by the Penguins. The second rink will be scheduled for hockey leagues, tournaments, and public ice skating. Besides being a destination for recreation, athletes of any skill level have access to cutting-edge injury prevention, treatment, and sports performance services from experts in sports medicine. Furthermore, the complex also features a first-of-its-kind medical facility where patients of all ages are afforded access to primary care, orthopedic, physical therapy, and imaging services.



History

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

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

About a decade ago the County completed a project of affixing historical markers along the path taken by George Washington through the County in 1753. The markers display the likely course followed by the future President as he carried out a diplomatic mission to the French garrison at Fort LeBoeuf, near present-day Erie. During Washington's trek through Butler County in 1753, 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.

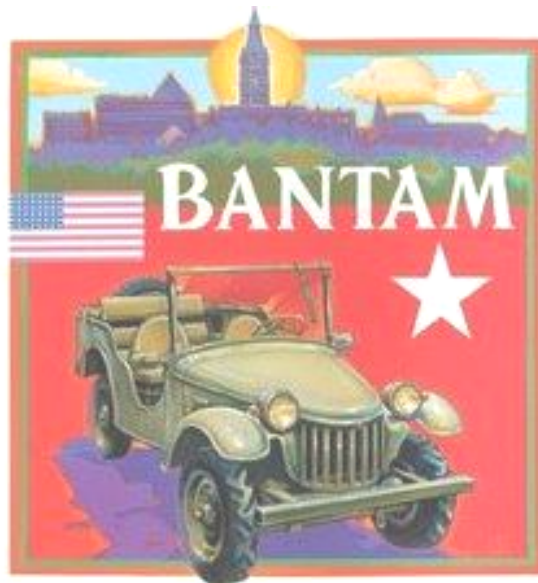




“The First Shot” is a commissioned painting by Deac Mong depicting an Indian shooting at George Washington and Christopher Gist in December 1753.

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. Collections from the tax exceeded \$2.3 million in the past year, at the current rate 5%. 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. The Tourism Bureau also organizes the Butler County Farm Tour. This yearly event showcases the farming community while promoting the agricultural industry. Annually, the County 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.



Culture

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

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 Office of Farmland Preservation has secured 56 farms totaling 6,096 acres of farmland. According to the most recent agriculture census, there are 955 farms in Butler County, with over 133,954 acres of farmland. The Butler County Conservation District provides services for erosion control, obstruction & encroachments, nutrient management, and dirt & gravel road maintenance. The District is governed by a nine-member Board of Directors that includes one County Commissioner. Directors are appointed by the County Commissioners. Also, through the county-based partnership with the Penn State Extension, local residents and businesses benefit from a range of educational programs.

Veteran Affairs

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

MAJOR INITIATIVES AND FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

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

County officials continue to plan and promote initiatives for economic growth and job development. These initiatives are designed to enhance the overall quality of life for the citizens of Butler County, while simultaneously maintaining lower property taxes. Tax revenues continue to grow for many taxing districts in the County, especially those located in areas experiencing significant residential and commercial growth. Yet even with a relatively static millage rate in the past few years, Butler County property tax revenues continue to increase. 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 Fiduciary Funds are on a full-accrual basis of accounting. The government-wide financial statements are prepared under GASB Statement No. 34 on the full-accrual basis of accounting. Under modified-accrual, revenue is recorded when susceptible to accrual and is considered both measurable and available. "Available" is defined as collectible within the current period or soon enough thereafter to pay current liabilities.

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

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

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

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

EXPLANATION OF FUND STRUCTURE

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

SUMMARY OF 2018 FINANCIAL ACTIVITY INCLUDING SIGNIFICANT POLICY DECISIONS AFFECTING THE FINANCIAL STATEMENTS

The governmental funds within the County include the General Fund, thirty-six Special Revenue Funds, five Capital Project Funds, and a Debt Service Fund. The governmental funds' total revenues equal \$108,878,780 and total expenditures equal \$113,732,731 for the year. The County no longer has any Proprietary Funds, but maintains a Fiduciary Fund, and nine Agency Funds.

General Fund revenues, and transfers-in of \$479,968, totaled \$61,747,999. General Fund expenditures, and transfers-out of \$4.6 million, totaled \$59,343,927. The schedule appearing on page I-17 displays the 2018 General Fund expenditures, including transfers, by administrative category. For the purposes of this trend analysis, the schedule provides a summary comparison between the 2018 and 2008 expenditures. Compared to 2017, total General Fund revenues, including transfers, increased by \$1,130,880; and total General Fund expenditures, including transfers, increased by \$1,151,180.

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 2018 financial performance, and to provide the reader with additional commentary and analysis. The Commissioners, the Budget Director, and the County Controller prepare the MD&A letter.

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 2018, the plan's net position held in trust totaled \$193,351,737, and reported a net pension liability of \$41,006,167. The County Pension Fund had 662 active and vested members, and the number of retirees or beneficiaries totaled 612 on December 31, 2018. 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 2018 contribution of \$5,066,887. With approximately a quarter of this appropriation being reimbursed by the State, the County continues to make its actuarially determined employer contribution each year.

As of the most recent actuarial valuation date, the County had funded over 82% of its total pension obligation, on a market value of assets basis—a level considered within acceptable standards for an employee pension plan. The County Retirement Board has endorsed the use of conservative actuarial assumptions in valuing its pension liability. Butler County provides no other post-employment benefits (OPEB) except those established through its Pension Plan, or does it have any existing or potential liabilities for benefits granted to employees in prior years.

General Fund Expenditures by Office

For the Periods Ending December 31, 2008 and December 31, 2018

	<u>2008</u>	<u>2018</u>	<u>Change</u>	<u>Per Year %</u>
<u>Board of Commissioners:</u>				
Alameda Park & Pool	\$ 331,936	\$ 433,419	\$ 101,483	3.06%
Budget & Finance	88,769	125,201	36,432	4.10%
Central Phone	136,497	98,949	(37,548)	(2.75%)
Commissioners	789,603	868,353	78,750	1.00%
County Solicitor	145,449	175,493	30,044	2.07%
Election Bureau	441,627	524,563	82,936	1.88%
Facilities & Operations	1,562,768	2,340,158	777,390	4.97%
Grants Management	182,567	146,292	(36,275)	(1.99%)
Information Technology	687,340	895,815	208,475	3.03%
Mail Room	307,218	276,331	(30,887)	(1.01%)
Motor Pool	89,548	97,875	8,327	0.93%
Personnel	379,670	513,294	133,624	3.52%
Planning Commission	227,952	320,927	92,975	4.08%
Public Defender	648,146	1,043,910	395,764	6.11%
Purchasing	114,549	28,082	(86,467)	(7.55%)
Property & Revenue	1,136,686	1,396,735	260,049	2.29%
Tax Collectors	336,177	345,006	8,829	0.26%
Veterans' Services	201,826	320,463	118,637	5.88%
Prison	6,688,114	11,898,153	5,210,039	7.79%
Other County Program Subsidies	6,050,269	3,720,685	(2,329,584)	(3.85%)
Outside Organization Contributions	5,433,908	6,308,302	874,394	1.61%
Debt Service	4,323,749	4,722,356	398,607	0.92%
Miscellaneous	1,136,680	1,379,037	242,357	2.13%
Total - Board of Commissioners	\$ 31,441,048	\$ 37,979,399	\$ 6,538,351	2.08%
<u>Court of Common Pleas:</u>				
Common Pleas / Corrections / DR	\$ 7,131,958	\$ 9,518,278	\$ 2,386,320	3.35%
Magisterial District Judges	1,921,753	2,396,612	474,859	2.47%
Total - Court of Common Pleas	\$ 9,053,711	\$ 11,914,890	\$ 2,861,179	3.16%
<u>Row Offices:</u>				
Clerk of Courts	\$ 781,035	\$ 1,028,598	\$ 247,563	3.17%
Controller	605,884	686,446	80,562	1.33%
Coroner	292,939	506,189	213,250	7.28%
District Attorney	1,403,733	2,205,016	801,283	5.71%
Prothonotary	648,222	780,832	132,610	2.05%
Recorder of Deeds	437,765	432,955	(4,810)	(0.11%)
Register of Wills / Orphans' Court	517,005	666,624	149,619	2.89%
Sheriff	1,777,651	2,599,897	822,246	4.63%
Treasurer	386,271	543,081	156,810	4.06%
Total - Row Offices	\$ 6,850,505	\$ 9,449,638	\$ 2,599,133	3.79%
GENERAL FUND TOTAL	\$ 47,345,264	\$ 59,343,927	\$ 11,998,663	2.53%

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded *Certificate of Achievement for Excellence in Financial Reporting* to the County of Butler for its comprehensive annual financial report for the year ended December 31, 2017. This was the seventeenth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

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

Respectfully submitted,



Benjamin Holland
County Controller



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





Government Finance Officers Association

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

Presented to

**County of Butler
Pennsylvania**

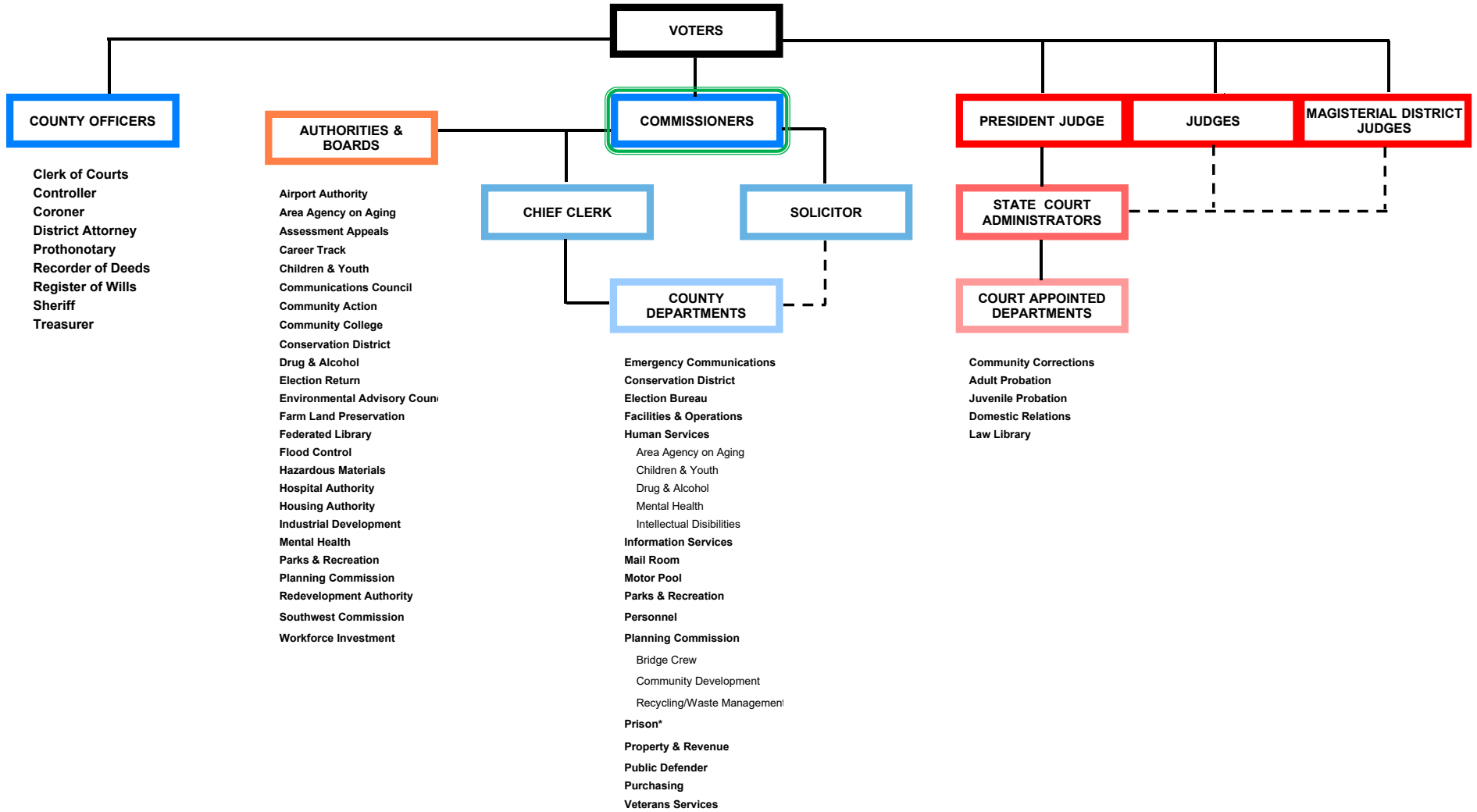
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

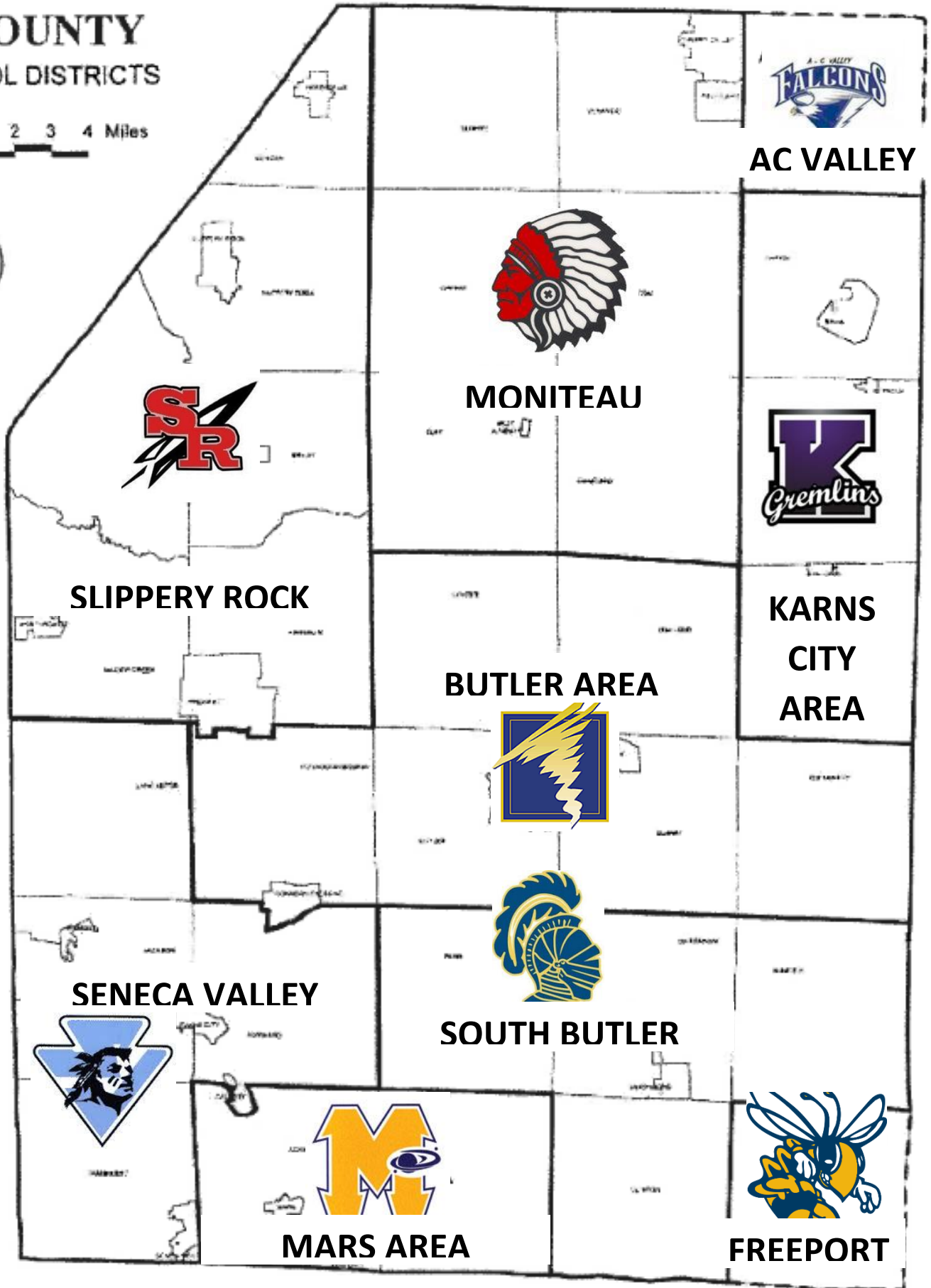
COUNTY OF BUTLER ORGANIZATIONAL CHART



* The Prison is governed by the Prison Board of Inspectors

BUTLER COUNTY SCHOOL DISTRICTS

1 0 1 2 3 4 Miles



FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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

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

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position 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-4 through II-22 and IV-1 through IV-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are

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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
June 28, 2019

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, 2018. 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-20), the basic financial statements (pages III-1 to III-10), and the notes to financial statements (pages III-11 to III-112).

Financial Highlights

- The County's net position increased from \$42,978,151 to \$45,840,952 in 2018, and unrestricted negative net position was (\$6,258,300) at December 31, 2018.
- The County's real estate property tax rate for general purpose was at 21.402 mills, the tax rate for debt service was 3.289 mills, and the tax rate for payment to Butler County Community College was 2.935 mills.
- As of December 31, 2018, the County had \$49.5 million of debt outstanding. This represents a net decrease of \$3.8 million from December 31, 2017.
- The total fund balance of the General Fund at December 31, 2018 was approximately \$16 million. The assigned fund balance for the 2019 budget is \$4.2 million, which represents nearly 6.9% of the revenue projected for 2019. The unassigned fund balance increased by \$1.74 million to \$8.85 million.
- In 2018, the County joined the Butler Transit Authority as a member, with the expanded mission of providing public transportation services for all of Butler County. At around the same time, the City of Butler, and the Township of Butler withdrew as members of the Authority. Due to financial accountability and the nature and significance of the relationship between the County and the Authority, it has been determined that the Butler Transit Authority will be reported as a discretely presented component unit by the County.

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 required and other supplementary information in addition to the basic financial statements themselves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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, the Butler County Airport Authority, and the Butler Transit Authority, over which the County exercises some degree of control. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Each of the component units issues separate financial statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

▪ **Fund Financial Statements:** The fund financial statements provide more detailed information about the County's most significant funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

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

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

The County maintains 42 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 seven major funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Marcellus Shale, Emergency Communications (911), Children & Youth Services, and Capital Reserve). Data from the other 35 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, located 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 the County's adopted budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic governmental fund financial statements can be found on pages III-3 to III-8 of this report.

- ***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-9 and III-10 of this report. It includes the *pension trust fund* and the *agency funds*. The agency funds are the fees, fines, costs, etc., collected by County Officers, held in trust for disbursement.
- **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-11 to III-112 of this report.
- **Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages IV-1 through IV-4 of this report.
- **Supplementary Information:** The combining statement referred to earlier in connection with other governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages V-1 to V-13 of this report.

Financial Analysis of the County as a Whole

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

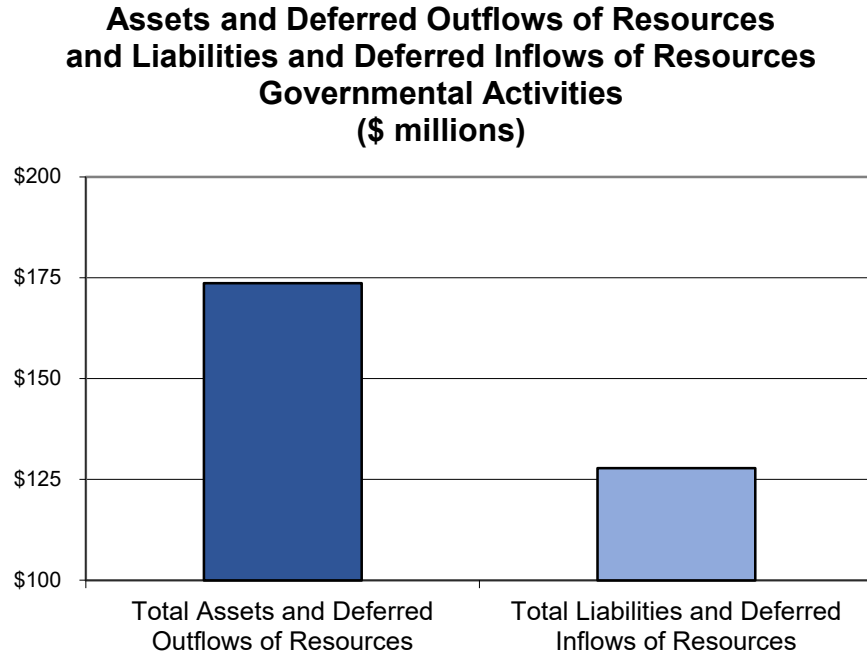
The County's net position at December 31, 2018 and 2017 is presented below:

COUNTY OF BUTLER Summary of Statement of Net Position December 31, 2018 (With Comparative Totals at December 31, 2017) (in thousands)			
		Governmental activities	
		2018	2017
Current and other assets		\$ 54,356	\$ 58,189
Capital assets		88,450	83,403
Total assets		142,806	141,592
Deferred charge on refunding		1,029	1,171
Deferred outflows of resources for pension		29,786	7,348
Total deferred outflows of resources		30,815	8,519
Current and other liabilities		20,612	20,527
Long-term liabilities outstanding		90,963	75,961
Total liabilities		111,575	96,488
Deferred revenue - loans		322	307
Deferred revenue - human services funding		-	-
Deferred charge on refunding		-	5
Deferred inflows of resources for pension		15,883	10,333
Total deferred inflows of resources		16,205	10,645
Net position:			
Net investment in capital assets		42,144	39,595
Restricted		9,955	9,067
Unrestricted		(6,258)	(5,684)
Total net position		\$ 45,841	\$ 42,978

MANAGEMENT'S DISCUSSION AND ANALYSIS

Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources

The following graph depicts assets and deferred outflows of resources and liabilities and deferred inflows of resources at December 31, 2018:



Discussion of Summary of Net Position – Governmental Activities

At the end of 2018, the County's total net position related to governmental activities increased by \$2,863,000. Cash and cash equivalents decreased from \$41.1 million in 2017 to \$35.3 million at the end of 2018, and amounts due from other governments increased from \$6.5 million in 2017 to \$7.4 million in 2018. At the end of 2018, the County's total assets (excluding capital assets) related to governmental activities decreased by \$3.8 million, primarily the result of a decrease in cash and cash equivalents.

Capital assets increased to \$88.4 million in 2018 from \$83.4 million in 2017. 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. The increase in capital assets for the year is largely attributable to the County's Emergency Communication (911) radio system upgrade.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deferred outflows of resources increased to \$30.8 million in 2018, from \$8.5 million in 2017. This decrease is due to the reporting of pension expense in accordance with GASB Statements. Liabilities also increased to \$111.5 million in 2018, from 96.5 million in 2017. This increase in liabilities is from a \$19.2 million increase in the Net Pension Liability.

Total net position amounted to approximately \$46 million, of which \$42.1 million is the County's net investment in capital assets and \$9.9 million is restricted for various purposes. The remaining (\$6.2 million) is a deficit of unrestricted net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Change in Net Position

The following table presents the change in net position for the years ended December 31, 2018 and 2017:

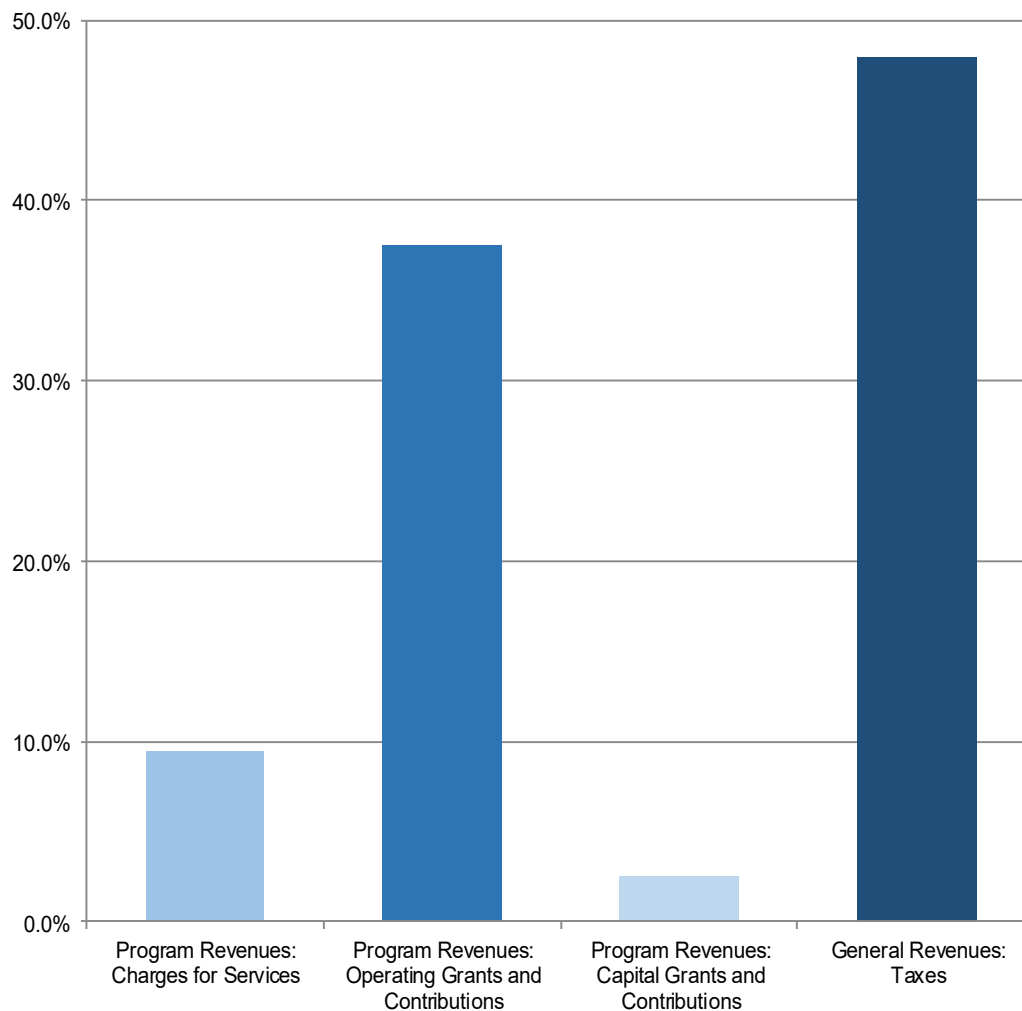
County of Butler Change in Net Position Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017) (in thousands)		
	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Fees, fines, and charges for services	\$ 10,387	\$ 10,261
Operating grants and contributions	41,170	40,973
Capital grants and contributions	2,720	4,470
General revenues:		
Taxes	52,727	51,852
Interest and investment income	735	359
Other	2,052	1,892
Gain (loss) on sale of capital assets	22	(61)
Total revenues	109,813	109,746
Program expenses:		
General government - administration	12,772	12,744
General government - judicial	17,815	16,587
Public safety	22,935	21,626
Public works and enterprises	2,084	1,590
Human services	43,577	42,289
Culture and recreation	1,624	1,991
Conservation and development	4,435	6,007
Interest	1,708	1,873
Total program expenses	106,950	104,707
Change in Net Position Before Transfers and Special Items	2,863	5,039
Speical item - disposal of operations	-	(1,303)
Change in Net Position	2,863	3,736
Net position - beginning	42,978	39,242
Net position - ending	\$ 45,841	\$ 42,978

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, 2018:

Sources of Revenues - Governmental Activities Total Revenues: \$109,813,814



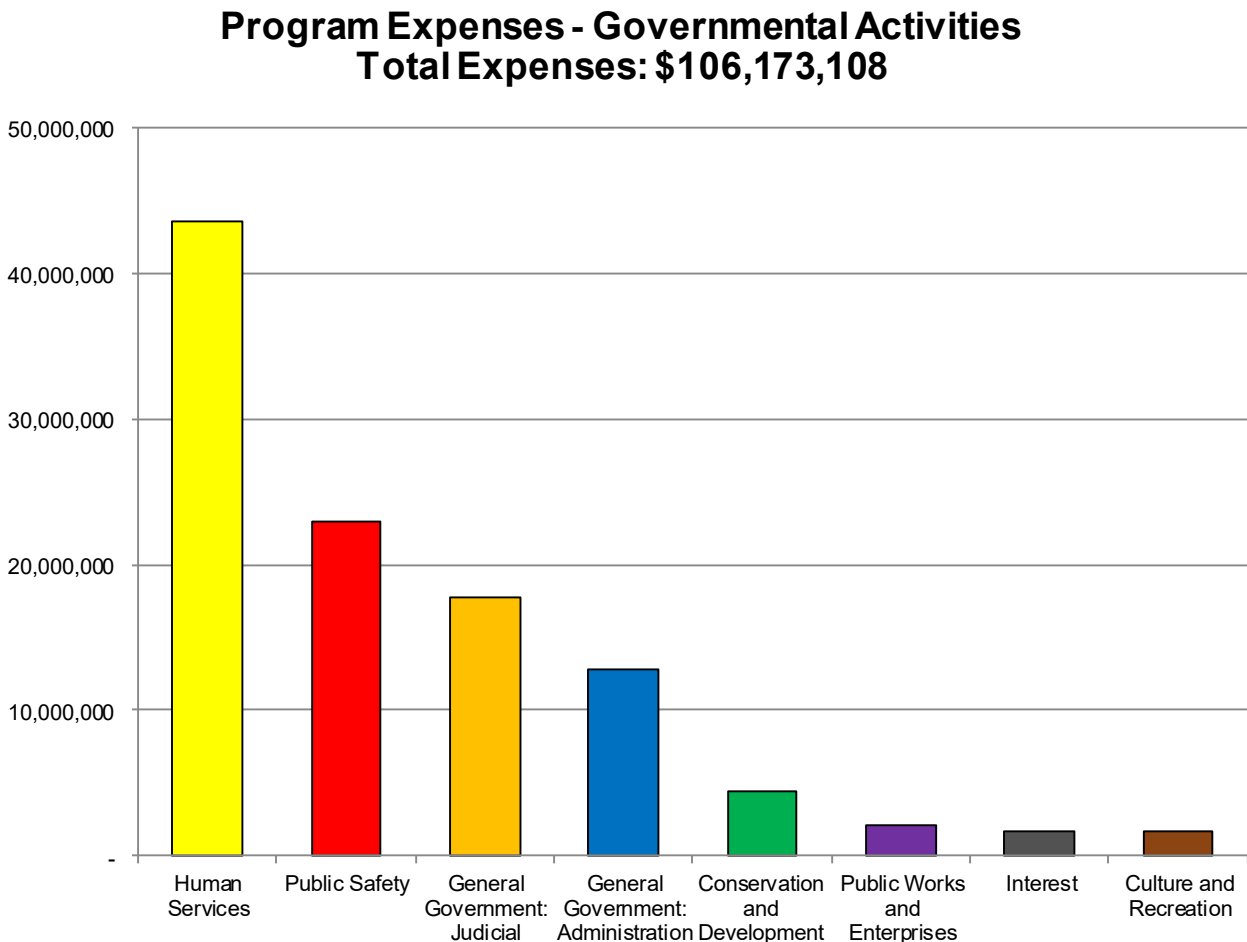
Total revenues from governmental activities for 2018 were \$109,813,184, which was \$66,000 higher than in 2017. Operating grants and contributions account for 37.5% of the 2018 governmental activities revenue, amounting to \$41,170,013 compared to \$40,973,179

MANAGEMENT'S DISCUSSION AND ANALYSIS

in 2017. Tax revenue also increased to \$52,727,079 in 2018 from \$51,852,408 in 2017, almost exclusively due to assessment growth primarily from residential construction.

Program Expenses – Governmental Activities

The following chart graphically depicts the governmental activities program expenses for the year ended December 31, 2018:



Program expenses for the County's governmental activities amounted to approximately \$106.9 million for the year ended 2018. This compares to \$104.7 million for the year ended 2017. General government – judicial expenses increased from \$16.6 million in 2017, to \$17.8 million in 2018. Public safety expenses increased from \$21.6 million in 2017 to \$22.9 million in 2018. Human services expenses increased from \$42.3 million in 2017 to \$43.6 million in 2018, primarily due to increased purchase services for Children & Youth. Conservation and development expenses decreased from \$6.0 million in 2017 to \$4.4 million

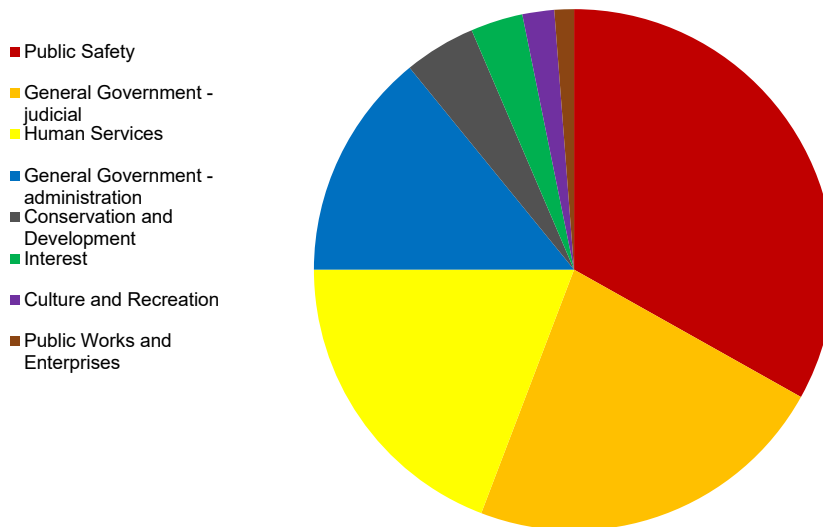
MANAGEMENT'S DISCUSSION AND ANALYSIS

in 2018, as a result of an economic pass-through grant that was disbursed in the prior year. The remaining expense categories were fairly consistent between the two years.

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, 2018:

Net Program Expenses/Revenues - Governmental Activities Total Net Expenses: \$52,673,319



Net program expenses/revenues for governmental activities increased from (\$49.0) million in 2017 to (\$52.7) million in 2018.

Public Safety includes: Prison, Adult Probation, Juvenile Probation, and Emergency Communications (911). **General Government—Judicial** includes: Court Administration, District Justices, Law Library, Clerk of Courts, Coroner, District Attorney, Prothonotary, Register of Wills, Sheriff, and Domestic Relations. **Human Services** includes Human Services Administration, MH/ID, Drug & Alcohol, Area Agency on Aging, Children & Youth, and Veterans Services. **General Government—Administrative** includes: Commissioners, Election Bureau, Controller, Property & Revenue, Treasurer, Purchasing, Public Defender, Recorder of Deeds, Personnel, Information Technology, Planning Commission, Facilities & Operations, Mailroom, and Motor Pool. **Conservation &**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Development includes: Community Action, Conservation District, and Waste Management. **Culture & Recreation** includes: Parks & Recreation. **Public Works** includes: Bridge Crew.

Financial Analysis of the County's Funds

Butler County, located in southwestern Pennsylvania, lies on the edge of the Pittsburgh urban area and has been linked to the Pittsburgh area for employment, recreation, and cultural opportunities. Since 1960, it has been the growth county in the southwest region, with a growth rate of 38% (69,223 persons) between 1960 and 2010. During the last census, the population in the County increased from 174,083 in 2000 to 183,862 in 2010. The County's population is currently estimated to be 187,888.

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, 2018, it's estimated that municipalities within the County issued 2,940 building permits, down from 3,569 issued in 2017. 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 canvas each municipality in search of construction for which building permits have not been issued. The fair market value of real estate increased by \$589 million during 2018 to a total fair market value of \$17.3 billion. The difference is a result from improvements in the economy and the continued growth of the County. In 2018, the County billed \$245,833 of additional interim taxes; slightly less than the \$274,698 of additional interim taxes that were billed in 2017. The interim tax bills include assessments for new construction from the date of completion, through the remaining months in the calendar year.

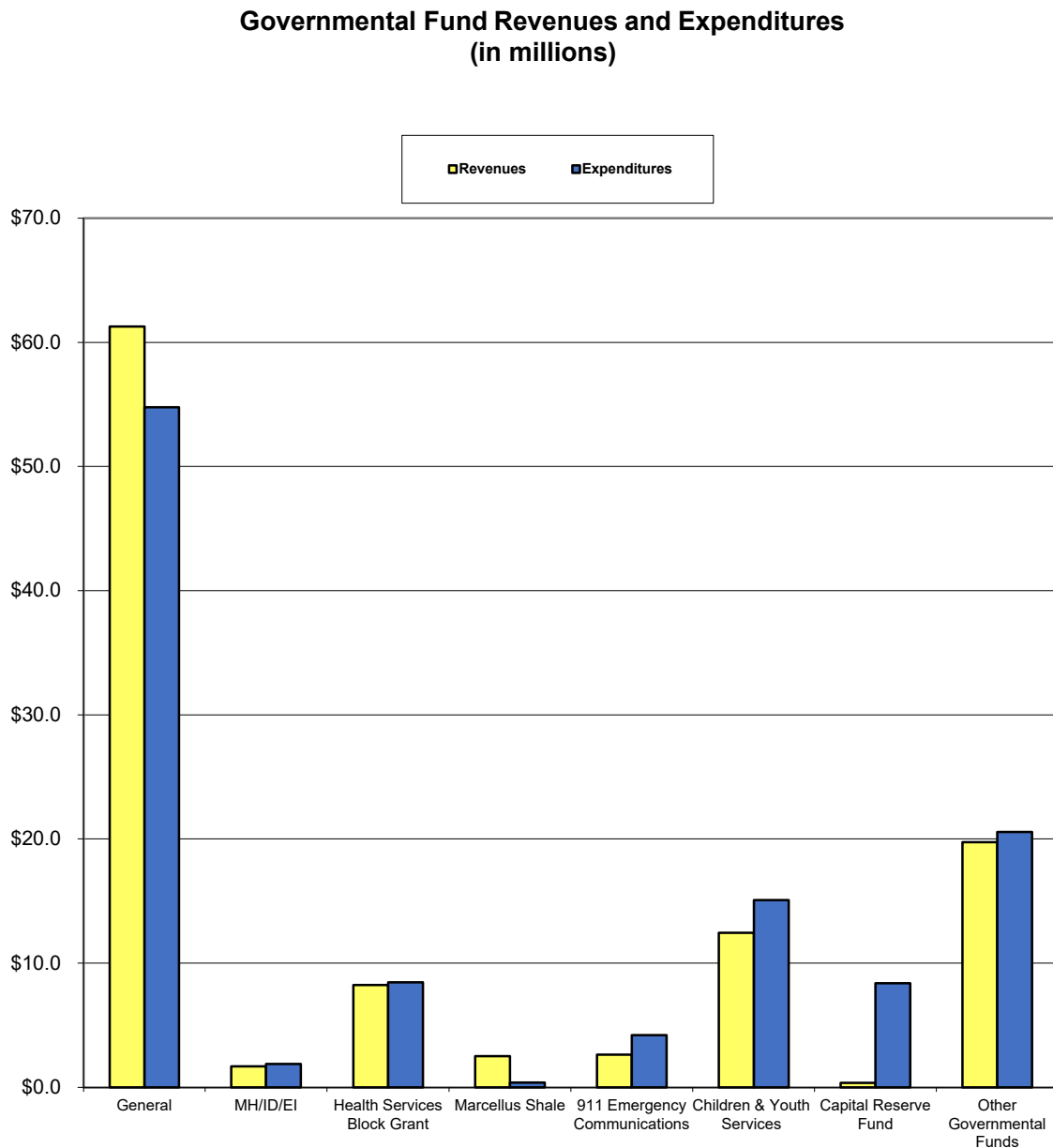
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has 42 governmental funds; seven of them are major funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Children & Youth Services, Marcellus Shale, Emergency Communications (911), and Capital Reserve), and 37 are other governmental funds.

A complete listing of the other governmental funds is on pages V-1 to V-13. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the County's net spendable resources available at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds Revenues/Expenditures

The following chart graphically depicts the total revenues received and expenditures incurred by the Governmental Funds for the year ended December 31, 2018:



MANAGEMENT'S DISCUSSION AND ANALYSIS

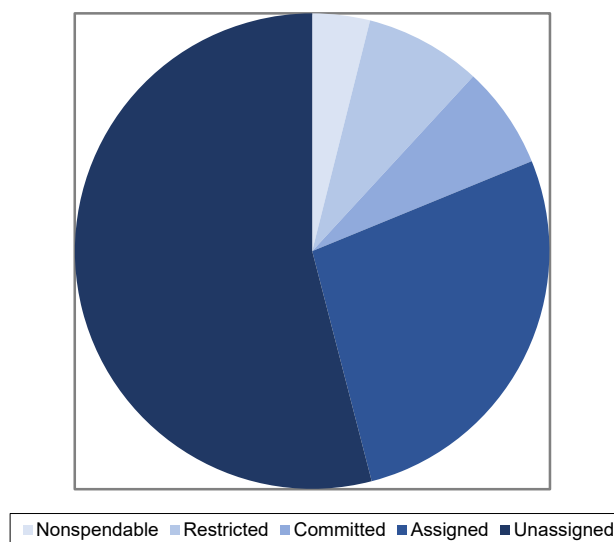
The majority of revenues and expenditures occurred in the County's General Fund, Health Services Block Grant Fund, and Children & Youth Services Fund in 2018. Under the General Fund, revenue from taxes amounted to \$50.2 million. The Health Services Block Grant Fund and Children & Youth Services Fund received \$7.9 million and \$12.2 million, respectively, either in a base allocation or grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – Fund Balances

The following chart graphically reflects the General Fund fund balance as of December 31st:

**General Fund - Fund Balances at December 31, 2018
(in millions)**



The General Fund fund balance at December 31, 2018 was approximately \$16.38 million, with \$4.2 million assigned for the 2019 budget. This increase from the \$13.97 million fund balance at December 31, 2017 is attributable to General Fund revenues (including transfers in) exceeding General Fund expenditures (including transfers out) by \$2.4 million for 2018. As the result of reasonable fluctuations and conservative budget estimates, revenues surpassed budget projections and expenditures were lower than budget expectations.

The Marcellus Shale Fund fund balance at December 31, 2018 was approximately \$1,886,000, which was an increase from the December 31, 2017 fund balance of around \$865,000. This is the result of an increase in amounts allocated from Act 13 Impact Fees, which were restricted for the County's Infrastructure Bank.

The Capital Reserve Fund fund balance at December 31, 2018 was approximately \$7.4 million and was assigned and restricted for capital purchases. This decrease from \$15.1 million in fund balance at December 31, 2017, is largely attributable to expenditures made for the County's Emergency Communication (911) radio system upgrade.

The Other Governmental Funds fund balance increased slightly from \$3.2 million at December 31, 2017, to \$3.4 million at December 31, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The fund balance in the General Fund for the year ended 2018 increased by approximately \$2.4 million from the 2017 level. At December 31, 2018, the General Fund fund balance was approximately \$16 million, of which approximately \$600,000 was nonspendable, \$1.3 million was restricted for operating reserve and agricultural easements, \$1.1 million was committed for worker's compensation, and \$4.5 million was assigned for the 2019 budget and the Conservation District.

There were no significant differences in the General Fund between the original and final budget. Differences worth noting in the General Fund final budget compared to the actual amounts are as follows:

- Tax revenue was under budget by around \$681,000. This is the result of over budgeting for collection of delinquent property taxes by the tax claim department; however, real estate collections for the current year exceeded the budget.
- General government administration expenditures were under budget by approximately \$1,388,000. This is attributable to budget overestimates made primarily in healthcare premiums and pension contributions. Expenditures were also under budget because of a concerted effort by management to control costs.
- General government judicial expenditures were under budget by around \$618,000. This is attributable to budget overestimates and cost control measures.
- Public safety expenditures were under budget by around \$800,000. This is principally attributable to the Prison's expenditures being less than budgeted.
- Other expenditures were under budget by approximately \$3.2 million. This is partially attributable to budgeted contingency expenditures not being necessary.
- Debt service expenditures were under budget by around \$598,000. This is attributable to the fact that debt service was overestimated in the General Fund.

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, 2018 and 2017:

County of Butler			
Summary of Capital Assets			
Governmental Activities			
	Balance at <u>December 31, 2018</u>	Balance at <u>December 31, 2017</u>	Increase/ <u>Decrease</u>
Land	\$ 1,704,544	\$ 1,704,544	\$ -
Easements	2,987,672	2,724,205	263,467
Construction in progress	16,326,599	8,871,002	7,455,597
Infrastructure - bridges	26,953,996	26,938,392	15,604
Buildings and improvement	73,948,892	73,968,688	(19,796)
Furniture and equipment	28,012,671	26,540,098	1,472,573
Total capital assets	<u>149,934,374</u>	<u>140,746,929</u>	<u>9,187,445</u>
Less accumulated depreciation/ amortization for:			
Infrastructure - bridges	(15,693,029)	(14,850,976)	(842,053)
Buildings and improvements	(25,966,025)	(24,012,458)	(1,953,567)
Furniture and equipment	(19,825,587)	(18,480,255)	(1,345,332)
Total accumulated depreciation/ amortization	<u>(61,484,641)</u>	<u>(57,343,688)</u>	<u>(4,140,952)</u>
Net Capital Assets	<u>\$ 88,449,733</u>	<u>\$ 83,403,241</u>	<u>\$ 5,046,493</u>

Capital Assets – Governmental Activities: The County's investment in capital assets and infrastructure for its governmental activities as of December 31, 2018, amounts to approximately \$88.4 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The increase in capital assets from the prior year is largely the result of the County's Emergency Communication (911) radio system upgrade. In 2016, the County approved a contract with Motorola totaling approximately \$10 million to acquire and install a new radio system. The County issued General Obligation Bonds, Series 2017, to fund these (and other capital project) costs. 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, 2018, the County had total debt of \$49,457,000 outstanding on the General Obligation Bonds and General Obligation Notes.

County of Butler Summary of Long-Term Debt	
	Governmental Activities
Beginning Balance at January 1, 2018	\$ 53,209,000
Additions	-
Reductions	(3,752,000)
Ending Balance December 31, 2018	\$ 49,457,000

In March 2017, the County issued General Obligation Bonds, Series of 2017. The bond proceeds will be used to fund capital projects including acquisition and installation of a new 911 radio system; and renovations and improvements to the Government Center annex.

Bond Rating

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the County's Financial Management

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

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

or

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

BASIC FINANCIAL STATEMENTS

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2018 OR JUNE 30, 2018

	Primary Government		Component Units		
	Governmental Activities	Total (Dec. 31, 2018)	Butler County Community College (June 30, 2018)	Butler County Airport Authority (Dec. 31, 2018)	Butler Transit Authority (June 30, 2018)
Assets					
Cash and cash equivalents	\$ 35,326,583	\$ 35,326,583	\$ 16,959,993	\$ 1,251,346	\$ 658,431
Investments	1,138,346	1,138,346	6,678,733	-	-
Taxes receivable, at estimated realizable value	4,256,817	4,256,817	-	-	-
Accounts and loans receivable, at estimated realizable value	5,488,497	5,488,497	1,529,593	76,689	61,482
Accounts receivable, students	-	-	5,452,961	-	-
Due from other governments	7,428,542	7,428,542	6,885,558	-	-
Prepays	717,731	717,731	350,662	30,626	-
Inventory	-	-	256,251	3,260	-
Other assets	-	-	19,091	-	-
Capital assets, not being depreciated/amortized	21,018,815	21,018,815	5,795,866	1,916,402	644,760
Capital assets, net of accumulated depreciation/amortization	67,430,918	67,430,918	28,973,003	11,461,213	16,985,314
Total Assets	142,806,249	142,806,249	72,901,711	14,739,536	18,349,987
Deferred Outflows of Resources					
Deferred charge on refunding	1,028,948	1,028,948	838,773	-	-
Deferred outflows of resources for OPEB	-	-	17,567	-	-
Deferred outflows of resources for pension	29,785,943	29,785,943	1,278,779	-	-
Total Deferred Outflows of Resources	30,814,891	30,814,891	2,135,119	-	-
Liabilities					
Accounts payable	6,297,997	6,297,997	809,193	81,455	156,840
Accrued interest payable	845,502	845,502	207,619	-	-
Accrued payroll and payroll taxes	849,027	849,027	1,057,545	-	-
Lines of credit	-	-	230,896	-	-
Due to other governments	436,531	436,531	-	-	-
Unearned revenue:					
Current	5,754,968	5,754,968	5,838,032	34,058	608,557
Non-current	-	-	-	63,002	-
Workmen's compensation:					
Current	-	-	-	-	-
Non-current	1,138,969	1,138,969	-	-	-
Compensated absences:					
Current	2,079,869	2,079,869	883,907	-	-
Non-current	587,987	587,987	-	-	-
Note payable:					
Current	835,000	835,000	473,854	69,416	-
Non-current	6,442,000	6,442,000	4,066,525	247,869	-
Bonds payable:					
Current, includes premium of \$379,121 for governmental activities	3,459,121	3,459,121	1,500,000	-	-
Non-current, includes premium of \$2,742,231 for governmental activities	41,842,231	41,842,231	19,253,074	-	-
OPEB liability	-	-	338,000	-	-
Net pension liability, non-current	41,006,167	41,006,167	8,198,000	-	-
Total Liabilities	111,575,369	111,575,369	42,856,645	495,800	765,397
Deferred Inflows of Resources					
Deferred revenue - loans	321,834	321,834	-	-	-
Deferred inflows of resources for OPEB	-	-	31,000	-	-
Deferred inflows of resources for pension	15,882,985	15,882,985	409,000	-	-
Total Deferred Inflows of Resources	16,204,819	16,204,819	440,000	-	-
Net Position					
Net investment in capital assets	42,144,526	42,144,526	9,747,786	13,060,330	17,630,074
Restricted for:					
Operating reserve, expendable	1,250,627	1,250,627	-	-	-
Agricultural easements, expendable	51,672	51,672	-	-	-
Infrastructure Bank	1,220,268	1,220,268	-	-	-
Act 13, expendable	3,304,017	3,304,017	-	-	-
Roads and bridges, expendable	2,063,832	2,063,832	-	-	-
Records improvement/automation, expendable	707,749	707,749	-	-	-
Central booking/court restitution, expendable	120,663	120,663	-	-	-
Area Agency on Aging Program, expendable	548,488	548,488	-	-	-
Capital purchases, expendable	-	-	11,403,224	-	-
Emergency communications, expendable	687,410	687,410	-	-	-
Other purposes, nonexpendable	-	-	2,844,483	-	-
Other purposes, expendable	-	-	-	1,650	-
Unrestricted	(6,258,300)	(6,258,300)	7,744,692	1,181,756	(45,484)
Total Net Position	\$ 45,840,952	\$ 45,840,952	\$ 31,740,185	\$ 14,243,736	\$ 17,584,590

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Total (Dec. 31, 2018)	Butler County Community College (June 30, 2018)	Butler County Airport Authority (Dec. 31, 2018)	Butler Transit Authority (June 30, 2018)
Primary government:									
Governmental activities:									
General government - administration	\$ 12,772,232	\$ 2,427,800	\$ 2,914,243	\$ -	\$ (7,430,189)	\$ (7,430,189)	\$ -	\$ -	\$ -
General government - judicial	17,814,826	3,492,439	2,367,130	-	(11,955,257)	(11,955,257)	-	-	-
Public safety	22,935,052	1,943,667	3,552,985	-	(17,438,400)	(17,438,400)	-	-	-
Public works and enterprises	2,084,309	13,945	304,825	1,130,437	(635,102)	(635,102)	-	-	-
Human services	43,576,946	1,424,990	31,348,886	691,041	(10,112,029)	(10,112,029)	-	-	-
Culture and recreation	1,624,502	383,669	-	198,768	(1,042,065)	(1,042,065)	-	-	-
Conservation and development	4,434,507	700,896	681,944	699,399	(2,352,268)	(2,352,268)	-	-	-
Interest, premiums, and discounts	1,708,009	-	-	-	(1,708,009)	(1,708,009)	-	-	-
Total governmental activities	106,950,383	10,387,406	41,170,013	2,719,645	(52,673,319)	(52,673,319)	-	-	-
Total Primary Government	\$ 106,950,383	\$ 10,387,406	\$ 41,170,013	\$ 2,719,645	(52,673,319)	(52,673,319)	-	-	-
Component units:									
Butler County Community College	\$ 42,598,518	\$ 16,640,270	\$ 25,079,794	\$ 3,186,329	-	-	2,307,875	-	-
Butler County Airport Authority	1,255,685	495,907	-	1,677,052	-	-	-	917,274	-
Butler Transit Authority	3,043,011	228,953	1,759,415	7,291,588	-	-	-	-	6,236,945
Total Component Units	\$ 46,897,214	\$ 17,365,130	\$ 26,839,209	\$ 12,154,969	-	-	2,307,875	917,274	6,236,945
General revenues:									
Taxes:									
Real estate					50,349,609	50,349,609	-	-	-
Hotel tax					2,377,470	2,377,470	-	-	-
Total taxes					52,727,079	52,727,079	-	-	-
Interest and investment income					734,693	734,693	869,647	694	-
Gain on sale of capital asset					22,346	22,346	-	140,693	-
Other income					2,052,002	2,052,002	573,028	-	36,766
Total general revenues					55,536,120	55,536,120	1,442,675	141,387	36,766
Change in Net Position					2,862,801	2,862,801	3,750,550	1,058,661	6,273,711
Net position - beginning					42,978,151	42,978,151	28,364,635	13,185,075	11,310,879
Adjustment for implementation of GASB 75					-	-	(375,000)	-	-
Net position - beginning of year, restated					42,978,151	42,978,151	27,989,635	13,185,075	11,310,879
Net position - ending					\$ 45,840,952	\$ 45,840,952	\$ 31,740,185	\$ 14,243,736	\$ 17,584,590

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Marcellus Shale Fund	Emergency Communications 911	Children & Youth Services	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and cash equivalents	\$ 14,150,891	\$ 118,953	\$ 2,223,654	\$ 2,260,219	\$ 1,244,068	\$ 181,137	\$ 8,350,105	\$ 6,797,556	\$ 35,326,583
Investments	1,138,346	-	-	-	-	-	-	-	1,138,346
Taxes receivable, net of allowance	4,100,268	-	-	-	-	-	-	156,549	4,256,817
Accounts and loans receivable, at estimated realizable value	4,628,892	-	-	-	251,887	5,929	36	601,753	5,488,497
Due from other funds	3,714,366	196,405	201,702	1,392	13,494	477,500	12,762	515,529	5,133,150
Due from other governments	556,390	74,253	859	2,638,654	642,701	1,443,511	-	2,072,174	7,428,542
Prepays	641,934	-	-	-	28,285	-	-	47,512	717,731
Total Assets	\$ 28,931,087	\$ 389,611	\$ 2,426,215	\$ 4,900,265	\$ 2,180,435	\$ 2,108,077	\$ 8,362,903	\$ 10,191,073	\$ 59,489,666

(Continued)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

(Continued)

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Marcellus Shale Fund	Emergency Communications 911	Children & Youth Services	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Accounts payable	\$ 1,010,224	\$ 334,090	\$ 995,149	\$ 29,493	\$ 172,909	\$ 1,140,041	\$ 781,613	\$ 1,834,478	\$ 6,297,997
Accrued payroll and payroll taxes	605,663	1,844	20,845	-	46,645	69,769	-	104,261	849,027
Unearned revenue	918,366	23,739	1,193,422	346,487	882,395	141,114	-	2,224,778	5,730,301
Due to other funds	1,418,816	23,589	216,799	-	362,791	709,374	140,588	2,261,193	5,133,150
Due to other governments	379,293	6,349	-	-	-	47,779	-	3,110	436,531
Total Liabilities	4,332,362	389,611	2,426,215	375,980	1,464,740	2,108,077	922,201	6,427,820	18,447,006
Deferred Inflows of Resources:									
Unavailable revenue - taxes/fees	8,223,389	-	-	-	-	-	-	-	8,223,389
Unavailable revenue - impact fees	-	-	-	2,638,654	-	-	-	-	2,638,654
Unavailable revenue - loans	-	-	-	-	-	-	-	321,834	321,834
Total Deferred Inflows of Resources	8,223,389	-	-	2,638,654	-	-	-	321,834	11,183,877
Fund Balance:									
Nonspendable - prepaid items	641,934	-	-	-	28,285	-	-	47,512	717,731
Restricted:									
Operating reserve	1,250,627	-	-	-	-	-	-	-	1,250,627
Agricultural easements	51,672	-	-	-	-	-	-	-	51,672
Infrastructure bank	-	-	-	1,220,268	-	-	-	-	1,220,268
Act 13	-	-	-	665,363	-	-	-	-	665,363
Roads and bridges	-	-	-	-	-	-	-	2,063,832	2,063,832
Records improvement/automation	-	-	-	-	-	-	-	707,749	707,749
Central booking/court restitution	-	-	-	-	-	-	-	120,663	120,663
Area Agency on Aging Program	-	-	-	-	-	-	-	548,488	548,488
Capital purchases	-	-	-	-	-	-	5,244,197	-	5,244,197
Emergency communications	-	-	-	-	687,410	-	-	-	687,410
Committed:									
Workmen's compensation	1,138,969	-	-	-	-	-	-	-	1,138,969
Assigned:									
2019 budget	4,225,406	-	-	-	-	-	-	-	4,225,406
Conservation District	220,000	-	-	-	-	-	-	-	220,000
Capital purchases	-	-	-	-	-	-	2,196,505	-	2,196,505
Unassigned	8,846,728	-	-	-	-	-	-	(46,825)	8,799,903
Total Fund Balance	16,375,336	-	-	1,885,631	715,695	-	7,440,702	3,441,419	29,858,783
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 28,931,087	\$ 389,611	\$ 2,426,215	\$ 4,900,265	\$ 2,180,435	\$ 2,108,077	\$ 8,362,903	\$ 10,191,073	\$ 59,489,666

(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, 2018

Total Fund Balance - Governmental Funds \$ 29,858,783

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. 88,449,733

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. 10,837,376

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. (2,092,404)

The net pension liability is not reflected in the fund financial statements. (41,006,167)

Deferred outflows and inflows of resources for pension are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements. 13,902,958

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	\$ (1,138,969)	
Accrued compensated absences	(2,667,856)	
Note payable	(7,277,000)	
Bonds payable	(42,180,000)	
Accrued interest on debt	(845,502)	(54,109,327)

Total Net Position - Governmental Activities \$ 45,840,952

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, 2018

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Marcellus Shale Fund	Emergency Communications 911	Children & Youth Services	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 50,152,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,377,470	\$ 52,529,566
Intergovernmental	1,510,408	1,684,376	7,980,910	2,492,276	2,617,452	12,180,190	37,765	14,830,267	43,333,644
Charges for services	6,423,726	-	177,252	-	1,380	141,157	-	2,274,165	9,017,680
Fines and forfeits	1,211,196	-	-	-	-	-	-	-	1,211,196
Interest	376,542	3,698	37,236	23,467	12,212	11,980	165,011	104,546	734,692
Other	1,594,063	1,529	40,028	-	-	110,208	146,026	160,148	2,052,002
Total revenues	61,268,031	1,689,603	8,235,426	2,515,743	2,631,044	12,443,535	348,802	19,746,596	108,878,780
Expenditures:									
Current:									
General government - administration	11,058,785	-	-	-	-	-	-	191,253	11,250,038
General government - judicial	13,916,846	-	-	-	-	-	-	2,957,153	16,873,999
Public safety	17,123,215	-	-	-	3,112,686	-	-	269,704	20,505,605
Public works and enterprises	-	-	-	-	-	-	-	491,178	491,178
Human services	5,688,387	1,885,857	8,466,061	-	-	15,053,736	-	11,275,297	42,369,338
Culture and recreation	693,419	-	-	-	-	-	-	394,095	1,087,514
Conservation and development	1,041,820	-	-	377,126	-	-	-	2,589,922	4,008,868
Other	527,596	-	-	-	-	-	-	-	527,596
Capital projects	-	-	-	-	16,660	-	8,392,702	2,347,661	10,757,023
Debt service	4,722,356	-	-	-	1,081,713	20,084	1,500	35,919	5,861,572
Total expenditures	54,772,424	1,885,857	8,466,061	377,126	4,211,059	15,073,820	8,394,202	20,552,182	113,732,731
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,495,607	(196,254)	(230,635)	2,138,617	(1,580,015)	(2,630,285)	(8,045,400)	(805,586)	(4,853,951)
Other Financing Sources (Uses):									
Sale of capital assets	-	-	-	-	375	-	12,135	9,836	22,346
Transfers in	479,968	196,254	230,635	-	791,014	2,630,285	341,074	1,691,424	6,360,654
Transfers out	(4,571,503)	-	-	(1,117,809)	-	-	-	(671,342)	(6,360,654)
Total other financing sources (uses)	(4,091,535)	196,254	230,635	(1,117,809)	791,389	2,630,285	353,209	1,029,918	22,346
Net Change in Fund Balance	2,404,072	-	-	1,020,808	(788,626)	-	(7,692,191)	224,332	(4,831,605)
Fund Balance:									
Beginning of year	13,971,264	-	-	864,823	1,504,321	-	15,132,893	3,217,087	34,690,388
End of year	<u>\$ 16,375,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,885,631</u>	<u>\$ 715,695</u>	<u>\$ -</u>	<u>\$ 7,440,702</u>	<u>\$ 3,441,419</u>	<u>\$ 29,858,783</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - Governmental Funds

\$ (4,831,605)

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	\$ 9,383,923	
Less: depreciation expense	<u>4,337,431</u>	5,046,492

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.

912,058

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.

4,077,136

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

(2,327,395)

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.

76,427

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.

(90,312)

Change in Net Position of Governmental Activities

\$ 2,862,801

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 50,682,873	\$ 50,832,873	\$ 50,152,096	\$ (680,777)
Intergovernmental	1,456,013	1,496,013	1,510,408	14,395
Charges for services	5,798,500	5,864,300	6,423,726	559,426
Fines and forfeits	905,700	985,181	1,211,196	226,015
Interest	177,200	182,400	376,542	194,142
Other	1,565,700	1,583,700	1,594,063	10,363
Total revenues	60,585,986	60,944,467	61,268,031	323,564
Expenditures:				
Current:				
General government - administration	12,108,956	12,446,740	11,058,785	1,387,955
General government - judicial	14,468,110	14,535,053	13,916,846	618,207
Public safety	17,885,887	17,923,264	17,123,215	800,049
Public works and enterprises	-	-	-	-
Human services	5,645,691	5,670,609	5,688,387	(17,778)
Culture and recreation	745,716	795,716	693,419	102,297
Conservation and development	696,074	1,070,315	1,041,820	28,495
Other	4,116,650	3,727,607	527,596	3,200,011
Debt service	5,320,518	5,320,518	4,722,356	598,162
Total expenditures	60,987,602	61,489,822	54,772,424	6,717,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	(401,616)	(545,355)	6,495,607	7,040,962
Other Financing Sources (Uses):				
Transfers in	1,261,000	1,305,125	479,968	(825,157)
Transfers out	(7,144,384)	(7,321,271)	(4,571,503)	2,749,768
Total other financing sources (uses)	(5,883,384)	(6,016,146)	(4,091,535)	1,924,611
Net Change in Fund Balance	<u>\$ (6,285,000)</u>	<u>\$ (6,561,501)</u>	<u>\$ 2,404,072</u>	<u>\$ 8,965,573</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2018

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,138,788	\$ 4,345,307
Investments:		
Money markets	841,200	-
Bond mutual funds	73,351,895	-
International equity funds	29,658,960	-
Domestic equity funds	57,134,907	-
Equities	30,295,210	-
Other	6,253	-
Total Assets	193,427,213	4,345,307
Liabilities		
Accounts payable	75,476	-
Due to other governments	-	2,080,554
Due to others	-	371,067
Escrow liability and interest	-	1,893,686
Total Liabilities	75,476	4,345,307
Net Position		
Net Position Restricted for Pensions	\$ 193,351,737	\$ -

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, 2018

	Pension Trust Fund
Additions:	
Contributions:	
County	\$ 5,066,887
Employee	3,462,318
Total contributions	8,529,205
Investment income (loss):	
Net depreciation in fair value of investments	(17,875,087)
Interest and dividends and other income	6,216,017
Total investment income (loss)	(11,659,070)
Investment expense	219,345
Net investment income (loss)	(11,878,415)
Total additions	(3,349,210)
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	12,891,605
Administrative expense	130,321
Fiduciary liability insurance	25,959
Total deductions	13,047,885
Decrease in Net Position	(16,397,095)
Net Position:	
Beginning of year	209,748,832
End of year	\$ 193,351,737

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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, public works, human services, culture and recreation, and conservation and development.

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:
 - 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

- 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. The College's fiscal year end is June 30th, and separately issued audited financial statements are available through the College's business office: 107 College Drive, Butler, PA 16002.

Butler County Airport Authority

The Butler County Airport Authority (Airport Authority) was created to operate the Butler County Airport. The Airport Authority's seven-member Board is appointed by the County Commissioners and one Commissioner serves as an advisory member of the Board. The Airport Authority's Board operates autonomously from the County and is responsible for the designation of management. The Airport 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 Airport Authority. Separately issued audited financial statements are available through the Authority's administrative office: 475 Airport Road, Butler, PA 16002.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Butler Transit Authority

The Butler Transit Authority (Authority) was created to provide municipal transportation services in the City of Butler (City) and in the Township of Butler (Township). In 2018, the County of Butler (County) joined the Authority as a member with the expanded mission of providing public transportation services for the entire County. The Authority's six-member Board will be appointed by the County Commissioners. The County is financially accountable, as the County is responsible for providing local matching grant funds. Separately issued audited financial statements are available through the Authority's administrative office: 130 Hollywood Drive, Suite 101, Butler, PA 16001.

Related Organizations

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

Butler County City Connoquenessing Creek Flood Control Authority

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

Butler County Housing Authority

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

Butler County Industrial Development Authority

The Butler County Industrial Development Authority (IDA) issues low-interest, tax-exempt bonds, and uses the proceeds to finance projects intended to stimulate economic growth in the County. The IDA's seven-member Board is appointed by the County and the IDA operates independently of any ongoing involvement from the County. The County Commissioners must approve the concept of any major bond issue of the IDA, but are not financially accountable for the IDA. The County has no legal responsibility for IDA debt.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Butler County Hospital Authority

The Butler County Hospital Authority (Hospital Authority) issues low-interest, tax-exempt bonds to enable capital financing for hospitals and nursing homes. Five of the six members of the Hospital Authority's Board are appointed by the County. The sixth member of the Board is the Hospital Authority's president who is appointed by the other Board members. The Hospital Authority operates independently of any ongoing involvement of the County. The County Commissioners must approve the concept of any major project of the Hospital Authority but are not financially accountable for the Hospital Authority. The County has no legal responsibility for Hospital Authority debt.

The Butler County Redevelopment Authority

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

Butler County General Authority

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Other Organizations

The 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, 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 grants. While the three Counties are responsible for any disallowed costs of the WIB, annual operating contributions are not required. The WIB's Board is appointed one-third by each of the participating counties. An executive committee composed of one commissioner from each County may be overruled by the WIB's Board.

Butler County Tourism and Convention Bureau

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

Southwest Behavioral Health Management, Inc.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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. The County had no business-type activities during 2018. 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.

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. Pension Trust 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 satisfied.

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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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.

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 *Marcellus Shale Fund* is used to account for state revenue to be used according to the Marcellus Shale Impact Fee guidelines, as prescribed by Act 13 of 2012.

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

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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.

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.

Interfund Activity in the Government-Wide Financial 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 fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

Cash and Cash Equivalents

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Investments

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

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, building and building improvements, furniture and equipment, intangibles and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated/amortized using the straight-line method, using the half year convention, over the following estimated useful lives:

Buildings and renovations	30 - 40 years
Infrastructure	50 years
Permanent fixtures	20 years
Furniture/ non-permanent fixtures	8 years
Equipment	10 years
Computer hardware	5 years
Radio/telephone systems	10 years
Office machines	8 years
Vehicles	8 years

Compensated Absences

Calculation of the liability amount is determined by the appropriate vacation, sick, and lump sum payments, which would be available to employees if they would leave or retire from the County. All accumulated vacation pay and sick pay is accrued when incurred in the government-wide 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, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight- line 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Deferred Outflows/Inflows of Resources

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

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

Deferred Inflows and Outflows of Resources Related to Pensions

In conjunction with the adoption of GASB Statement Nos. 68 and 71, the difference between expected and actual experience, and the difference between projected and actual investment earnings are recorded as a deferred inflow or outflow of resources related to pensions on the financial statements. These amounts are determined based on the actuarial valuation performed for the pension plan. The difference between expected and actual experience is recognized over the average expected remaining service period of active and inactive members, which was five years as of December 31, 2018. The difference between projected and actual investment earnings is recognized over five years. Note 7 presents additional information about the pension plan.

Refunding Transactions

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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, Infrastructure Bank, Act 13 (Marcellus shale), roads and bridges, records improvement and automation, central booking and court restitution, area agency on aging program, capital purchases, and emergency communications.
- 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 the 2019 budget and capital purchases.
- Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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.

Net investment in capital assets is calculated as follows:

Capital assets:	\$ 149,934,374
Less: accumulated depreciation/amortization	(61,484,641)
Less: outstanding principal of capital-related borrowings	(49,457,000)
Less: original issue premiums	(3,121,352)
Plus: capital-related deferred outflows	1,028,948
Plus: unspent proceeds on capital-related borrowings	5,244,197
	<hr/>
Total net investment in capital assets	<u><u>\$ 42,144,526</u></u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Two categories are used to further describe restricted net position:
 - Expendable – can be expended in compliance with the external restriction
 - Nonexpendable – net position that is required to be retained in perpetuity

Expendable restricted net position at December 31, 2018 of the County consists of: \$1,250,627 for operating reserve, \$51,672 for agricultural easements, \$1,220,268 for the Infrastructure Bank, \$3,304,017 for Act 13 (Marcellus shale), \$2,063,832 for roads and bridges, \$707,749 for records improvement and automation, \$120,663 for central booking and court restitution, \$548,488 for the area agency on aging program, and \$687,410 for emergency communications.

- 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Budgets and Budgetary Accounting

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

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

1. Starting in early September, the Chief Clerk prepares a budget package that is sent to each department and elected officer. The department 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 proposed budget, the budget is presented in preliminary form to the County Commissioners. Subsequently, a budget hearing is scheduled with officials and department heads.
4. Upon consolidation of the department and agency expenditure projections, the County Commissioners ascertain the most viable method of financing them.
5. Subsequently, the Chief Clerk assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the review by the County Commissioners.
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, and no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Legally, management of the County may make budgetary transfers between departments without approval by the County Commissioners as long as overall fund expenditures are not affected. Department heads may make budgetary transfers within their own department as long as overall department expenditures are not affected.

However, as a matter of control all such transfers are subsequently ratified by the County Commissioners. The County Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The County Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The County Commissioners must approve changes to overall appropriations at the fund level.

Therefore, the legal level of budgetary responsibility is by fund. During the year, there were no significant supplemental appropriations enacted. Budget transfers did occur between accounts within funds. The statement of 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 are not 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Adopted Pronouncements

The requirements of the following GASB Statements were adopted for the County's 2018 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact to the County's financial statements.

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 85, *"Omnibus 2017,"* addresses practice issues that have been identified during implementation of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurements and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *"Certain Debt Extinguishment Issues,"* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.

The adoption of these Statements did not impact the financial statements of the County.

Pending Pronouncements

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

GASB Statement No. 84, *"Fiduciary Activities,"* is effective for fiscal years beginning after December 15, 2018 (the County's financial statements for the year ending December 31, 2019). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

GASB Statement No. 87, *“Leases,”* is effective for fiscal years beginning after December 15, 2019 (the County’s financial statements for the year ending December 31, 2020). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

GASB Statement No. 88, *“Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,”* is effective for fiscal years beginning after June 15, 2018 (the County’s financial statements for the year ending December 31, 2019). This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include related to debt.

GASB Statement No. 89, *“Accounting for Interest Cost Incurred before the End of a Construction Period,”* is effective for fiscal years beginning after December 15, 2019 (the County’s financial statements for the year ending December 31, 2020). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *“Majority Equity Interests – an amendment of GASB Statements No. 13 and No. 61,”* is effective for fiscal years beginning after December 15, 2018 (the County’s financial statements for the year ending December 31, 2019). This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow 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, 2018 OR JUNE 30, 2018

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 \$35,347,513 at December 31, 2018, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining amount was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits include amounts with a book balance as of December 31, 2018 of \$35,326,583, which are reported as cash and cash equivalents in the statement of net position.

Agency Fund

The County maintains bank accounts for the elected offices 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 \$4,345,307 and the bank balance was \$4,794,141. Of the bank balance, \$537,689 was covered by the 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 has the collateral held by an approved custodian in the institution's name.

Investments

As of December 31, 2018, the County held the following investment balances in the governmental funds:

	Fair Value	Maturity in Years	
		Less than 1 year	1-5 years
Bond mutual funds	\$ 1,126,887	\$ 1,126,887	\$ -
Total securities with maturities	1,126,887	<u>\$ 1,126,887</u>	<u>\$ -</u>
Money market funds	11,459		
Total investments reported on the statement of net position	<u>\$ 1,138,346</u>		

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

The County's categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County's investments have the following recurring fair value measurements at December 31, 2018:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Bond mutual funds:				
Short-term	\$ 844,705	\$ 844,705	\$ -	\$ -
Intermediate term	231,807	231,807	-	-
Inflation protected	50,375	50,375	-	-
Total bond mutual funds	1,126,887	1,126,887	-	-
Total investments by fair value level	1,126,887	\$ 1,126,887	\$ -	\$ -
Money market funds	11,459			
Total investments	\$ 1,138,346			

Bond mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities. The County's investment in money market funds is reported at amortized cost, which approximates fair value.

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

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

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, 2018, the County's investment balance, excluding mutual funds of \$11,459, (bank and book balance) was exposed to custodial credit risk.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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, 2018, all of the County's investments were not rated. The County's investments are in mutual funds and money markets. Money market investments include short-term U.S. Treasury and agency obligations, certificates of deposit, repurchase agreements, and commercial paper.

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

Pension Trust Fund – Deposits

The pension trust fund deposits are held separately from those of other County funds. The pension trust fund cash and cash equivalents include checking and money market deposits (book value of \$1,900,610 at December 31, 2018) and accrued income (book value of \$238,178 at December 31, 2018). The bank balance of the checking and money market deposits as of December 31, 2018 was \$1,901,382. None of the bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). The balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Pension Trust Fund – Investments

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

As of December 31, 2018, the County had the following investments in its pension trust fund:

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	\$ 73,351,895	\$ -	\$ 19,327,143	\$ 49,267,409	\$ 4,757,343
Total debt securities	73,351,895	\$ -	\$ 19,327,143	\$ 49,267,409	\$ 4,757,343
Money markets	841,200				
International equity mutual fund:	29,658,960				
Domestic equity mutual funds	57,134,907				
Equities	30,295,210				
Total other investments	117,930,277				
Total investments reported on the statement of fiduciary net position	\$ 191,282,172				

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

The County's pension trust funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust funds have the following recurring fair value measurements at December 31, 2018:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Bond mutual funds:				
Short-term	\$ 14,521,491	\$ 14,521,491	\$ -	\$ -
Intermediate-term	19,594,661	19,594,661	-	-
International	10,163,200	10,163,200	-	-
Inflation protected	9,562,995	9,562,995	-	-
High yield	19,509,548	19,509,548	-	-
Total bond mutual funds	73,351,895	73,351,895	-	-
Equity mutual funds:				
Real estate	9,357,518	9,357,518	-	-
Small cap	9,403,801	9,403,801	-	-
Mid cap	18,965,183	18,965,183	-	-
Large cap - growth	9,568,037	9,568,037	-	-
Large cap - value	9,840,369	9,840,369	-	-
International - developed markets	19,674,594	19,674,594	-	-
International - emerging markets	9,984,365	9,984,365	-	-
Total equity mutual funds	86,793,867	86,793,867	-	-
Equities:				
Consumer discretionary	2,549,172	2,549,172	-	-
Consumer staples	3,325,933	3,325,933	-	-
Energy	1,501,495	1,501,495	-	-
Financial	4,062,760	4,062,760	-	-
Health care	4,605,988	4,605,988	-	-
Industrials	3,216,392	3,216,392	-	-
Information technology	5,561,782	5,561,782	-	-
Materials	678,217	678,217	-	-
Real estate	342,584	342,584	-	-
Telecommunication services	2,639,914	2,639,914	-	-
Utilities	1,810,973	1,810,973	-	-
Total equities	30,295,210	30,295,210	-	-
Total investments by fair value level	190,440,972	\$ 190,440,972	\$ -	\$ -
Money market funds	841,200			
Total investments	\$ 191,282,172			

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Equities, bond mutual funds, and equity mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities. The County's investment in money market funds is reported at amortized cost, which approximates market.

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 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 equivalents - 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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

As of December 31, 2018, the pension trust fund's investments in debt securities have received the following ratings from Moody's:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Percentage of Debt Securities</u>
Bonds	AAA	46%
Bonds	AA	6%
Bonds	A	11%
Bonds	BBB	12%
Bonds	BB	12%
Bonds	B	10%
Bonds	Below B	3%
		<u>100%</u>

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the pension trust funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The pension trust fund does not have a formal deposit or investment policy for custodial credit risk. The County's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. Money market investments include short-term U.S. Treasury and agency obligations, certificates of deposits, and commercial paper. As of December 31, 2018, the County's money markets balance of \$841,200 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), and no more than 10% of a manager's equity portfolio may be invested in any one company (valued at market). In addition, investments may not exceed the benchmark index by 20% of the GICS economic sector allocation of the appropriate benchmark. In addition, except for U.S. Treasury and Agency obligations, a managers fixed-income portfolio may not exceed more than 10% (valued at market) of a given domestic issuer. There were no investments in the pension trust fund that constituted more than five percent of the plan assets available for benefits at December 31, 2018. In addition, the plan did not have any investment transactions with related parties during the year.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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 5-25% of the portfolio with a target of 15%. International securities may include: equity alternatives, common stock listed on a recognized security exchange, OTC Common Stock, American Depositary Receipts (ADRs), European Depositary Receipts (EDRs), Convertible bonds, preferred stock, non-voting stock if the risk/return characteristics are favorable versus the underlying common equity, and currency hedging. At December 31, 2018, the County had \$29,658,960 invested in international equity mutual funds and did not hold any material foreign currency.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

3. Capital Assets

The following is a summary of changes in capital assets related to governmental activities for the year ended December 31, 2018:

	Beginning Balance at January 1, 2018	Additions	Deletions	Ending Balance at December 31, 2018
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,704,544	\$ -	\$ -	\$ 1,704,544
Easements	2,724,205	263,467	-	2,987,672
Construction in progress	8,871,002	7,819,565	(363,968)	16,326,599
Total capital assets, not being depreciated/amortized	13,299,751	8,083,032	(363,968)	21,018,815
Capital assets, being depreciated/amortized:				
Buildings and renovations	73,266,862	6,916	(26,712)	73,247,066
Infrastructure	26,938,392	15,604	-	26,953,996
Permanent fixtures	7,728,620	7,944	-	7,736,564
Furniture/non-permanent fixtures	321,129	-	-	321,129
Equipment	1,881,296	519,575	-	2,400,871
Computer hardware	5,759,005	306,797	-	6,065,802
Radio/telephone systems	5,757,518	27,608	-	5,785,126
Office machines	2,460,758	29,941	(33,870)	2,456,829
Vehicles	3,333,598	750,474	(135,896)	3,948,176
Total capital assets, being depreciated/amortized	127,447,178	1,664,859	(196,478)	128,915,559
Less accumulated depreciation/amortization:				
Buildings and renovations	(23,412,098)	(1,979,020)	26,712	(25,364,406)
Infrastructure	(14,850,976)	(842,053)	-	(15,693,029)
Permanent fixtures	(3,029,799)	(341,327)	-	(3,371,126)
Furniture/non-permanent fixtures	(314,908)	(4,624)	-	(319,532)
Equipment	(1,474,653)	(165,679)	-	(1,640,332)
Computer hardware	(5,296,010)	(212,495)	-	(5,508,505)
Radio/telephone systems	(4,911,039)	(350,997)	-	(5,262,036)
Office machines	(2,065,622)	(80,791)	33,870	(2,112,543)
Vehicles	(1,988,583)	(360,445)	135,896	(2,213,132)
Total accumulated depreciation/ amortization	(57,343,688)	(4,337,431)	196,478	(61,484,641)
Total capital assets, being depreciated/ amortized, net	70,103,490	(2,672,572)	-	67,430,918
Governmental activities capital assets, net	\$ 83,403,241	\$ 5,410,460	\$ (363,968)	\$ 88,449,733

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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

Governmental activities:

General government - administrative	\$ 704,614
General government - judicial	201,030
Public safety	1,718,702
Public works	897,764
Human services	666,058
Culture and recreation	144,429
Conservation and development	<u>4,834</u>
Total depreciation expense - governmental activities	<u>\$ 4,337,431</u>

4. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of the first day in January and are levied on the first day in March. These taxes are billed by the County and collected by elected tax collectors. Taxes paid through the last day of April are reduced by a 2% discount. Amounts paid after the last day of June 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 2018, County real estate taxes were levied at the rate of 27.626 mills on assessed valuation. Of the total millage rate of 27.626 mills, 21.402 mills are allocated for general purposes, and 3.289 mills for debt service and 2.935 mills are allocated for payment to Butler County Community College. Total assessed valuation for non-exempt properties in 2018 was approximately \$1.83 billion.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

5. Accounts Receivable and Loans Receivable

All trade and taxes receivables, including those for the component units, are shown net of an allowance for uncollectibles. The County estimates the allowance for uncollectibles using historical collection data and in certain cases, specific account analysis.

Receivables at December 31, 2018, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities:	General Fund	Human Services Block Grant	Emergency Communications 911	Children & Youth Services	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Taxes receivable	\$ 4,665,916	\$ -	\$ -	\$ -	\$ -	\$ 156,549	\$ 4,822,465
Less: allowance for uncollectibles	(565,648)	-	-	-	-	-	(565,648)
 Net tax receivables	 \$ 4,100,268	 \$ -	 \$ -	 \$ -	 \$ -	 \$ 156,549	 \$ 4,256,817
Accounts receivable	\$ 131,992	\$ -	\$ 251,887	\$ 5,929	\$ 36	\$ 279,919	\$ 669,763
Loans receivable	-	-	-	-	-	321,834	321,834
Court-related receivables	11,787,521	-	-	-	-	-	11,787,521
Less: allowance for uncollectibles	(7,290,621)	-	-	-	-	-	(7,290,621)
 Net accounts and loan receivables	 \$ 4,628,892	 \$ -	 \$ 251,887	 \$ 5,929	 \$ 36	 \$ 601,753	 \$ 5,488,497

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

6. Interfund Receivables, Payables, and Transfers

Individual fund receivable and payable balances at December 31, 2018, as well as interfund transfers for the year ended December 31, 2018, were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental Activities:				
General	\$ 3,714,366	\$ 1,418,816	\$ 479,968	\$ 4,571,503
Mental Health/Early Intervention/ Intellectual Disabilities	196,405	23,589	196,254	-
Health Services Block Grant	201,702	216,799	230,635	-
Marcellus Shale Fund	1,392	-	-	1,117,809
Emergency Communications 911	13,494	362,791	791,014	-
Children & Youth Services	477,500	709,374	2,630,285	-
Capital Reserve	12,762	140,588	341,074	-
Other Governmental Funds	515,529	2,261,193	1,691,424	671,342
	<u>\$ 5,133,150</u>	<u>\$ 5,133,150</u>	<u>\$ 6,360,654</u>	<u>\$ 6,360,654</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 Pennsylvania Department of Human Services requirements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

7. Butler County Employees' Retirement System

Plan Description

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

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

For the 2018 membership period, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	594
Inactive plan members entitled to but not yet receiving benefits	88
Active plan members:	
Vested	397
Nonvested	174
Total plan members	<u>1,253</u>

Summary of Significant Accounting Policies

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

Investments of the plan are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Benefits Provided

Retirement Benefit – A participant is entitled to begin receiving retirement benefits at age 60 or after completing 20 years of service and attaining age 55. A participant is eligible for voluntary early retirement upon completion of 20 years of service and involuntary retirement upon completion of eight years of service. The monthly benefit for participants hired prior to April 1, 2009, is 2.500% of the participant's final average salary multiplied by years of credited service at the 1/40 class basis, plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. The monthly benefit for participants hired on or after April 1, 2009, is 1.667% of the participant's final average salary multiplied by years of credited service at the 1/60 class basis, plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. If a member selects to receive a full monthly annuity, the participant is guaranteed that the total annuity received will at least equal the accumulated deductions at the time of retirement (No Option). If instead a member selects to receive a lesser monthly annuity, the participant is guaranteed that the total annuity received will at least equal the actuarial present value of the annuity at the time of retirement (Option One); or a member may elect to receive a reduced joint and survivor pension payable for the remainder of their life with either 100% (Option Two) or 50% (Option Three) of the member's monthly annuity continuing after death to the designated beneficiary. Additionally, a member may also elect to receive, in one lump-sum payment, the full amount of their accumulated deductions and receive only the annuity provided by the Plan (Option Four).

Disability Benefit – All participants are eligible for disability benefits after five years of service, if disabled while in active service, and unable to continue as a County employee. The benefit is a monthly annuity commencing on the last day of the month following retirement, and is equal to 25% of the participant's final average salary. Included in the total monthly annuity is the present value of the member's accumulated deductions.

Death Benefit – If a participant's death occurs after having attained age 60 or having completed ten years of credited service, the designated beneficiary will receive a lump sum payment equal to the actuarial present value of the benefits calculated above based on the member's final average salary and credited service at time of death plus the member's accumulated contributions at time of death. If a participant's death occurs after retirement, the beneficiary will receive survivor benefits, if any, in accordance with the benefits selected by the member at retirement. In any event, the total annuity received by either the deceased participant or their beneficiary must at least equal the member's accumulated deductions.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Cost-of-Living Adjustments – At least once every three years, the Retirement Board must review cost-of-living adjustments. Should the Retirement Board award a cost-of-living adjustment, the adjustment is a percentage of the change in the Consumer Price Index for All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware, and Maryland area for the 12-month period ending August 31 for the year in which the adjustment is reviewed.

Contributions and Funding Policy

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

As a condition of employment, participants are required to contribute 9% of their salary as stipulated by the Act. Participants may elect to contribute up to an additional 10% of their salary, for a total contribution of 19%. Interest is credited to employee's accumulated deductions at an annual rate of 5.5% as established by the Retirement Board.

Administrative expenses generally are to be paid from the County's General Fund and not from plan assets. However, administrative expenses may from year to year be paid from the plan, unless it is determined by the actuary that such payment will impair the actuarial soundness of the plan. All retiree and beneficiary annuities and pension obligations are satisfied with plan assets, liquidated from the pension trust fund.

In 2018, the County satisfied its actuarially determined employer contribution to the pension plan in the amount of \$5,066,887 as determined by the January 1, 2018 actuarial valuation. The 2018 employee contributions amounted to \$3,462,318.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Net Pension Liability

The components of the net pension liability of the plan at December 31, 2018 were as follows:

Total pension liability	\$ 234,357,904
Plan fiduciary net position	(193,351,737)
Net pension liability	<u>\$ 41,006,167</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.5%</u>

Changes in the Net Pension Liability

The changes in the net pension liability of the County for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	\$ 231,540,218	\$ 209,748,832	\$ 21,791,386
Changes for the year:			
Service cost	4,227,017	-	4,227,017
Interest	16,285,729	-	16,285,729
Differences between expected and actual experience	(10,275,770)	-	(10,275,770)
Changes in assumption	5,472,315	-	5,472,315
Contributions - employer	-	5,066,887	(5,066,887)
Contributions - employee	-	3,424,361	(3,424,361)
Net investment income	-	(11,840,458)	11,840,458
Benefit payments, including refunds	(12,891,605)	(12,891,605)	-
Administrative expense	-	(156,280)	156,280
Net changes	<u>2,817,686</u>	<u>(16,397,095)</u>	<u>19,214,781</u>
Balances at December 31, 2018	<u>\$ 234,357,904</u>	<u>\$ 193,351,737</u>	<u>\$ 41,006,167</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>82.5%</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2018 and rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.25%
Projected salary increases	3.5%
Underlying inflation rate	3.0%
Cost of living adjustments	N/A

Mortality rates were based on the 2013 IRS annuitant and non-annuitant mortality tables for males and females (based upon RP-2000 tables, as published by the Society of Actuaries, with projected improvement to 2013, plus 7 and 15 years respectively, for annuitants and non-annuitants, using scale AA.

Actuarial assumptions are based on past experience under the plan and reasonable future expectations which represent the actuary's best estimate of anticipated experience under the plan. The actuarial assumptions are based on the results of an actuarial experience study, using plan data prior to 2013.

N/A - not applicable

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

The following was the asset allocation policy and best estimates of real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	15 - 65%	5.80%
International equity	5 - 25%	5.90%
Fixed income	0 - 75%	2.55%
Real estate	0 - 10%	4.35%
Cash	0 - 5%	0.60%
	<u>100%</u>	

Rate of Return – The money-weighted rate of return expresses the investment performance, net of investment expense, and adjusted for the fluctuation in amounts actually invested. For the year ended December 31, 2018, the annual money-weighted rate of return on the plan assets, net of investment expense, was -5.70%.

Concentrations – There were no plan investments that constituted more than five percent of the plan's fiduciary net position at December 31, 2018.

Discount Rate – The discount rate used to measure the total pension liability for the plan was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the plan calculated using the discount rate above; and also presents the plan's net pension liabilities, if they had been calculated using a discount rate that was one-percentage-point lower or higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 71,142,147	\$ 41,006,167	\$ 15,915,855

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

For the year ended December 31, 2018, the County recognized pension expense of approximately \$7.4 million. The County also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 931,486	\$ 8,220,616
Changes in assumption	4,377,852	-
Net difference between projected and actual earnings on pension plan investments	24,476,605	7,662,369
Total	\$ 29,785,943	\$ 15,882,985

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

<u>Year Ending December 31,</u>	
2019	\$ 5,207,423
2020	2,134,206
2021	2,142,366
2022	4,418,963
Total	\$ 13,902,958

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

8. Debt

Capital Leases

In February 2014, the County entered into a capital lease agreement as lessee for financing the acquisition of three vehicles for the County's Children & Youth Services program. The lease qualifies as a capital lease and the agreement stipulates a minimum lease payment of approximately \$20,083, including interest, for a term of five years. The County included in capital assets an amount equal to \$93,069 as capital leases. The balance at December 31, 2018 was \$0.

In March 2014, the County entered into a capital lease agreement as lessee for financing the acquisition of a truck for the Liquid Fuels Tax fund. The lease qualifies as a capital lease and the agreement stipulates a minimum lease payment of approximately \$35,918, including interest, for a term of five years. The County included in capital assets an amount equal to \$166,452 as capital leases. The balance at December 31, 2018 was \$0.

Capital Bond Issue 2014

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

For the governmental activities portion of the bond refunding, there was an accounting loss of \$1,431,546, which will be amortized through 2026. The unamortized portion of the loss at December 31, 2018 is reported as a deferred outflow of resources on the statement of net position. For the business-type activities portion of the bond refunding, there was an accounting gain of \$40,324, which will be amortized through 2018. The gain was fully amortized at December 31, 2018.

COUNTY OF BUTLER, PENNSYLVANIA

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Effective January 1, 2016, the County transferred the *Emergency Communications 911* fund to governmental activities, due to operational and funding changes. As part of this transfer, the remaining outstanding balance of the 2014 Bonds that had been allocated to the *Emergency Communications 911* Proprietary Fund (business-type activities) was transferred to governmental activities, along with the other debt-related balances (bond premium, accrued interest, and the deferred gain on refunding).

General Obligation Note 2016

In May 2016, the County issued General Obligation Note, Series A of 2016 in the amount of \$3,170,000 and General Obligation Note, Series B of 2016 in the amount of \$5,800,000. Proceeds of the note were used to currently refund \$3,115,000 of the 2006 Bonds, pay the costs related to the issuance of the note, and to fund capital projects. The cash flow savings from the refunding was approximately \$246,000 and the economic benefit from the refunding was approximately \$240,000.

For the refunding, there was an accounting loss of \$178,978, which will be amortized through 2024. The unamortized portion of the loss at December 31, 2018 is reported as a deferred outflow on the statement of net position. The County has evaluated its debt obligations for arbitrage regulations, and no liability has been determined.

General Obligation Bonds 2017

In March 2017, the County issued General Obligation Bonds, Series of 2017 in the amount of \$14,010,000. The bond proceeds will be used to fund capital projects including the acquisition and installation of a new 911 radio system; and additions, renovations and improvements to the Government Center Annex. The 2017 Bonds, whose last scheduled debt maturity is July 15, 2029, range in interest rates from 2.00% to 5.00%.

The County's general obligation debt outstanding at December 31, 2018 comprises the following individual issues:

Series	Interest Rates	Final Maturity	Total Debt Outstanding
General Obligation Bonds, Series of 2014	3.00% - 5.00%	2026	\$ 28,175,000
General Obligation Note, Series of 2016	2.49%	2027	7,277,000
General Obligation Bonds, Series of 2017	2.00% - 5.00%	2029	14,005,000
General obligation debt			<u>\$ 49,457,000</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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

Year Ending December 31,	General Obligation Bonds		General Obligation Notes	
	Principal	Interest	Principal	Interest
2019	\$ 3,080,000	\$ 1,664,000	\$ 835,000	\$ 180,732
2020	3,235,000	1,510,150	859,000	160,135
2021	3,395,000	1,348,550	877,000	138,949
2022	3,570,000	1,178,900	894,000	117,313
2023	3,710,000	1,036,150	921,000	95,252
2024-2028	22,650,000	3,072,650	2,891,000	162,214
2029	2,540,000	88,900	-	-
	<u>\$ 42,180,000</u>	<u>\$ 9,899,300</u>	<u>\$ 7,277,000</u>	<u>\$ 854,595</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

Governmental Activities	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Workmen's compensation	\$ 1,124,939	\$ 49,115	\$ (35,085)	\$ 1,138,969	\$ 89,053
Compensated absences	2,591,574	2,075,167	(1,998,885)	2,667,856	2,079,869
Capital lease payable	53,874	-	(53,874)	-	-
Bonds payable	45,115,000	-	(2,935,000)	42,180,000	3,080,000
Notes payable	8,094,000	-	(817,000)	7,277,000	835,000
Long-term liabilities	<u>\$ 56,979,387</u>	<u>\$ 2,124,282</u>	<u>\$ (5,839,844)</u>	<u>\$ 53,263,825</u>	<u>\$ 6,083,922</u>

The bonds payable above do not reflect a bond premium in the amount of \$3,121,352. This amount is amortized over the life of the bonds using the straight-line method.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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 all applicable State regulations.

On a regular basis, the Pennsylvania Department of Labor and Industry, Bureau of Workers Compensation Division, calculates the funding status of the County of Butler's Workers Compensation dedicated asset account. This dedicated asset account must meet the required asset level as prescribed by applicable regulations. The County has 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 as of January 1, 2014. The State has changed the beginning date for future annual self-insurance periods to January 1; also, 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 proper period.

The dedicated asset account balance at December 31, 2018 of \$1,138,346, is in excess of the Department's requirements. Current claims are expensed as paid by the funds. Workmen's compensation claims paid during 2018 were \$35,708; and the liability for future estimated claims at December 31, 2018 was \$1,138,346.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

The following represents changes in those aggregate liabilities for workmen's compensation for the years ended December 31, 2018 and 2017:

	2018	2017
Unpaid claims and claim adjustment expenses at beginning of year	\$ 1,124,939	\$ 587,079
Incurring claims and claim adjustments	(16,806)	(12,641)
Payments on claims and claim adjustment expenses:		
Claims and claim adjustment expenses attributable to insured events of current year	49,115	654,486
Claims and claim adjustment expenses attributable to insured events of prior years	(18,902)	(103,985)
Total payments	30,213	550,501
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 1,138,346</u>	<u>\$ 1,124,939</u>

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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

District Justice Offices

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

Future Minimal Rental Payments

The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2018:

<u>Years</u>	<u>Total</u>
2019	\$ 88,429
2020	78,329
2021	80,293
2022	46,093
2023	36,774
Thereafter	<u>154,886</u>
Total minimum payments required	<u><u>\$ 484,804</u></u>

11.Oil and Gas Lease

In February 2011, the County entered into an agreement for the lease of land for oil and gas drilling. The terms of the lease are for a five-year period, and as long thereafter as oil or gas is produced. The lease called for an up-front payment of \$579,960 and a one-time bonus of \$116,000 totaling \$695,960, which the County received during 2011 and recognized over the life of the five-year lease. As acceptable gas is extracted from the property, the County receives 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 2018 was \$131,733.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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 January 31, 2029. The annual rent begins at \$6,250 per month for the first ten years, and will increase to \$6,875 per month for the last five years of the lease.

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

2019	\$	75,000
2020		75,000
2021		75,000
2022		75,000
2023		75,000
Thereafter		<u>412,500</u>
	\$	<u><u>787,500</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 have been no significant reductions in insurance coverage.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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The County is insured for various types of insurance including the following: general liability, auto, crime, law enforcement liability, public officials/employee practices liability, and property/equipment breakdown insurance. Deductibles range from \$1,000 to \$25,000 per claim or occurrence. Maximum limits for general liability, auto, public officials/employee practices, and law enforcement are \$5,000,000 per occurrence. The maximum limit for crime coverage is \$1,000,000 per occurrence. Property is covered on the total insured value subject to a maximum limit of \$750 million and equipment breakdown is insured at \$100 million per accident.

The County is also involved in contracts related to various projects. Contract commitments outstanding related to projects as of December 31, 2018 totaled approximately \$4.1 million, of which \$3.4 million relates to the acquisition and installation of a new 911 radio system. There are also various other matters of pending litigation in which the County is involved; however, the County Solicitor believes that it is unlikely such matters would significantly affect the financial position of the County.

Guaranteed Loans

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

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

COUNTY OF BUTLER, PENNSYLVANIA

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Health Choices

The County, along with Armstrong, Indiana, Lawrence, Washington and Westmoreland Counties (SW-6 Counties), were previously the contractors with the Pennsylvania Department of Human Services (DHS) for providing services under the Health Choices program. Health Choices is Pennsylvania's managed care program for adults and children on Medical Assistance. Effective January 1, 2016, Southwest Behavioral Health Management, Inc. (SBHM) now holds the contract with DHS, and the SW-6 Counties are subcontractors with SBHM to provide services under the Health Choices Program. This change, effective January 1, 2016, transferred the risk from the SW-6 Counties to SBHM. The SW-6 Counties will be reimbursed for some administrative functions that they will perform but will not receive any other Health Choices funds, including reinvestment funds.

14. Tax Abatements and Other Tax Arrangements

The following are the County's tax abatement programs:

- KOZ/KOEZ (2017) – available as defined by the State within specified zones of County
- KOZ/KOEZ (2020) – available as defined by the State within specified zones of County
- KOZ/KOEZ (2022) – available as defined by the State within specified zones of County
- SDA (2022) – available as defined by the State within specified zones of County

The County's Keystone Opportunity Zones (KOZ/KOEZ) and Strategic Development Areas (SDA) abatements are authorized by the State. Upon approval from the State, credits are issued for the value of the land and improvements. Tax abatements are recaptured by the County at the end of the abatement period. There were no amounts received or receivable from other governments in association with the forgone taxes. The County did not make additional commitments other than to reduce taxes as part of the tax abatement agreements.

During 2018, real estate tax abatements, as defined above, resulted in the following forgone tax amounts:

<u>Abatements</u>	<u>Tax Dollars</u>
KOZ/KOEZ	\$ 6,582
SDA	\$ 434,732

COUNTY OF BUTLER, PENNSYLVANIA

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Other tax arrangements include the following:

- Payment in lieu of taxes (PILOT) – An agreement for payment in lieu of taxes between the County and non-profit organizations.

During 2018, other real estate tax arrangements as defined above resulted in the following forgone tax amounts:

<u>Other Arrangements</u>	<u>Tax Dollars</u>
PILOT	\$ 637,243

15.Subsequent Events

Budget

The County Commissioners approved a \$166.7 million budget for 2019 with no change in the property tax rate of 27.626 mills.

Debt

In January 2019, the County issued a tax anticipation note in the amount of \$6.5 million, with an interest rate of 3.3%.

Infrastructure Bank Loan

In January of 2019, the County closed on the issuance of a general obligation note in the amount of \$9.45 million dollars to fund the Butler County Infrastructure Bank program. The Infrastructure Bank provides reduced interest loan financing up to 100% of the eligible project costs, including borrowing costs, to support infrastructure and other improvement projects in the County. After year-end, two of the County's municipalities received financing for projects approved by the Infrastructure Bank.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Election Equipment Purchase

In April of 2018, the Pennsylvania Department of State announced an agreement with the Stein presidential campaign that requires the replacement of existing voting systems in Pennsylvania with voter-verifiable paper trail equipment by the April 2020 presidential primary. The agreement is legally binding on the Commonwealth of Pennsylvania counties, including Butler County. In the spring of 2019, the County engaged in negotiations to comply with this mandate. Costs for a 10-year period are estimated to be approximately \$2.4 million. Any costs not subsidized by Federal or State funds, will be funded with local property taxes.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

B. BUTLER COUNTY COMMUNITY COLLEGE

1. Organization

The Butler County Community College (BCCC), chartered in 1965, was the first community college in Western Pennsylvania. On September 26, 1966, BCCC opened its doors to 242 day and 190 evening students. During the current fiscal year, 4,683 students were enrolled in credit programs and another 11,528 people took part in the many other educational opportunities available on the BCCC main campus, and the Cranberry, Lawrence, Brockway Mercer, and Armstrong sites. BCCC is dedicated to providing quality and comprehensive educational opportunities accessible to all that can benefit.

Reporting Entity

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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, 2018, BCCC determines the portion of the receivable and the tuition that has been paid that relates to classes that will take place after June 30. This amount is reported as unearned revenue.

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 and other revenues and expenses consist of those revenues and expenses relating to subsidies and capital items.

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

Financial Reporting

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Classification of Net Position

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

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

Expendable – can be expended in compliance with the external restriction

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

Expendable restricted net position at June 30, 2018 of BCCC consisted of \$6,430,372 related to the support agreement receivable and \$500,000 related to the Foundation's financial pledge to help pay for renovations to the Heaton Family Learning Commons.

Net position related to the Foundation is described in Note 11.

COUNTY OF BUTLER, PENNSYLVANIA

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

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

Inventory

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

Allowance for Uncollectible Receivables

BCCC maintains the most current two academic years as student receivables. All other student receivables are considered to be uncollectible and are written off. During the year, BCCC wrote off \$260,126 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:

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

COUNTY OF BUTLER, PENNSYLVANIA

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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.

BCCC categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant to other observable inputs. Level 3 inputs are significant unobservable inputs.

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 Inflows and Outflows of Resources

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

Deferred Outflows of Resources - Refunding

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

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Deferred Inflows and Outflows of Resources Related to Pensions and OPEBs

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in BCCC's proportion, the net difference between expected and actual investment earnings, and payments made to PSERS subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or a deferred inflow or outflow of resources related to OPEBs on the government-wide financial statements. These amounts are determined based on the actuarial valuations performed for PSERS. Notes 5 through 7 present additional information about PSERS and its pension and OPEB plans.

Postemployment Benefits

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance, are calculated based on actuarial valuations as described in Notes 5 and 7.

Adopted Pronouncements

The requirements of the following GASB Statements were adopted for BCCC's 2018 financial statements. The adoption of these pronouncements did not have a significant impact to BCCC's financial statements.

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* was adopted in the current year by BCCC. As a result of this implementation, the government-wide net position as of July 1, 2017 was restated with a decrease of \$375,000 to record BCCC's proportionate share of PSERS' net OPEB liability. PSERS' net OPEB liability is further described in Notes 5 and 7.

GASB Statement No. 85, *"Omnibus 2017,"* addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurements and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The provisions of this Statement have been adopted and incorporated into these financial statements.

GASB Statement No. 86, *"Certain Debt Extinguishment Issues,"* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing

COUNTY OF BUTLER, PENNSYLVANIA

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resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The provisions of this statement have been adopted and incorporated into these financial statements.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), and 90 (Majority Equity Interest). Management has not yet determined the impact of these statements on the financial statements.

3. Deposits and Investments

Deposits

Under Section 440.1 of the Pennsylvania Public School Code for 1949, as amended, and PA Act 10 of 2016, 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.

U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

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.

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

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

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 \$15,032,241 and the related bank balances totaled \$15,076,197, of which \$500,000 was covered by FDIC. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution's name.

As of June 30, 2018, the Foundation held cash and cash equivalents with a bank and book balance of \$1,925,739 and \$1,927,752, respectively. \$442,962 of the bank balance was on deposit with banking institutions and covered under FDIC insurance. The remaining balance was invested in "sweep" repurchase agreement accounts, which are not FDIC insured. The financial institution holding the Foundation's "sweep" balances has pledged assets in a coverage ratio of 1.05%. For every one dollar in uninsured "sweep" funds, the financial institution has pledged \$1.05 in U.S. government security 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 \$248,361.

BCCC's investments at June 30, 2018 are composed of the following:

Cash equivalent investments	<u>\$ 248,361</u>
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At year-end, \$248,361 of the cash equivalent investments were covered by federal depository insurance.

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.

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Fair Value of Investments

BCCC measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

The Foundation's investments at December 31, 2018 are composed of the following:

Cash and cash equivalents	\$ 2,090,564
Mutual funds	4,267,960
Common stock	<u>385,694</u>
	<u>\$ 6,744,218</u>

At June 30, 2018, the Foundation had the following recurring fair value measurements:

- Mutual funds of \$4,267,960 are valued using quoted market prices (Level 1 inputs)
- Common stock of \$385,694 are valued using quoted market prices (Level 1 inputs)

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

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4. Bonds Payable

Long-term debt consists of the following:

	Balance at June 30, 2017	Issuance	Payments	Accretion	Balance at June 30, 2018	Due within one year
General obligation bonds:						
Series G of 2000	\$ 5,483,144	\$ -	\$ -	\$ 330,192	\$ 5,813,336	\$ -
Series A & B of 2011	9,650,000	-	(1,080,000)	-	8,570,000	1,105,000
Series A & B of 2012	6,920,000	-	(380,000)	-	6,540,000	395,000
	<u>\$ 22,053,144</u>	<u>\$ -</u>	<u>\$ (1,460,000)</u>	<u>\$ 330,192</u>	20,923,336	<u>\$ 1,500,000</u>
				Unaccreted interest	<u>3,351,664</u>	
					<u>\$ 24,275,000</u>	

Amounts above do not reflect an amortized issue discount in the amount of \$170,262 for the bonds. This amount is amortized using the straight-line method.

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

In July 2011, the SPSBA and BCCC issued Series A and B Bonds in the amount of \$7,840,000 and \$5,795,000, respectively. The Series A Bonds were issued to (1) refund, on a current basis, BCCC's Refunding Series A-I of 2001 Bonds; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series A Bonds. The Series B Bonds were issued to (1) refund, on a current basis, BCCC's Refunding Series A-II of 2001 Bonds; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series B Bonds. The interest rates on the Series A Bonds range from 0.75% to 4.45% with the bonds maturing from 2012 until 2029. The interest rates on the Series B Bonds range from 0.50% to 4.45% with the bonds maturing from 2012 until 2020. During the year, BCCC paid interest of \$326,240.

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

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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 0.80% to 3.70% with the bonds maturing from 2013 until 2024. During the year, BCCC paid interest of \$211,089.

During 2017, Moody's Investor Service downgraded BCCC's credit rating from A3 to Baa1.

The scheduled retirement of bonds is as follows:

	Principal	Interest	Total
2019	\$ 1,500,000	\$ 499,225	\$ 1,999,225
2020	1,550,000	455,934	2,005,934
2021	1,595,000	409,899	2,004,899
2022	1,825,000	371,861	2,196,861
2023	1,870,000	342,868	2,212,868
2024-2028	9,815,000	1,371,855	11,186,855
2029-2033	5,125,000	470,300	5,595,300
2034-2037	995,000	138,935	1,133,935
	24,275,000	\$ 4,060,877	\$ 28,335,877
Less unaccreted interest	(3,351,664)		
	<u>\$ 20,923,336</u>		

5. Public School Employees' Retirement System (PSERS)

Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program (Premium Assistance), an OPEB plan, to public school employees of the Commonwealth of Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Employees eligible for PSERS benefits include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year,

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and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

Retirees can participate in the Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS Health Options Program or an employer-sponsored health insurance program.

Summary of Significant Accounting Policies

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

Benefits Provided – Pension Plan

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

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

Benefits Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Member Contributions

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

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

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

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

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

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

Membership Class T-D	7.50%
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COUNTY OF BUTLER, PENNSYLVANIA

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FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Members who joined PSERS after June 30, 2011:

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

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

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

Employer Contributions

BCCC's contractually required PSERS contribution rate for the fiscal year ended June 30, 2018 was 32.57% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of 31.74% rate for the Pension Plan and a 0.83% rate for the Premium Assistance.

The combined rate for the fiscal year ended June 30, 2018 was an increase from the fiscal year ended June 30, 2017 combined rate of 30.03%. The combined contribution rate will increase to 33.43% in fiscal year 2019 and is projected to grow to 36.32% by fiscal year 2023.

BCCC remits contributions to PSERS on a quarterly basis. Approximately \$173,295 is owed to PSERS as of June 30, 2018, which represents BCCC's required contribution for the end-of-year payroll. BCCC's contributions which were recognized by PSERS for the year ended June 30, 2018 were as follows:

Pension Plan	\$	671,779
Premium Assistance		17,567
		<hr/>
Total	\$	<u>689,346</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Proportionate Share

BCCC's proportion of PSERS' net pension liability and PSERS' net OPEB liability were calculated utilizing BCCC's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2017 (measurement date), the BCCC's proportion was 0.0166%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2016.

6. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2018, BCCC reported a liability of \$8,198,000 for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to BCCC. The amount recognized by BCCC as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated to BCCC were as follows:

BCCC's proportionate share of the net pension liability	\$	8,198,000
State's proportionate share of the net pension liability associated with BCCC		<u>8,178,334</u>
Total	\$	<u>16,376,334</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2016 to June 30, 2017. BCCC's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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For the year ended June 30, 2018, BCCC recognized pension expense of \$846,324. At June 30, 2018, BCCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,000	\$ 50,000
Changes in assumption	223,000	-
Changes in proportion	108,000	359,000
Net difference between projected and actual earnings on pension plan investments	190,000	-
BCCC contributions subsequent to the measurement date	671,779	-
Total	<u>\$ 1,278,779</u>	<u>\$ 409,000</u>

\$671,779 reported as deferred outflows of resources resulting from BCCC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amortization Amount
2019	\$ 79,000
2020	136,000
2021	82,000
2022	(99,000)
Total	<u>\$ 198,000</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Actuarial Assumptions

The total pension liability as of June 30, 2017 was determined by rolling forward PSERS' total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary increases – Effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Change in Assumptions

The actuarial assumptions used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its June 10, 2016 Board meeting and were effective beginning with the June 30, 2016 actuarial valuation. These changes included:

- The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of 3.00% for inflation and 2.50% for real wage growth and for merit or seniority increases, to an effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Changes in Benefit Terms

With the passage of Act 5 on June 12, 2017, vested Class T-E and Class T-F members can now withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement. In addition, members hired on or after July 1, 2019 will be required to select one of three new plan design options: either one of two side-by-side hybrid defined benefit/defined contribution plans or a stand-alone defined contribution plan. No changes will be made to retirement benefits for current employees, but they would have the option to choose one of the new plan designs.

Pension Plan Investments

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	-20.0%	1.1%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
BCCC's proportionate share of the net pension liability	<u>\$ 10,092,000</u>	<u>\$ 8,198,000</u>	<u>\$ 6,600,000</u>

Pension Plan Fiduciary Net Position

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

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 December 31, 2018 was 10%.

During fiscal year 2018, BCCC contributed \$972,996 to this plan. The participants have personal contracts with TIAA-CREF and personally own annuities. This full vesting allows participants to transfer to other employers that participate in TIAA-CREF and continue to accumulate retirement benefits. The optional Retirement Plan offered through TIAA-CREF is a Defined Contribution Plan. Accordingly, benefits depend solely on amounts contributed to the Defined Contribution Plan plus investment earnings.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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7. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2018, BCCC reported a liability of \$338,000 for its proportionate share of PSERS' net OPEB liability. PSERS' net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2016 to June 30, 2017.

For the year ended June 30, 2018, BCCC recognized OPEB expense of \$(6,000). At June 30, 2018, BCCC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 16,000
Changes in proportion	-	15,000
BCCC contributions subsequent to the measurement date	17,567	-
Total	<u>\$ 17,567</u>	<u>\$ 31,000</u>

\$17,567 reported as deferred outflows of resources resulting from BCCC's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2019	\$ (5,000)
2020	(5,000)
2021	(5,000)
2022	(5,000)
2023	(5,000)
2024	<u>(6,000)</u>
Total	<u>\$ (31,000)</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Actuarial Assumptions

The total OPEB liability as of June 30, 2017 was determined by rolling forward PSERS' total OPEB liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 3.13% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Participation rate –
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%

Changes in Assumptions

The actuarial assumptions used in the June 30, 2015 valuation determined the contribution rate for fiscal year 2017. These assumptions included:

- Actuarial cost method – Amount necessary to assure solvency of the Premium Assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees were assumed to elect the Premium Assistance
- Mortality rates for healthy annuitants and dependent beneficiaries were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females. For disabled annuitants, rates were based on the RP-2000 Combined Disabled Table with age set back 7 years for males and 3 years for females.

Changes in Benefit Terms

There were no changes in benefit terms for the Premium Assistance.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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OPEB Plan Investments

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed income	23.6%	1.5%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 3.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability. This previous discount rate used as of June 30, 2016 was 2.71%.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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

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

	<u>1% Decrease</u> <u>(2.13%)</u>	<u>Current Discount</u> <u>Rate (3.13%)</u>	<u>1% Increase</u> <u>(4.13%)</u>
BCCC's proportionate share of PSERS' net OPEB liability	<u>\$ 384,000</u>	<u>\$ 338,000</u>	<u>\$ 300,000</u>

Sensitivity of BCCC's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trend rates were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents BCCC's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what BCCC's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
BCCC's proportionate share of PSERS' net OPEB liability	<u>\$ 338,000</u>	<u>\$ 338,000</u>	<u>\$ 338,000</u>

OPEB Plan Fiduciary Net Position

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

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8. Accumulated Compensated Absences

Accumulated compensated absences were comprised of the following at June 30, 2018:

Early Retirement Incentive	Accumulated Sick Leave	Unused Vacation Pay	Total
<u>\$ -</u>	<u>\$ 642,197</u>	<u>\$ 241,710</u>	<u>\$ 883,907</u>

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

9. Capital Assets

BCCC's capital asset balances at June 30, 2018 consisted of the following:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated/amortized:				
Land and improvements	\$ 5,298,134	\$ -	\$ -	\$ 5,298,134
Construction in progress	<u>157,950</u>	<u>41,741</u>	<u>(157,950)</u>	<u>41,741</u>
Total capital assets, not being depreciated/amortized	<u>5,456,084</u>	<u>41,741</u>	<u>(157,950)</u>	<u>5,339,875</u>
Capital assets, being depreciated/amortized:				
Buildings	52,132,367	2,532,608	(280,888)	54,384,087
Vehicles	399,674	-	-	399,674
Equipment, furniture, and fixtures	<u>12,808,429</u>	<u>146,811</u>	<u>(572,572)</u>	<u>12,382,668</u>
Total capital assets, being depreciated/amortized	<u>65,340,470</u>	<u>2,679,419</u>	<u>(853,460)</u>	<u>67,166,429</u>
Less total accumulated depreciation/amortization	<u>(38,372,855)</u>	<u>(2,187,044)</u>	<u>401,600</u>	<u>(40,158,299)</u>
Net capital assets, being depreciated/amortized	<u>26,967,615</u>	<u>492,375</u>	<u>(451,860)</u>	<u>27,008,130</u>
Net capital assets	<u>\$ 32,423,699</u>	<u>\$ 534,116</u>	<u>\$ (609,810)</u>	<u>\$ 32,348,005</u>

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NOTES TO FINANCIAL STATEMENTS

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The Foundation's capital asset balances at June 30, 2018 consisted of the following:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 455,991	\$ -	\$ -	\$ 455,991
Total capital assets, not being depreciated	455,991	-	-	455,991
Capital assets, being depreciated:				
Buildings	2,833,035	-	-	2,833,035
Furniture and equipment	-	2,816	-	2,816
Total capital assets, being depreciated	2,833,035	2,816	-	2,835,851
Less total accumulated depreciation	(756,945)	(114,033)	-	(870,978)
Net capital assets, being depreciated	2,076,090	(111,217)	-	1,964,873
Net capital assets	\$ 2,532,081	\$ (111,217)	\$ -	\$ 2,420,864

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, 2018 relates to a building the Foundation rents to BCCC.

10. Medical Insurance Plan – Risk Management

BCCC is one of fifty-two members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium is a public entity risk pool which affords health care coverage for members' employees on a pooled basis. The College pays premiums to the Consortium based upon rates established by the trustees of the Consortium. The Consortium establishes rates with the objective of satisfying current costs and claims of covered health care services, as well as maintaining working capital requirements and a Premium Stabilization Fund for periods when actual costs of coverage exceed premiums collected from members. At the end of each fiscal year, actual claims experience is compared with premiums paid. The difference results in either a retroactive refund or charge. Included in the retroactive refund/charge is a calculation for the reserve needed to cover expenses incurred but not yet reported by health providers. Any retroactive charge may be paid from the Premium Stabilization Fund, up to ten percent of total premiums paid. The remainder may be charged to the Schools. At June 30, 2018, the Consortium's net assets available for benefits approximated \$64 million, of which approximately \$586,000 is attributable to BCCC.

COUNTY OF BUTLER, PENNSYLVANIA

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BCCC paid premiums during the year of approximately \$3.01 million. The Consortium's agreement permits participants to withdraw from the Consortium under specified terms. In such an event, the withdrawing member is entitled to or responsible for a proportionate share of the Consortium fund balance or deficit as determined on the date of withdrawal.

BCCC participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation, and liability claims.

BCCC 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 for these risks have not exceeded commercial insurance coverage for the past three years. Management believes the insurance coverage is sufficient to cover BCCC against potential losses.

11. 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 twenty-one-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.

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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, 2018:			
Net investment in capital assets	\$ 369,606	\$ -	\$ 369,606
Restricted:			
Expendable	4,472,852	-	4,472,852
Nonexpendable	-	2,844,483	2,844,483
Unrestricted	1,654,809	-	1,654,809
Total Net Position	<u>\$ 6,497,267</u>	<u>\$ 2,844,483</u>	<u>\$ 9,341,750</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
2019	\$ 120,200
2020	121,200
2021	120,900
2022	1,029,500
2023	1,031,600
2024-2028	5,138,200
2029-2031	2,974,800
	<u>\$ 10,536,400</u>

As a result of the support agreement, BCCC has recorded a receivable at net present value in the amount of \$6,430,372.

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NOTES TO FINANCIAL STATEMENTS

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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 the College. The investment agreement required that the Foundation make a one-time payment of \$3,200,000; in return, they would receive payments totaling \$12,627,189 through 2031. The payments are guaranteed only by the financial institution and are not insured.

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

The investment agreement also requires that if the financial institution's S&P or Moody's rating is withdrawn or suspended, or falls below 'A', the provider must 1) assign the investment agreement to an alternative provider acceptable to the Foundation that is rated at least 'AA-' or 'Aa3' by S&P or Moody's, respectively, or 2) at the direction of the Foundation within 10 days of receipt of such direction, repay the contract proceeds, computing any gains or losses arising from the termination. During 2014, the Moody rating was downgraded below the 'A' level. The 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, 2018 in the amount of \$6,430,372. The expected rate of return on the investment is approximately 7%.

In July 2016, the original financial institution that entered into the investment agreement merged with its parent company. Upon merging, the parent company assumed all rights and obligations of the original agreement with the Foundation. The parent company's S&P credit rating is "A" as of June 30, 2018. Accordingly, the third-party collateral remains in place.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Pledges Receivable

Foundation pledges receivable are expected to be received as follows:

<u>Fiscal Year(s) ending June 30,</u>	<u>Amount</u>
2019	\$ 229,054
2020	253,368
2021	231,000
2022	200,000
2023	200,000
	<u>1,113,422</u>
Allowance for uncollectible pledges	<u>(34,029)</u>
Pledges receivable, net	<u>\$ 1,079,393</u>

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

Memorandum of Understanding

In 2016, the Foundation entered into a memorandum of understanding with BCCC to support renovations of the BCCC Library into the Learning Commons. Under the agreement, the foundation agreed to contribute a total of \$2,500,000 over four years. Grants paid during the year ended June 30, 2018 totaled \$500,000. Future grants payable are due as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	<u>\$ 500,000</u>

As a result of the memorandum of understanding, BCCC has recorded a grant receivable from the Foundation in the amount of \$500,000.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Split-Interest Agreements

The Foundation administers five charitable remainder trusts, in the form of gift annuities. The gift annuities provide for the payment of distributions to the grantor or other designated beneficiaries over the term of the annuity. At the end of the term, the remaining assets are available for the Foundation's use. In the period the trust is established, the portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the statement of activities as a contribution. Assets held for gift annuities totaled \$295,699 at June 30, 2018 and are reported at fair value in the Foundation's statement of financial position as investments. The Foundation records a liability to make distributions to the designated beneficiaries; the estimated future payments total \$68,333 at June 30, 2018.

Unrecorded Assets

The Foundation transferred land and buildings to the Audubon Society of Western Pennsylvania (ASWP) during the year ended June 30, 2012. The Foundation retained the oil and gas rights to the property. The market value of the asset is not determinable by the Foundation. As oil and gas rights are recorded at the lower of cost or market value, and the Foundation's cost basis is \$0, no amount has been recorded on the financial statements.

12. Leases

Operating Leases

BCCC has entered into various leases for buildings and miscellaneous equipment. It is expected that in the normal course of business, such leases will continue to be required.

Net expenditures for rentals under leases for the year ended June 30, 2018 amounted to approximately \$956,000.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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

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

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

In April 2015, BCCC entered into a lease agreement for a site in Manor Township, Pennsylvania. The terms of the lease are year to year, and BCCC has renewed the lease for a 4% increase in rent through June 30, 2019.

In May 2016, BCCC entered into a service agreement with Ellucian for their colleague software. The terms of the lease begin July 1, 2016 through June 30, 2021.

Future minimum lease payments on the leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 1,228,607
2020	1,161,976
2021	1,027,335
2022	607,776
2023	607,776
Thereafter	<u>681,552</u>
	<u>\$ 5,315,022</u>

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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13. Lines of Credit

Line of credit consists of the following at June 30, 2018:

	Balance at June 30, 2017	Proceeds	Payments	Balance at June 30, 2018
State Public School Building Authority: Line of credit	<u>\$ 160,415</u>	<u>\$ 366,081</u>	<u>\$ (295,600)</u>	<u>\$ 230,896</u>

During 2014, BCCC obtained a line of credit with the State Public School Building Authority for capital purchases. At June 30, 2018, BCCC had an outstanding balance of \$230,896. The line of credit has a maximum borrowing amount of \$1,419,297 with an interest rate of 2%, and matures in January 2019.

During 2016, BCCC obtained a line of credit to fund short-term working capital needs of the College due to the Commonwealth of Pennsylvania's budget impasse in the amount of \$2,000,000. At June 30, 2018, BCCC had an outstanding balance of \$0. The interest rate in the future is variable based on changes in the index rate and BCCC has opted to keep the line of credit open in case of future needs.

14. Notes Payable

Notes payable consists of the following:

	Balance at June 30, 2017	Proceeds	Payments	Balance at June 30, 2018	Due within one year
Library loan	\$ 1,733,167	\$ -	\$ (221,227)	\$ 1,511,940	\$ 229,490
Equipment loan	52,968	-	(34,976)	17,992	14,998
Children's Center loan	1,045,338	-	(86,149)	959,189	91,019
	<u>\$ 2,831,473</u>	<u>\$ -</u>	<u>\$ (342,352)</u>	<u>\$ 2,489,121</u>	<u>\$ 335,507</u>

In June 2014, BCCC obtained a loan in the amount of \$2,350,000 to finance the cost of construction, renovation and equipping of the Heaton Family Learning Commons (formerly Beck Library) and the cost of issuing the Note. The loan has a stated interest rate of 3.65%

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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with semi-annual principal and interest payments of \$141,680, and a maturity of ten years ending on June 30, 2024. The outstanding balance at June 30, 2018 was \$1,511,940. Interest paid during fiscal year 2018 was \$70,130.

In December 2015, BCCC obtained a loan in the amount of \$103,000 to finance the cost of purchasing computers and technology equipment for use at the off-campus sites. The loan has a stated interest rate of 3.75% with monthly principal and interest payments of \$3,032, and a maturity of three years ending on December 16, 2018. The outstanding balance at June 30, 2018 was \$17,992. Interest paid during fiscal year 2018 was \$2,713.

In March 2017, BCCC obtained a loan in the amount of \$1,100,000 to finance the State's portion of the Children's Creative Learning Center building renovation. The loan has a stated interest rate of 5.5% with semi-annual principal and interest payments of \$71,636, and a maturity of ten years ending on December 31, 2026. The outstanding balance at June 30, 2018 was \$959,189. Interest paid during fiscal year 2018 was \$16,469.

The future annual payments required to amortize notes payable outstanding as of June 30, 2018 are as follows:

	Principal	Interest	Total
2019	\$ 335,507	\$ 106,324	\$ 441,831
2020	333,983	92,649	426,632
2021	347,423	78,088	425,511
2022	363,511	63,120	426,631
2023	654,797	55,193	709,990
2024-2028	453,900	51,669	505,569
	<u>\$ 2,489,121</u>	<u>\$ 447,043</u>	<u>\$ 2,936,164</u>

In February 2010, the Foundation authorized the Mortgage Revenue Drawdown Note, Series of 2010 in the aggregate principal amount of \$2,940,000, to assist with the construction costs of the LindenPointe expansion project. The 2010 Note bears an interest rate of the Federal Home Loan Bank (FHLB) rate plus 2.50%, fixed for the first five years, then reset to the current FHLB rate plus 2.50% for the next five years, with a final one-year reset to the then-existing FHLB rate plus 2.50%. The Note is secured by property of the Foundation and matures in 2021. The interest rate at June 30, 2018 approximated 2.87%. At June 30, 2018, \$2,051,258 remains outstanding. Interest expense for the year ended June 30, 2018 totaled \$61,908.

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NOTES TO FINANCIAL STATEMENTS

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The annual maturities of the Foundation's long-term debt are as follows:

Year ending June 30,	
2019	\$ 138,347
2020	142,365
2021	146,499
2022	150,754
2023	155,132
Thereafter	<u>1,318,161</u>
Total	<u>\$ 2,051,258</u>

In February 2010, the Foundation was given land valued at \$113,883 to be used as a parking facility for BCCC's LindenPointe campus. An interest-free Mortgage Note was attached to the land to be repaid only in the event that the Foundation transfer the property to another entity or use the property for any purpose other than as a parking facility for 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, 2018, the value of the contingent obligation on the Note is \$22,777 and is reported in unearned revenue on the statement of net position.

15. Tuition Equalization

Under the provision of the Pennsylvania Code for Community Colleges, tuition revenue charged to students is limited to one-third of operating expenses of the College. "Tuition equalization" amount represents the accumulation of tuition charges to students in excess of one-third of the operating expenses of the College over time and is only to be used in a manner that will directly benefit the students. At June 30, 2018 and 2017, the tuition equalization was approximately \$13,019,232 and \$12,925,331, respectively. This amount is included in the unrestricted net assets of the College.

COUNTY OF BUTLER, PENNSYLVANIA

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16. 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.

17. Commitments

For the year ended June 30, 2018, BCCC has various construction contracts outstanding for which the bids had been accepted but work had not begun for the renovation of the Cranberry campus. The total amount of the bids was \$1,078,880.

18. Subsequent Events

BCCC had a tuition rate increase for fiscal year 2019. The approved 2018-2019 tuition rate increased to \$113 per credit hour for County residents from \$108 per credit hour in 2017-2018. The tuition rate for all other Pennsylvania counties residents also increased to \$213 per credit hour from \$208 per credit hour in 2017-2018.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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C. BUTLER COUNTY AIRPORT AUTHORITY

1. Organization

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

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

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

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.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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, 2018, as such amounts are immaterial.

Long-Term Obligations

Long-term debt are reported as liabilities in the statement of net position.

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

Unearned revenue

Unearned revenue consists of rents paid in advance.

COUNTY OF BUTLER, PENNSYLVANIA

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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 requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the financial statements:

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of these statements did not impact the financial statements of the Authority.

GASB Statement No. 85, *"Omnibus 2017,"* addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurements and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The provisions of this statement have been adopted and incorporated into these financial statements.

GASB Statement No. 86, *"Certain Debt Extinguishment Issues,"* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.

The adoption of these Statements did not impact the financial statements of the Authority.

COUNTY OF BUTLER, PENNSYLVANIA

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Pending Pronouncements

GASB has issued Statements that will become effective in future years, including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), and 90 (Majority Equity Interests – an amendment of GASB Statements No. 14 and No.61). Management has not yet determined the impact of these Statements on the 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. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, 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, 2018, \$1,111,583 of the Authority's bank balance of \$1,361,583 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature. This requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$1,251,346 as of December 31, 2018, which are reported as cash and cash equivalents in the statements of net position.

4. Accounts Receivable

Accounts receivable at December 31, 2018 consists of government grants receivable of \$48,328, \$28,216 of accounts receivable for operating revenues, and \$145 of other receivables.

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NOTES TO FINANCIAL STATEMENTS

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5. Land, Buildings, and Equipment

A summary of changes in capital assets is as follows for 2018:

	December 31, 2017	Additions/ Transfers	Deletions/ Transfers	December 31, 2018
Capital assets, not being depreciated:				
Land	\$ 1,521,091	\$ 193,335	\$ -	\$ 1,714,426
Construction in progress	339,819	201,976	(339,819)	201,976
Total capital assets, not being depreciated	1,860,910	395,311	(339,819)	1,916,402
Capital assets, being depreciated:				
Equipment	394,896	20,999	-	415,895
Buildings	4,993,206	69,262	(16,955)	5,045,513
Runway and taxiway	14,068,729	1,865,651	-	15,934,380
Intangible assets	598	-	-	598
Land improvements	508,047	-	-	508,047
Total capital assets, being depreciated	19,965,476	1,955,912	(16,955)	21,904,433
Accumulated depreciation	(9,720,826)	(729,449)	7,055	(10,443,220)
Total capital assets being depreciated, net	10,244,650	1,226,463	(9,900)	11,461,213
Total capital assets, net	\$ 12,105,560	\$ 1,621,774	\$ (349,719)	\$ 13,377,615

Construction in progress as of December 31, 2018 represents capitalized costs related to the runway extension.

6. Debt

In October 2010, the Authority obtained a Pennsylvania Infrastructure Bank loan in the amount of \$500,000 to finance the construction of two, steel, 10-unit nested T-hangars. The loan has a stated interest rate of 1.625% with monthly principal and interest payments of \$4,517, and a maturity of 10 years beginning on October 18, 2010. During 2011, the Authority made an additional principal payment of \$71,284. As a result of the reduction, the loan was payable through May 2019. The outstanding balance at December 31, 2018 was \$19,707. Interest paid during 2018 was \$842.

In October 2014, the Authority obtained a Pennsylvania Infrastructure Bank loan in the amount of \$500,000 to finance the final design/right-of-way acquisition and construction of two general aviation T-hangars at the airport facility along with the installation of a 5,000-gallon self-service fuel station. The loan has a stated interest rate of 1.625% with monthly

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principal and interest payments of \$4,520, and a maturity of 10 years beginning on October 1, 2015. The outstanding balance at December 31, 2018 was \$297,578. Interest paid during 2018 was \$5,217.

The future annual payments required to amortize all debt outstanding as of December 31, 2018 are as follows:

	Principal	Interest	Total
2019	\$ 69,416	\$ 4,621	\$ 74,037
2020	50,524	3,719	54,243
2021	51,351	2,892	54,243
2022	52,191	2,052	54,243
2023	53,046	1,197	54,243
2024	40,757	335	41,092
	<u>\$ 317,285</u>	<u>\$ 14,816</u>	<u>\$ 332,101</u>

7. Leases and Unearned Operating Revenue

Fixed Base Operation Lease Agreements

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

The FBO Agreements also contain an option for renewal for an additional 14 years. For this time period, the FBO Agreements provide for payments from AirQuest for a land area component, a fuel sale component, and a percentage of business component. The land area component is equal to ten cents per square foot leased, adjusted after each five-year period for changes in the consumer price index. The fuel sale component is equal to eight cents per

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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 May 26, 2016, the Authority entered into an agreement with ES Holdings, LLC (Serventi's Restaurant) for the lease of the second floor of its terminal building. The terms of the lease are for a five-year period commencing on July 1, 2016 and ending on June 30, 2021 with the option to renew an additional five-year term. The annual rent from July 1, 2016 through June 30, 2017 is \$2,700 per month, from July 1, 2017 through June 30, 2018 is \$3,200 per month, and from July 1, 2018 through June 30, 2021 is \$3,700 per month.

Life Flight Agreement

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

High Flight Academy Agreement

On March 16, 2017, the Authority entered into an agreement with High Flight Academy, LLC for the lease of office space for the Flight School. The terms of the lease were for a five-year period commencing on September 1, 2017 and ending on August 31, 2022. The monthly rental payment is \$1,017, to be abated for the first three years. Rent will subsequently increase based on contract terms and space renovations.

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

2019	\$ 162,664
2020	81,926
2021	50,870
2022	23,574
2023	<u>13,382</u>
	<u>\$ 332,416</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.

Unearned Operating Revenue

Unearned operating revenue represents the remaining balance of prepaid lease payments made by two businesses in 2015 that prepaid their 10-year lease extensions in one lump sum, as per their lease agreements. Also included is the remaining balance of one lease in which the rent was abated for three years and several tenants who paid their 2019 rent in advance.

8. Oil and Gas Lease Agreement

The Authority entered into an oil and gas lease agreement. 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 full lease amount had been recognized as revenue by the end of 2015. During the term of the lease, the Authority will receive royalties of 18% of the proceeds received for all gas produced, metered, and sold. The Authority received royalties of \$140,693 in 2018.

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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 2018. Contributions to the Plan during 2018 were \$4,415. Employees currently are not eligible to individually contribute to the Plan.

10. Risk Management

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

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.

12. Commitments

For the year ended December 31, 2018, the Authority had various outstanding construction contracts that are material to the Authority's financial statements. The total on all outstanding contracts is \$409,968 and relates to the environmental assessment and benefit cost analysis. The Authority has received federal and state grants to help fund these projects.

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D. BUTLER TRANSIT AUTHORITY

1. Reporting Entity

The Butler Transit Authority (Authority), formerly known as the Butler Township - City Joint Municipal Transit Authority, was created by ordinance in 1989 to provide municipal transportation services in the City of Butler (City) and in the Township of Butler (Township). In 2018, the County of Butler (County) joined the Authority as a member with the expanded mission of providing public transportation services for the entire County. At this time, the City and Township withdrew as members of the Authority. The local matching grant will be paid by the County going forward. The Authority's six-member Board of Directors (Board) will be appointed by the County Commissioners.

Under provisions of accounting principles generally accepted in the United States of America (GAAP), the criteria used by the Authority to evaluate its inclusion as a component unit of the County is financial accountability and the nature and significance of the relationship. Accordingly, the Authority is a component unit of the County, as the County will appoint all members of the Board and provide a local matching grant required by the Commonwealth of Pennsylvania Department of Transportation (PennDOT). In addition, there are no entities which are required to be included as a component unit of the Authority based upon the above criteria.

The majority of the operations of the Authority are funded by federal and state grants and user fees.

2. Summary of Significant Accounting Policies

Basis of Accounting

The activities of the Authority are presented as an Enterprise Fund because the operations are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and grant revenues.

The Authority uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the liability is incurred.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of the Authority. Operating revenues consist primarily of user charges. Nonoperating revenues and expenses consist of those revenues and expenses that are related to grants and other financing and investing types of activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such is available and then to unrestricted net position.

Revenue, Receivables, and Unearned Revenues

Passenger fares are recorded as revenue at the time services are performed.

Grants and contributions are recorded as revenue when all applicable eligibility requirements are met. The Federal Transit Administration (FTA), PennDOT, and various local sources provide financial assistance and make grants directly to the Authority for operation, acquisition of property and equipment, and other capital-related expenditures.

The Commonwealth of Pennsylvania (Commonwealth) created Act 44 to provide a dedicated source of funding called the Public Transportation Trust Fund (PTTF), which provides both operating and capital assistance to the Authority as well as all other transit agencies in the Commonwealth.

Unearned revenue arises when resources are received by the Authority before it has legal claim to them, as when intergovernmental funds are received prior to all eligibility requirements being met. Unearned revenues at June 30, 2018 consists of the following:

Act 44, Section 1513	\$ 326,798
Local match - unassigned prior to June 30, 2009	159,675
Local match - unassigned after June 30, 2009	<u>122,084</u>
Total unearned revenues	<u><u>\$ 608,557</u></u>

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the statements of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets are recorded at cost and include buildings, buses, leasehold improvements, office furniture, and equipment. 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. Project costs that are still in the feasibility stage are not capitalized until the project site has been approved. Depreciation on assets begins the month the asset is placed in service.

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

Buildings	30 years
Buses	10-12 years
Leasehold improvements	20 years
Office furniture and equipment	7-10 years

Net Position

The Authority's net position is classified as follows:

Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted - This category represents funds that are classified as restricted net position on the balance sheet because their use is limited by applicable grant agreements and state spending guidelines.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

Prior Period Restatement

The Authority made a restatement to net position reported as of June 30, 2017. Net position was restated to expense items that should not have been capitalized as assets during fiscal years 2017 and 2016, as these were considered to be operating expenses based on clarification of guidance received from PennDOT. This resulted in capital assets being restated by (\$118,444) and (\$83,774) as of June 30, 2017 and 2016, respectively. Because of this change, the Authority was required to use Act 44 unearned revenue to fund these expenses. This resulted in unearned revenue being restated by (\$114,323) and (\$83,774) as of June 30, 2017 and 2016, respectively. There was no change to net position as of June 30, 2016. The overall change to net position as of June 30, 2017 as a result of the restatement was \$4,121 as follows:

Net position at June 30, 2017, as previously presented	\$ 11,315,000
Net position restatement	<u>(4,121)</u>
Net position at June 30, 2017, as restated	<u>\$ 11,310,879</u>
Net loss at June 30, 2017, as previously presented	\$ (413,438)
Net loss restatement	<u>(4,121)</u>
Net loss at June 30, 2017, as restated	<u>\$ (417,559)</u>

Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years including Statement Nos. 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Debt Disclosures), 89 (Interest Costs), and 90 (Majority Equity Interests). Management has not yet determined the impact of these statements on the financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

3. 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, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes also allow pooling of governmental funds for investment purposes. The deposit and investment policy of the Authority adheres to state statutes. Governmental funds are either maintained in demand deposits or invested with the Pennsylvania Local Government Investment Trust (PLGIT). There were no deposit or investment transactions during the years that were in violation of the state statutes.

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

Custodial Credit Risk – Deposits. In the case of deposits, custodial credit risk is the risk that in the event of 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 June 30, 2018, \$351,978 of the Authority's bank balance of \$601,978 was exposed to custodial credit risk but 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 have carrying amounts of \$456,444 at June 30, 2018.

Cash Equivalent Investments

The Authority's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. PLGIT uses amortized cost to report net assets to compute share prices. PLGIT maintains a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. PLGIT is audited annually by independent auditors and separate financial statements are available on PLGIT's website.

The Authority can withdraw funds from the external investment pool. However, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/PLUS-Class accounts, there is a 30-day holding period for each deposit and a penalty for early withdrawal.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

As of June 30, 2018 and 2017, the entire PLGIT balance of \$201,987 (bank and book), is considered to be a cash equivalent for presentation on the balance sheet.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Authority has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of June 30, 2018, investments in PLGIT have received a AAA rating from Standard & Poor's.

Custodial Credit Risk – Investments. In the case of investments, custodial credit risk is the risk that in the event of failure of the counterparty, the Authority's will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Authority does not have a formal investment policy for custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Authority's investments. The Authority 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. All investments have an average maturity of less than one year.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

4. Capital Assets

A summary of changes in capital assets is as follows for the year ended June 30, 2018:

	July 1, 2017	Transfers/ Additions	Transfers/ Deletions	June 30, 2018
Capital assets not being depreciated:				
Land	\$ 637,500	\$ -	\$ -	\$ 637,500
Construction in progress	411,434	3,646,591	(4,050,765)	7,260
Total capital assets not being depreciated	1,048,934	3,646,591	(4,050,765)	644,760
Capital assets being depreciated:				
Land improvements	2,181,310	-	-	2,181,310
Buildings	10,331,985	2,189,695	(207,737)	12,313,943
Buses	1,450,866	5,210,787	(612,306)	6,049,347
Leasehold improvements	8,685	-	-	8,685
Furniture and equipment	1,764,548	324,624	-	2,089,172
Total capital assets being depreciated	15,737,394	7,725,106	(820,043)	22,642,457
Less accumulated depreciation for:				
Land improvements	(445,980)	(137,137)	-	(583,117)
Buildings	(2,266,012)	(350,263)	51,858	(2,564,417)
Buses	(1,370,735)	(282,633)	616,402	(1,036,966)
Leasehold improvements	(8,685)	-	-	(8,685)
Office furniture and equipment	(1,364,317)	(99,641)	-	(1,463,958)
Total accumulated depreciation	(5,455,729)	(869,674)	668,260	(5,657,143)
Total capital assets being depreciated, net	10,281,665	6,855,432	(151,783)	16,985,314
Total capital assets, net	\$ 11,330,599	\$ 10,502,023	\$ (4,202,548)	\$ 17,630,074

5. Pension Plan

Effective January 1, 2009, the Authority adopted a 403(b) Plan (Plan), which replaced the Authority's Simple Retirement Plan. Under the new Plan, employees may contribute a minimum of 3% of compensation. The Authority will match this contribution up to 6%. During 2018, the Authority contributed approximately \$20,600.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 OR JUNE 30, 2018

6. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

For its workers' compensation insurance coverage, the Authority participates in the SAFTI Pool (Pool), a public entity risk pool operated for the benefit of Transit Authorities across the state of Pennsylvania. The pool underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Pool participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Pool agrees to jointly and severally assume and discharge the liabilities arising under the Workers' Compensation Act and Occupational Disease Act of each and every participant of the Pool. The Pool purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. Pool members must remain members for the balance of the Pool fiscal year; a member may withdraw from the Pool at the end of any Pool fiscal year by giving at least six months' notice. After withdrawal, the participant is responsible for its share of assessments but has no claim on any other assets of the Pool.

7. Commitments and Contingencies

The Authority receives significant financial assistance from governmental agencies in the form of contracts, grants, and other entitlements. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in the contract agreements and are subject to audit by grantor agencies. Any disallowed costs resulting from such audits could become a liability of the Authority. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The Authority's management expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BUTLER, PENNSYLVANIA

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

LAST TEN YEARS*

	2014	2015	2016	2017	2018
Total Pension Liability:					
Service cost	\$ 2,208,948	\$ 1,638,371	\$ 4,924,329	\$ 4,962,569	\$ 4,227,017
Interest	14,158,970	14,910,103	14,957,564	16,592,667	16,285,729
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	7,271,154	670,865	1,615,437	223,365	(10,275,770)
Changes of assumptions	-	-	-	-	5,472,315
Benefit payments, including refunds of member contributions	(15,247,231)	(10,778,767)	(11,465,661)	(12,352,707)	(12,891,605)
Other changes**	-	-	3,187,124	-	-
Net Changes in Total Pension Liability	8,391,841	6,440,572	13,218,793	9,425,894	2,817,686
Total Pension Liability - Beginning	194,063,118	202,454,959	208,895,531	222,114,324	231,540,218
Total Pension Liability - Ending (a)	\$ 202,454,959	\$ 208,895,531	\$ 222,114,324	\$ 231,540,218	\$ 234,357,904
Plan Fiduciary Net Position:					
Contributions - employer	\$ 6,152,213	\$ 5,052,744	\$ 5,474,488	\$ 5,473,038	\$ 5,066,887
Contributions - member	3,376,281	3,188,497	3,231,334	3,333,512	3,424,361
Net investment income	14,040,640	(1,390,684)	14,834,172	25,552,288	(11,840,458)
Benefit payments, including refunds of member contributions	(15,247,231)	(10,778,767)	(11,465,661)	(12,352,707)	(12,891,605)
Administrative expense	(161,259)	(139,428)	(130,941)	(123,379)	(156,280)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	8,160,644	(4,067,638)	11,943,392	21,882,752	(16,397,095)
Plan Fiduciary Net Position - Beginning	171,829,682	179,990,326	175,922,688	187,866,080	209,748,832
Plan Fiduciary Net Position - Ending (b)	\$ 179,990,326	\$ 175,922,688	\$ 187,866,080	\$ 209,748,832	\$ 193,351,737
Net Pension Liability - Ending (a-b)	\$ 22,464,633	\$ 32,972,843	\$ 34,248,244	\$ 21,791,386	\$ 41,006,167
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.90%	84.22%	84.58%	90.59%	82.50%
Covered Payroll	\$ 36,891,238	\$ 28,933,497	\$ 30,826,860	\$ 30,796,428	\$ 31,718,329
Net Pension Liability as a Percentage of Covered Payroll	60.89%	113.96%	111.10%	70.76%	129.28%

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

** One-time adjustment determined by actuary to reflect member contributions not in beginning year liability.

See accompanying notes to schedules of required supplementary information.

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 6,486,486	\$ 6,095,561	\$ 6,564,903	\$ 6,860,358	\$ 7,313,625	\$ 6,152,213	\$ 5,052,744	\$ 5,474,488	\$ 5,473,038	\$ 5,066,887
Employer contributions in relation to the actuarially determined contribution	6,486,486	6,095,561	6,564,903	6,860,358	7,313,625	6,152,213	5,052,744	5,474,488	5,473,038	5,066,887
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	<u>\$ 30,575,991</u>	<u>\$ 31,576,155</u>	<u>\$ 33,098,062</u>	<u>\$ 34,891,445</u>	<u>\$ 36,117,283</u>	<u>\$ 36,891,238</u>	<u>\$ 28,933,497</u>	<u>\$ 30,826,860</u>	<u>\$ 30,796,428</u>	<u>\$ 31,718,329</u>
Employer contributions as a percentage of covered payroll	21.21%	19.30%	19.83%	19.66%	20.25%	16.68%	17.46%	17.76%	17.77%	15.97%

See accompanying notes to schedules of required supplementary information.

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF INVESTMENT RETURNS

LAST TEN YEARS*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	8.36%	-0.74%	8.58%	13.74%	-5.70%

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

See accompanying notes to schedules of required supplementary information.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2018

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

	2014	2015	2016	2017	2018
Actuarial valuation date	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period	21 years	20 years	19 years	18 years	17 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years	Market value adjusted for unrecognized gains and losses from prior years	Market value adjusted for unrecognized gains and losses from prior years	Market value adjusted for unrecognized gains and losses from prior years	Market value adjusted for unrecognized gains and losses from prior years
Actuarial assumptions:					
Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.25%
Projected salary increases	3.5%	3.5%	3.5%	3.5%	3.5%
Underlying inflation rate	3.0%	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A	N/A	N/A	N/A
Mortality table	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant

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

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The 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 federal, state, and county sources. These funds are restricted for the provision of specified social services to eligible recipients and include:

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

The **Hotel Tax Fund** accounts for the monies collected from the County's 5% hotel/motel tax.

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

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

The **Liquid Fuels Tax Fund** and the **Act 44 Liquid Fuels Fund** account for state aid revenues used for constructing 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 sources.

The **Fee for Local Use Fund** is used to account for the County imposed fees collected by the Pennsylvania Department of Transportation, on all nonexempt vehicle registrations; and the distribution of the funds are strictly limited to the construction, reconstruction, maintenance and repair of and safety on public highways and bridges.

The **Landfill Closure Fund** accounts for monies received as a result of Act 68 due to landfill closures.

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

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

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

The **Central Booking Fund** is used to account for fees collected from individuals when obtaining electronic photos and fingerprints. The fee is collected to offset the costs of equipment, supplies, and personnel costs 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 each hour a juvenile probationer works, a certain amount is then released from the fund for application to the restitution owed.

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

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

The **Recreation Fund** accounts for state and local grant revenue and expenditures designated for the purpose of adding and renovating 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 County contributions.

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.

The **Health Choices Fund** accounts for medical expenses of members participating in the Health Choices Program, which are funded entirely by State sources.

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 assets or projects, other than those financed by proprietary funds:

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

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

The **Affordable Housing Program Fund** accounts for the revenue and expenditures authorized by Act 137 of 1992 by the General Assembly of the Commonwealth of Pennsylvania, for the purpose of funding affordable housing efforts in the County. These funds are intended to increase the availability of quality housing, either through sale or rental, to any County resident whose annual income is less than the median income of the County.

The **Shared Ride 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, 2018

	Special Revenue										
	Hotel Tax Fund	Act 13 Bridge Improvement Fund	Act 89 Bridge Improvement Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels Fund	Drug and Alcohol	Path Transitions Project Fund	Area Agency on Aging Program	Independent Living Grant	Shared Ride Transportation Funds	Medical Assistance Transportation Grant
Assets											
Cash and cash equivalents	\$ 199,218	\$ 826,390	\$ 632,624	\$ 6,938	\$ 640,335	\$ 503,936	\$ 27,221	\$ 1,180,251	\$ 79,037	\$ 99,343	\$ 387,329
Investments	-	-	-	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	156,549	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	1,573	-	207,797	-	19,001	-
Due from other funds	-	-	-	93,369	-	39,738	-	80,231	25,026	-	-
Due from other governments	-	-	-	-	-	229,986	60,914	2,305	-	100,005	51,572
Prepays	-	-	-	-	-	-	-	687	-	60	-
Total Assets	\$ 355,767	\$ 826,390	\$ 632,624	\$ 100,307	\$ 640,335	\$ 775,233	\$ 88,135	\$ 1,471,271	\$ 104,063	\$ 218,409	\$ 438,901
Liabilities, Deferred Inflows of Resources, and Fund Balance											
Liabilities:											
Accounts payable	\$ 341,278	\$ 18,705	\$ -	\$ 1,319	\$ 22,368	\$ 137,788	\$ 85,971	\$ 180,720	\$ 67,001	\$ 50,321	\$ 172,613
Accrued payroll and payroll taxes	-	-	-	7,348	-	10,299	-	34,504	-	-	-
Unearned revenue	-	-	-	-	-	518,194	-	359,262	452	167,965	263,729
Due to other funds	14,489	-	-	91,640	8,089	108,952	2,164	347,610	33,500	123	2,559
Due to other governments	-	-	-	-	-	-	-	-	3,110	-	-
Total Liabilities	355,767	18,705	-	100,307	30,457	775,233	88,135	922,096	104,063	218,409	438,901
Deferred Inflows of Resources:											
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Fund Balance:											
Nonspendable - prepaid items	-	-	-	-	-	-	-	687	-	60	-
Restricted for:											
Roads and bridges	-	807,685	632,624	-	609,878	-	-	-	-	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	548,488	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	-
Committed:											
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(60)	-
Total Fund Balance	-	807,685	632,624	-	609,878	-	-	549,175	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 355,767	\$ 826,390	\$ 632,624	\$ 100,307	\$ 640,335	\$ 775,233	\$ 88,135	\$ 1,471,271	\$ 104,063	\$ 218,409	\$ 438,901

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2018

(Continued)

	Special Revenue								
	Community Services Block Grant	State Food Program	Welfare to Work Transportation Grant	Project Hope Program	Fee for Local Use Fund	Domestic Relations Operating Fund	Landfill Closure Fund	HAZMAT Emergency Response Fund	Waste Management Fund
Assets									
Cash and cash equivalents	\$ 12,874	\$ 8,678	\$ 426	\$ -	\$ 13,645	\$ 79,975	\$ -	\$ 59,454	\$ 14
Investments	-	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	3,034	46,302
Due from other funds	-	-	-	-	-	2,722	-	39,710	-
Due from other governments	149,883	16,701	-	-	-	622,172	-	10,897	267,252
Prepays	-	-	-	-	-	-	-	15,820	-
Total Assets	\$ 162,757	\$ 25,379	\$ 426	\$ -	\$ 13,645	\$ 704,869	\$ -	\$ 128,915	\$ 313,568
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Accounts payable	\$ 101,733	\$ 10,946	\$ -	\$ -	\$ -	\$ 3,252	\$ -	\$ 12,761	\$ 8,005
Accrued payroll and payroll taxes	-	-	-	-	-	35,524	-	1,284	-
Unearned revenue	1,655	14,433	426	-	-	-	-	98,484	-
Due to other funds	59,369	-	-	-	-	666,093	-	16,386	305,563
Due to other governments	-	-	-	-	-	-	-	-	-
Total Liabilities	162,757	25,379	426	-	-	704,869	-	128,915	313,568
Deferred Inflows of Resources:									
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
Fund Balance:									
Nonspendable - prepaid items	-	-	-	-	-	-	-	15,820	-
Restricted for:									
Roads and bridges	-	-	-	-	13,645	-	-	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-
Committed:									
Debt Service	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(15,820)	-
Total Fund Balance	-	-	-	-	13,645	-	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 162,757	\$ 25,379	\$ 426	\$ -	\$ 13,645	\$ 704,869	\$ -	\$ 128,915	\$ 313,568

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2018

(Continued)

	Special Revenue									
	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Central Booking Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	Emergency Shelter Reno Grant Fund	Recreation Fund	General Fund Grant Fund
Assets										
Cash and cash equivalents	\$ 266,331	\$ 155,196	\$ 222,047	\$ 15,639	\$ 19,755	\$ 80,126	\$ 171,289	\$ -	\$ (6)	\$ 6,217
Investments	-	-	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	2,212
Due from other funds	60,691	-	-	-	-	-	-	-	173,342	284
Due from other governments	-	-	-	-	-	-	-	103,536	26,135	222,053
Prepays	-	30,945	-	-	-	-	-	-	-	-
Total Assets	\$ 327,022	\$ 186,141	\$ 222,047	\$ 15,639	\$ 19,755	\$ 80,126	\$ 171,289	\$ 103,536	\$ 199,471	\$ 230,766
Liabilities, Deferred Inflows of Resources, and Fund Balance										
Liabilities:										
Accounts payable	\$ 8,212	\$ 7,260	\$ -	\$ 724	\$ -	\$ -	\$ 176	\$ 102,234	\$ 113,051	\$ 30,274
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-	3,507	4,528
Unearned revenue	-	-	-	-	-	-	-	-	20,177	7,365
Due to other funds	-	60,936	116,299	-	-	-	-	1,302	62,736	188,599
Due to other governments	-	-	-	-	-	-	-	-	-	-
Total Liabilities	8,212	68,196	116,299	724	-	-	176	103,536	199,471	230,766
Deferred Inflows of Resources:										
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
Fund Balance:										
Nonspendable - prepaid items	-	30,945	-	-	-	-	-	-	-	-
Restricted for:										
Roads and bridges	-	-	-	-	-	-	-	-	-	-
Records improvement/automation	318,810	117,945	-	-	19,755	80,126	171,113	-	-	-
Central booking/court restitution	-	-	105,748	14,915	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-
Committed:										
Debt Service	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(30,945)	-	-	-	-	-	-	-	-
Total Fund Balance	318,810	117,945	105,748	14,915	19,755	80,126	171,113	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 327,022	\$ 186,141	\$ 222,047	\$ 15,639	\$ 19,755	\$ 80,126	\$ 171,289	\$ 103,536	\$ 199,471	\$ 230,766

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2018

(Continued)

	Special Revenue		Capital Projects				Debt Service		Total
	Health Choices	Total Special Revenue	HOME Grant Fund	Communities Development Block Grant Fund	Affordable Housing Program Fund	Shared Ride Capital Grant	Total Capital Projects	Sinking Fund	Other Governmental Funds
Assets									
Cash and cash equivalents	\$ 105,725	\$ 5,800,007	\$ 91,937	\$ 446	\$ 843,720	\$ 61,446	\$ 997,549	\$ -	\$ 6,797,556
Investments	-	-	-	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-	-	-	-
Taxes receivable	-	156,549	-	-	-	-	-	-	156,549
Accounts receivable	-	279,919	-	-	321,834	-	321,834	-	601,753
Due from other funds	416	515,529	-	-	-	-	-	-	515,529
Due from other governments	-	1,863,411	18,557	187,572	-	2,634	208,763	-	2,072,174
Prepays	-	47,512	-	-	-	-	-	-	47,512
Total Assets	\$ 106,141	\$ 8,662,927	\$ 110,494	\$ 188,018	\$ 1,165,554	\$ 64,080	\$ 1,528,146	\$ -	\$ 10,191,073
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Accounts payable	\$ 15,595	\$ 1,492,307	\$ 107,530	\$ 151,040	\$ 80,966	\$ 2,635	\$ 342,171	\$ -	\$ 1,834,478
Accrued payroll and payroll taxes	7,267	104,261	-	-	-	-	-	-	104,261
Unearned revenue	9,896	1,462,038	1,860	100	699,335	61,445	762,740	-	2,224,778
Due to other funds	73,383	2,159,792	1,104	36,878	63,419	-	101,401	-	2,261,193
Due to other governments	-	3,110	-	-	-	-	-	-	3,110
Total Liabilities	106,141	5,221,508	110,494	188,018	843,720	64,080	1,206,312	-	6,427,820
Deferred Inflows of Resources:									
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	321,834	-	321,834	-	321,834
Total Deferred Inflows of Resources	-	-	-	-	321,834	-	321,834	-	321,834
Fund Balance:									
Nonspendable - prepaid items	-	47,512	-	-	-	-	-	-	47,512
Restricted for:									
Roads and bridges	-	2,063,832	-	-	-	-	-	-	2,063,832
Records improvement/automation	-	707,749	-	-	-	-	-	-	707,749
Central booking/court restitution	-	120,663	-	-	-	-	-	-	120,663
Conservation	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	548,488	-	-	-	-	-	-	548,488
Capital purchases	-	-	-	-	-	-	-	-	-
Committed:									
Debt Service	-	-	-	-	-	-	-	-	-
Unassigned	-	(46,825)	-	-	-	-	-	-	(46,825)
Total Fund Balance	-	3,441,419	-	-	-	-	-	-	3,441,419
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 106,141	\$ 8,662,927	\$ 110,494	\$ 188,018	\$ 1,165,554	\$ 64,080	\$ 1,528,146	\$ -	\$ 10,191,073

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue										
	Hotel Tax Fund	Act 13 Bridge Improvement Fund	Act 89 Bridge Improvement Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels Fund	Council on Drug and Alcohol	Path Transitions Project Fund	Area Agency on Aging Program	Independent Living Grant	Shared Ride Transportation Funds	Medical Assistance Transportation Grant
Revenues:											
Taxes	\$ 2,377,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	277,434	201,038	304,825	98,525	1,383,561	284,426	3,930,292	302,055	421,809	2,323,031
Charges for services	-	-	-	-	-	22,666	-	343,470	-	31,956	-
Interest	2,335	9,886	8,228	272	9,322	8,024	-	16,413	587	-	3,636
Other	-	-	-	9,761	-	1,731	-	136,252	-	-	-
Total revenues	2,379,805	287,320	209,266	314,858	107,847	1,415,982	284,426	4,426,427	302,642	453,765	2,326,667
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	419,255	2,434	-	-	-	-	-	-
Human services	-	-	-	-	-	1,617,375	284,426	4,495,790	343,912	453,765	2,326,667
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	2,282,273	-	-	-	-	-	-	-	-	-	-
Capital projects	-	18,705	109,684	-	171,836	-	-	-	-	-	-
Debt service	-	-	-	35,919	-	-	-	-	-	-	-
Total expenditures	2,282,273	18,705	109,684	455,174	174,270	1,617,375	284,426	4,495,790	343,912	453,765	2,326,667
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,532	268,615	99,582	(140,316)	(66,423)	(201,393)	-	(69,363)	(41,270)	-	-
Other Financing Sources (Uses):											
Sale of capital assets	-	-	-	8,512	-	-	-	-	-	-	-
Transfers in	-	-	-	131,804	-	201,393	-	77,137	41,270	-	-
Transfers out	(97,532)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(97,532)	-	-	140,316	-	201,393	-	77,137	41,270	-	-
Special Item											
Discontinued operation of the Conservation District	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	268,615	99,582	-	(66,423)	-	-	7,774	-	-	-
Fund Balance:											
Beginning of year	-	539,070	533,042	-	676,301	-	-	541,401	-	-	-
End of year	\$ -	\$ 807,685	\$ 632,624	\$ -	\$ 609,878	\$ -	\$ -	\$ 549,175	\$ -	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

	Special Revenue								
	Community Services Block Grant	State Food Program	Welfare to Work Transportation Grant	Project Hope Program	Fee for Local Use Fund	Domestic Relations Operating Fund	Landfill Closure Fund	HAZMAT Emergency Response	Waste Management Fund
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	427,005	207,820	3,910	131,594	-	1,691,845	-	28,172	304,818
Charges for services	-	-	-	-	13,645	833	73,832	90,672	183,889
Interest	-	-	-	4	-	1,410	10,985	1,572	583
Other	21	11,640	-	-	-	716	-	-	-
Total revenues	427,026	219,460	3,910	131,598	13,645	1,694,804	84,817	120,416	489,290
Expenditures:									
General government - administration	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	2,545,653	-	-	-
Public safety	-	-	-	-	-	-	-	160,023	-
Public works and enterprises	-	-	-	-	-	-	-	-	-
Human services	427,026	219,515	3,910	131,598	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	253,701
Capital projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	427,026	219,515	3,910	131,598	-	2,545,653	-	160,023	253,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(55)	-	-	13,645	(850,849)	84,817	(39,607)	235,589
Other Financing Sources (Uses):									
Sale of capital assets	-	55	-	-	-	31	-	-	-
Transfers in	-	-	-	-	-	850,818	-	39,607	-
Transfers out	-	-	-	-	-	-	(84,817)	-	(235,589)
Total other financing sources (uses)	-	55	-	-	-	850,849	(84,817)	39,607	(235,589)
Special Item									
Discontinued operation of the Conservation District	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	13,645	-	-	-	-
Fund Balance:									
Beginning of year	-	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ 13,645	\$ -	\$ -	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

	Special Revenue									
	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Central Booking Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	Emergency Shelter Reno Grant Fund	Recreation Fund	General Fund Grant Fund
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	309,937	198,767	402,925
Charges for services	52,600	78,900	132,707	5,609	11,560	10,190	27,590	-	116,044	8,104
Interest	3,998	2,886	2,743	196	476	1,381	2,393	-	591	-
Other	-	-	-	-	-	-	-	-	27	-
Total revenues	56,598	81,786	135,450	5,805	12,036	11,571	29,983	309,937	315,429	411,029
Expenditures:										
General government - administration	75,105	116,148	-	-	-	-	-	-	-	-
General government - judicial	12,499	-	154,142	1,082	34,809	26,033	12,272	-	-	170,663
Public safety	-	-	-	-	-	-	-	-	-	109,681
Public works and enterprises	-	-	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	309,937	-	-
Culture and recreation	-	-	-	-	-	-	-	-	360,115	-
Conservation and development	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	244,018	-
Debt service	-	-	-	-	-	-	-	-	-	-
Total expenditures	87,604	116,148	154,142	1,082	34,809	26,033	12,272	309,937	604,133	280,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,006)	(34,362)	(18,692)	4,723	(22,773)	(14,462)	17,711	-	(288,704)	130,685
Other Financing Sources (Uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	60,691	-	-	-	-	-	-	-	288,704	-
Transfers out	-	(60,691)	-	-	-	-	-	-	-	(130,685)
Total other financing sources (uses)	60,691	(60,691)	-	-	-	-	-	-	288,704	(130,685)
Net Change in Fund Balance	29,685	(95,053)	(18,692)	4,723	(22,773)	(14,462)	17,711	-	-	-
Special Item										
Discontinued operation of the Conservation District	-	-	-	-	-	-	-	-	-	-
Fund Balance:										
Beginning of year	289,125	212,998	124,440	10,192	42,528	94,588	153,402	-	-	-
End of year	\$ 318,810	\$ 117,945	\$ 105,748	\$ 14,915	\$ 19,755	\$ 80,126	\$ 171,113	\$ -	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

	Special Revenue		Capital Projects					Debt Service		Total Other Governmental Funds
	Health Choices	Total Special Revenue	HOME Grant Fund	Communities Development Block Grant Fund	Affordable Housing Program Fund	Shared Ride Capital Grant	16-B Capital Grant	Total Capital Projects	Sinking Fund	
Revenues:										
Taxes	\$ -	\$ 2,377,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,377,470
Intergovernmental	-	13,233,789	310,715	904,658	-	381,105	-	1,596,478	-	14,830,267
Charges for services	669,671	1,873,938	-	-	400,227	-	-	400,227	-	2,274,165
Interest	1,705	89,626	-	-	13,295	1,625	-	14,920	-	104,546
Other	-	160,148	-	-	-	-	-	-	-	160,148
Total revenues	671,376	17,734,971	310,715	904,658	413,522	382,730	-	2,011,625	-	19,746,596
Expenditures:										
General government - administration	-	191,253	-	-	-	-	-	-	-	191,253
General government - judicial	-	2,957,153	-	-	-	-	-	-	-	2,957,153
Public safety	-	269,704	-	-	-	-	-	-	-	269,704
Public works and enterprises	-	421,689	-	69,489	-	-	-	69,489	-	491,178
Human services	661,376	11,275,297	-	-	-	-	-	-	-	11,275,297
Culture and recreation	-	360,115	-	33,980	-	-	-	33,980	-	394,095
Conservation and development	-	2,535,974	16,436	12,887	24,625	-	-	53,948	-	2,589,922
Capital projects	10,000	554,243	294,279	788,302	326,869	383,968	-	1,793,418	-	2,347,661
Debt service	-	35,919	-	-	-	-	-	-	-	35,919
Total expenditures	671,376	18,601,347	310,715	904,658	351,494	383,968	-	1,950,835	-	20,552,182
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(866,376)	-	-	62,028	(1,238)	-	60,790	-	(805,586)
Other Financing Sources (Uses):										
Sale of capital assets	-	8,598	-	-	-	1,238	-	1,238	-	9,836
Transfers in	-	1,691,424	-	-	-	-	-	-	-	1,691,424
Transfers out	-	(609,314)	-	-	(62,028)	-	-	(62,028)	-	(671,342)
Total other financing sources (uses)	-	1,090,708	-	-	(62,028)	1,238	-	(60,790)	-	1,029,918
Net Change in Fund Balance	-	224,332	-	-	-	-	-	-	-	224,332
Fund Balance:										
Beginning of year	-	3,217,087	-	-	-	-	-	-	-	3,217,087
End of year	\$ -	\$ 3,441,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,441,419

(Concluded)

AGENCY FUNDS

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

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

ALL AGENCY FUNDS

DECEMBER 31, 2018

	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	\$ 309,684	\$ 13,702	\$ 370,660	\$ 165,216	\$ 183,956	\$ 1,918,883	\$ 383,802	\$ 133,840	\$ 865,564	\$ 4,345,307
Total Assets	<u>\$ 309,684</u>	<u>\$ 13,702</u>	<u>\$ 370,660</u>	<u>\$ 165,216</u>	<u>\$ 183,956</u>	<u>\$ 1,918,883</u>	<u>\$ 383,802</u>	<u>\$ 133,840</u>	<u>\$ 865,564</u>	<u>\$ 4,345,307</u>
Liabilities										
Due to other governments	\$ 60,076	\$ 3,702	\$ 7,637	\$ 59,549	\$ 72,771	\$ 1,864,084	\$ 12,735	\$ -	\$ -	\$ 2,080,554
Due to others	-	-	-	-	-	-	371,067	-	-	371,067
Escrow liability	<u>249,608</u>	<u>10,000</u>	<u>363,023</u>	<u>105,667</u>	<u>111,185</u>	<u>54,799</u>	<u>-</u>	<u>133,840</u>	<u>865,564</u>	<u>1,893,686</u>
Total Liabilities	<u>\$ 309,684</u>	<u>\$ 13,702</u>	<u>\$ 370,660</u>	<u>\$ 165,216</u>	<u>\$ 183,956</u>	<u>\$ 1,918,883</u>	<u>\$ 383,802</u>	<u>\$ 133,840</u>	<u>\$ 865,564</u>	<u>\$ 4,345,307</u>

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Treasurer's Office				
Assets				
Cash and cash equivalents	\$ 292,830	\$ 517,609	\$ 500,755	\$ 309,684
Liabilities				
Due to other governments	\$ 68,614	\$ 360,386	\$ 368,924	\$ 60,076
Escrow liability	224,216	157,223	131,831	249,608
Total Liabilities	\$ 292,830	\$ 517,609	\$ 500,755	\$ 309,684
Register of Wills				
Assets				
Cash and cash equivalents	\$ 2,445	\$ 62,269	\$ 51,012	\$ 13,702
Liabilities				
Due to other governments	\$ 2,445	\$ 52,269	\$ 51,012	\$ 3,702
Escrow liability	-	10,000	-	10,000
Total Liabilities	\$ 2,445	\$ 62,269	\$ 51,012	\$ 13,702

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Prothonotary				
Assets				
Cash and cash equivalents	\$ 711,613	\$ 375,763	\$ 716,716	\$ 370,660
Liabilities				
Due to other governments	\$ 7,688	\$ 113,270	\$ 113,321	\$ 7,637
Escrow liability	703,925	262,493	603,395	363,023
Total Liabilities	<u>\$ 711,613</u>	<u>\$ 375,763</u>	<u>\$ 716,716</u>	<u>\$ 370,660</u>
District Justice Courts				
Assets				
Cash and cash equivalents	\$ 141,366	\$ 3,735,673	\$ 3,711,823	\$ 165,216
Liabilities				
Due to other governments	\$ 69,391	\$ 3,214,285	\$ 3,224,127	\$ 59,549
Escrow liability	71,975	521,388	487,696	105,667
Total Liabilities	<u>\$ 141,366</u>	<u>\$ 3,735,673</u>	<u>\$ 3,711,823</u>	<u>\$ 165,216</u>
Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 321,765	\$ 2,183,123	\$ 2,320,932	\$ 183,956
Liabilities				
Due to other governments	\$ 84,100	\$ 1,120,278	\$ 1,131,607	\$ 72,771
Escrow liability	237,665	1,062,845	1,189,325	111,185
Total Liabilities	<u>\$ 321,765</u>	<u>\$ 2,183,123</u>	<u>\$ 2,320,932</u>	<u>\$ 183,956</u>

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 1,077,379	\$ 13,728,175	\$ 12,886,671	\$ 1,918,883
Liabilities				
Due to other governments	\$ 1,022,874	\$ 13,173,208	\$ 12,331,998	\$ 1,864,084
Escrow liability	54,505	554,967	554,673	54,799
Total Liabilities	<u>\$ 1,077,379</u>	<u>\$ 13,728,175</u>	<u>\$ 12,886,671</u>	<u>\$ 1,918,883</u>
Sheriff				
Assets				
Cash and cash equivalents	\$ 503,299	\$ 3,283,456	\$ 3,402,953	\$ 383,802
Liabilities				
Due to other governments	\$ 5,229	\$ 48,004	\$ 40,498	\$ 12,735
Due to others	498,070	3,235,452	3,362,455	371,067
Total Liabilities	<u>\$ 503,299</u>	<u>\$ 3,283,456</u>	<u>\$ 3,402,953</u>	<u>\$ 383,802</u>
Domestic Relations				
Assets				
Cash and cash equivalents	\$ 154,125	\$ 879,580	\$ 899,865	\$ 133,840
Liabilities				
Escrow liability	\$ 154,125	\$ 879,580	\$ 899,865	\$ 133,840
Prison Commissary				
Assets				
Cash and cash equivalents	\$ 799,358	\$ 1,468,508	\$ 1,402,302	\$ 865,564
Liabilities				
Escrow liability	\$ 799,358	\$ 1,468,508	\$ 1,402,302	\$ 865,564

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Total all Agency Funds				
Assets				
Cash and cash equivalents	<u>\$ 4,004,180</u>	<u>\$ 26,234,156</u>	<u>\$ 25,893,029</u>	<u>\$ 4,345,307</u>
Liabilities				
Due to other governments	\$ 1,260,341	\$ 18,081,700	\$ 17,261,487	\$ 2,080,554
Due to others	498,070	3,235,452	3,362,455	371,067
Escrow liability	<u>2,245,769</u>	<u>4,917,004</u>	<u>5,269,087</u>	<u>1,893,686</u>
Total Liabilities	<u>\$ 4,004,180</u>	<u>\$ 26,234,156</u>	<u>\$ 25,893,029</u>	<u>\$ 4,345,307</u>

(Concluded)

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Page

Financial Trends

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

VI - 1

Revenue Capacity

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

VI - 7

Debt Capacity

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

VI - 17

Demographic and Economic Information

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

VI - 23

Operating Information

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

VI - 26

Miscellaneous Statistics

These schedules contain a historical population chart.

VI - 31

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 42,144,526	\$ 39,595,530	\$ 39,387,664	\$ 35,892,941	\$ 30,212,176	\$ 25,313,445	\$ 23,599,674	\$ 23,913,294	\$ 22,906,434	\$ 19,903,350
Restricted	9,954,726	9,066,941	7,417,347	6,286,815	6,939,927	5,236,014	5,051,507	2,750,339	1,122,420	1,544,172
Unrestricted	<u>(6,258,300)</u>	<u>(5,684,320)</u>	<u>(7,563,029)</u>	<u>(2,160,695)</u>	<u>21,004,834</u>	<u>11,303,768</u>	<u>10,608,198</u>	<u>12,877,634</u>	<u>15,856,395</u>	<u>14,719,099</u>
Total governmental activities net position	<u>\$ 45,840,952</u>	<u>\$ 42,978,151</u>	<u>\$ 39,241,982</u>	<u>\$ 40,019,061</u>	<u>\$ 58,156,937</u>	<u>\$ 41,853,227</u>	<u>\$ 39,259,379</u>	<u>\$ 39,541,267</u>	<u>\$ 39,885,249</u>	<u>\$ 36,166,621</u>
Business-type activities:										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ (64,947)	\$ (238,364)	\$ 6,440,992	\$ 6,409,688	\$ 6,884,377	\$ 7,188,717	\$ 7,262,937
Restricted	-	-	-	11,911	1,331,085	603,961	916,288	878,330	968,288	1,100,703
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,518)</u>	<u>-</u>	<u>(573,360)</u>	<u>(270,331)</u>	<u>(338,882)</u>	<u>(408,454)</u>	<u>(283,442)</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,554)</u>	<u>\$ 1,092,721</u>	<u>\$ 6,471,593</u>	<u>\$ 7,055,645</u>	<u>\$ 7,423,825</u>	<u>\$ 7,748,551</u>	<u>\$ 8,080,198</u>
Primary government:										
Net investment in capital assets	\$ 42,144,526	\$ 39,595,530	\$ 39,387,664	\$ 35,827,994	\$ 29,973,812	\$ 31,754,437	\$ 30,009,362	\$ 30,797,671	\$ 30,095,151	\$ 27,166,287
Restricted	9,954,726	9,066,941	7,417,347	6,298,726	8,271,012	5,839,975	5,967,795	3,628,669	2,090,708	2,644,875
Unrestricted	<u>(6,258,300)</u>	<u>(5,684,320)</u>	<u>(7,563,029)</u>	<u>(2,340,213)</u>	<u>21,004,834</u>	<u>10,730,408</u>	<u>10,337,867</u>	<u>12,538,752</u>	<u>15,447,941</u>	<u>14,435,657</u>
Total primary government net position	<u>\$ 45,840,952</u>	<u>\$ 42,978,151</u>	<u>\$ 39,241,982</u>	<u>\$ 39,786,507</u>	<u>\$ 59,249,658</u>	<u>\$ 48,324,820</u>	<u>\$ 46,315,024</u>	<u>\$ 46,965,092</u>	<u>\$ 47,633,800</u>	<u>\$ 44,246,819</u>

COUNTY OF BUTLER, PENNSYLVANIA

CHANGES IN NET POSITION - LAST TEN YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government - administration	\$ 12,772,232	\$ 12,743,921	\$ 12,301,829	\$ 11,009,498	\$ 11,342,525	\$ 10,741,653	\$ 10,998,572	\$ 10,722,578	\$ 11,108,263	\$ 9,788,320
General government - judicial	17,814,826	16,587,066	17,729,710	15,361,068	15,849,028	15,260,808	14,675,698	14,286,291	13,792,135	13,232,171
Public safety	22,935,052	21,626,111	23,612,641	17,058,490	17,466,334	16,481,883	15,280,500	14,529,189	13,771,241	13,447,206
Public works and enterprises	2,084,309	1,589,701	2,142,095	1,485,108	1,954,895	2,045,812	1,706,037	1,671,912	1,709,646	1,522,381
Human services	43,576,946	42,289,104	43,016,935	39,365,687	39,465,829	37,065,928	70,340,797	71,619,452	70,739,280	73,338,982
Culture and recreation	1,624,502	1,991,489	1,741,609	2,569,623	1,572,486	1,237,488	1,495,817	1,204,152	1,191,478	1,230,785
Conservation and development	4,434,507	6,007,161	4,061,501	3,948,814	3,129,353	3,233,785	3,029,481	2,618,891	2,395,196	2,357,970
Interest, premiums, and discounts	1,708,009	1,873,370	1,566,788	1,668,624	1,642,188	2,162,448	2,286,154	2,395,659	2,540,990	2,730,254
Total governmental activities expenses	<u>106,950,383</u>	<u>104,707,923</u>	<u>106,173,108</u>	<u>92,466,912</u>	<u>92,422,638</u>	<u>88,229,805</u>	<u>119,813,056</u>	<u>119,048,124</u>	<u>117,248,229</u>	<u>117,648,069</u>
Business-type activities:										
Healthcare services	-	-	-	-	7,840,132	20,259,460	19,337,991	19,160,115	19,216,562	19,255,723
Health Choices	-	-	-	29,435,880	29,790,572	30,575,472	-	-	-	-
Emergency communications	-	-	-	3,290,783	3,136,999	3,059,184	2,961,617	2,943,513	2,807,231	2,758,190
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,726,663</u>	<u>40,767,703</u>	<u>53,894,116</u>	<u>22,299,608</u>	<u>22,103,628</u>	<u>22,023,793</u>	<u>22,013,913</u>
Total primary government expenses	<u>\$ 106,950,383</u>	<u>\$ 104,707,923</u>	<u>\$ 106,173,108</u>	<u>\$ 125,193,575</u>	<u>\$ 133,190,341</u>	<u>\$ 142,123,921</u>	<u>\$ 142,112,664</u>	<u>\$ 141,151,752</u>	<u>\$ 139,272,022</u>	<u>\$ 139,661,982</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government - administration	\$ 2,427,800	\$ 2,502,997	\$ 2,489,623	\$ 2,420,280	\$ 2,405,908	\$ 2,531,181	\$ 2,694,515	\$ 2,466,045	\$ 2,398,778	\$ 2,321,407
General government - judicial	3,492,439	3,273,886	3,233,565	3,277,787	3,285,912	3,660,429	3,455,255	3,284,336	4,377,350	3,886,069
Public safety	1,943,667	1,769,898	2,210,605	2,651,470	3,144,256	2,841,068	1,988,196	1,290,786	1,147,825	616,346
Public works and enterprises	13,945	-	-	-	-	-	-	-	-	-
Human services	1,424,990	1,198,868	1,269,198	775,265	508,082	747,675	798,755	880,404	844,195	981,785
Culture and recreation	383,669	352,630	358,084	358,332	260,236	315,715	598,583	293,984	272,882	219,503
Conservation and development	700,896	1,162,407	905,851	673,344	624,103	470,357	708,076	290,125	219,626	291,048
Operating grants and contributions	41,170,013	40,973,179	40,344,751	37,520,039	36,606,177	33,403,679	65,305,946	66,053,392	64,498,232	68,740,013
Capital grants and contributions	2,719,645	4,469,850	1,943,591	1,840,517	1,803,901	4,144,241	2,150,141	2,597,010	2,491,940	2,020,299
Total governmental activities program revenues	<u>54,277,064</u>	<u>55,703,715</u>	<u>52,755,268</u>	<u>49,517,034</u>	<u>48,638,575</u>	<u>48,114,345</u>	<u>77,699,467</u>	<u>77,156,082</u>	<u>76,250,828</u>	<u>79,076,470</u>
Business-type activities:										
Healthcare services	-	-	-	-	7,487,180	18,796,441	18,113,511	18,371,188	19,045,208	18,336,806
Health Choices	-	-	-	29,435,880	29,790,572	30,575,472	-	-	-	-
Emergency communications	-	-	-	2,734,904	1,954,675	1,836,561	2,004,218	2,238,568	2,227,432	1,927,388
Total business-type activities revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,170,784</u>	<u>39,232,427</u>	<u>51,208,474</u>	<u>20,117,729</u>	<u>20,609,756</u>	<u>21,272,640</u>	<u>20,264,194</u>
Total primary government revenues	<u>\$ 54,277,064</u>	<u>\$ 55,703,715</u>	<u>\$ 52,755,268</u>	<u>\$ 81,687,818</u>	<u>\$ 87,871,002</u>	<u>\$ 99,322,819</u>	<u>\$ 97,817,196</u>	<u>\$ 97,765,838</u>	<u>\$ 97,523,468</u>	<u>\$ 99,340,664</u>
Net (Expenses)/Revenues:										
Governmental activities	\$ (52,673,319)	\$ (49,004,208)	\$ (53,417,840)	\$ (42,949,878)	\$ (43,784,063)	\$ (40,115,460)	\$ (42,113,589)	\$ (41,892,042)	\$ (40,997,401)	\$ (38,571,599)
Business-type activities	-	-	-	(555,879)	(1,535,276)	(2,685,642)	(2,181,879)	(1,493,872)	(751,153)	(1,749,719)
Total primary government net (expenses) revenues	<u>\$ (52,673,319)</u>	<u>\$ (49,004,208)</u>	<u>\$ (53,417,840)</u>	<u>\$ (43,505,757)</u>	<u>\$ (45,319,339)</u>	<u>\$ (42,801,102)</u>	<u>\$ (44,295,468)</u>	<u>\$ (43,385,914)</u>	<u>\$ (41,748,554)</u>	<u>\$ (40,321,318)</u>
General Revenues and other Changes in Net Position:										
Governmental activities:										
Real estate taxes	\$ 50,349,609	\$ 49,531,159	\$ 48,653,726	\$ 42,729,131	\$ 42,126,382	\$ 41,502,607	\$ 39,375,548	\$ 38,828,772	\$ 38,250,524	\$ 37,739,278
Hotel tax	2,377,470	2,321,249	1,879,933	1,517,098	1,464,849	1,364,156	1,259,592	1,062,312	958,332	837,505
Interest and investment income	734,693	359,766	272,769	77,104	103,723	52,534	99,018	163,821	255,534	382,023
Other income	2,074,348	1,831,203	2,066,887	2,183,684	2,520,007	2,284,241	2,910,391	2,660,106	3,508,032	2,904,651
Special item - disposal of operations	-	(1,303,000)	(232,554)	(331,291)	13,872,812	(2,130,039)	(1,812,848)	(1,166,951)	(413,465)	(1,246,624)
Total governmental activities	<u>55,536,120</u>	<u>52,740,377</u>	<u>52,640,761</u>	<u>46,175,726</u>	<u>60,087,773</u>	<u>43,073,499</u>	<u>41,831,701</u>	<u>41,548,060</u>	<u>42,558,957</u>	<u>40,616,833</u>
Business-type activities:										
Interest and investment income	-	-	-	222	592	164	851	2,195	6,041	13,002
Other income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	232,554	331,291	(13,872,812)	2,130,039	1,812,848	1,166,951	413,465	1,246,624
Total business-type activities	<u>-</u>	<u>-</u>	<u>232,554</u>	<u>331,513</u>	<u>(13,872,220)</u>	<u>2,130,203</u>	<u>1,813,699</u>	<u>1,169,146</u>	<u>419,506</u>	<u>1,259,626</u>
Total primary government	<u>\$ 55,536,120</u>	<u>\$ 52,740,377</u>	<u>\$ 52,873,315</u>	<u>\$ 46,507,239</u>	<u>\$ 46,215,553</u>	<u>\$ 45,203,702</u>	<u>\$ 43,645,400</u>	<u>\$ 42,717,206</u>	<u>\$ 42,978,463</u>	<u>\$ 41,876,459</u>
Change in Net Position:										
Governmental activities	\$ 2,862,801	\$ 3,736,169	\$ (777,079)	\$ 3,225,848	\$ 16,303,710	\$ 2,958,039	\$ (281,888)	\$ (343,982)	\$ 1,561,556	\$ 2,045,234
Business-type activities	-	-	232,554	(224,366)	(15,407,496)	(555,439)	(368,180)	(324,726)	(331,647)	(490,093)
Total primary government change in net position	<u>\$ 2,862,801</u>	<u>\$ 3,736,169</u>	<u>\$ (544,525)</u>	<u>\$ 3,001,482</u>	<u>\$ 896,214</u>	<u>\$ 2,402,600</u>	<u>\$ (650,068)</u>	<u>\$ (668,708)</u>	<u>\$ 1,229,909</u>	<u>\$ 1,555,141</u>

COUNTY OF BUTLER, PENNSYLVANIA

FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010	2009
General Fund:										
Nonspendable	\$ 641,934	\$ 522,353	\$ 694,203	\$ 582,600	\$ 257,991	\$ 251,297	\$ 285,458	\$ 580,916	\$ -	\$ -
Restricted	1,302,299	1,397,424	1,396,143	1,389,121	1,376,332	1,259,133	1,233,230	1,456,636	-	-
Committed	1,138,969	1,124,939	571,054	577,893	655,634	685,659	726,339	743,638	-	-
Assigned	4,445,406	3,820,000	3,841,054	4,250,138	5,389,990	6,153,177	6,492,677	8,181,467	-	-
Unassigned	8,846,728	7,106,548	5,044,438	2,160,243	-	664,489	-	708,364	-	-
Reserved	-	-	-	-	-	-	-	-	1,309,634	1,272,799
Unreserved:	-	-	-	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-	-	7,486,591	7,063,656
Undesignated	-	-	-	-	-	-	-	-	2,751,493	1,592,807
Total General Fund	\$ 16,375,336	\$ 13,971,264	\$ 11,546,892	\$ 8,959,995	\$ 7,679,947	\$ 9,013,755	\$ 8,737,704	\$ 11,671,021	\$ 11,547,718	\$ 9,929,262
All Other Governmental Funds:										
Nonspendable	\$ 75,797	\$ 36,309	\$ 45,688	\$ 39,654	\$ 43,670	\$ 43,450	\$ 51,508	\$ 24,271	\$ -	\$ -
Restricted	11,257,970	17,370,712	10,084,220	2,968,524	4,063,595	2,776,881	2,893,277	1,293,703	-	-
Committed	-	-	6,556	3,922,230	3,109,883	-	-	-	-	-
Assigned	2,196,505	3,319,358	3,248,481	2,126,425	8,126,180	211,935	292,918	166,463	-	-
Unassigned	(46,825)	(7,255)	(7,867)	(6,570)	(7,475)	(9,477)	(13,285)	(12,196)	-	-
Reserved	-	-	-	-	-	-	-	-	7,289	628,621
Unreserved:										
Designated:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Undesignated:										
Special Revenue Funds	-	-	-	-	-	-	-	-	2,679,370	1,796,417
Capital Project Funds	-	-	-	-	-	-	-	-	156,014	592,947
Total all Other Governmental Funds	\$ 13,483,447	\$ 20,719,124	\$ 13,377,078	\$ 9,050,263	\$ 15,335,853	\$ 3,022,789	\$ 3,224,418	\$ 1,472,241	\$ 2,842,673	\$ 3,017,985

NOTES:

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

COUNTY OF BUTLER, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes	\$ 52,529,566	\$ 51,801,239	\$ 50,520,042	\$ 44,097,479	\$ 43,431,240	\$ 42,772,400	\$ 40,566,799	\$ 39,952,764	\$ 39,315,897	\$ 38,309,296
Intergovernmental	43,333,644	44,967,981	42,519,702	38,895,758	38,055,079	37,272,922	66,531,089	68,650,401	66,990,169	70,760,310
Charges for services	9,017,680	9,237,995	9,224,707	8,699,749	9,165,554	9,091,712	8,935,969	7,322,284	8,050,587	7,092,574
Fines and forfeits	1,211,196	1,017,913	930,765	1,072,174	1,076,844	1,121,276	1,129,708	1,229,275	1,287,501	1,207,144
Interest	734,692	359,766	272,769	77,104	103,723	52,534	99,018	163,821	255,534	382,023
Other	2,052,002	1,891,784	2,075,378	2,188,740	2,515,394	2,305,588	2,903,167	2,650,298	3,366,705	2,524,259
Total revenues	108,878,780	109,276,678	105,543,363	95,031,004	94,347,834	92,616,432	120,165,750	119,968,843	119,266,393	120,275,606
Expenditures:										
General government - administration	11,250,038	10,749,174	10,433,753	10,345,603	10,250,444	9,830,002	9,765,746	9,628,864	9,577,124	9,185,444
General government - judicial	16,873,999	16,650,766	16,252,916	15,606,260	15,615,489	15,021,003	14,447,016	14,104,122	13,603,720	13,074,794
Public safety	20,505,605	20,036,370	19,938,669	16,146,436	16,060,375	15,049,900	13,820,772	13,161,066	12,369,990	11,603,819
Public works and enterprises	491,178	508,103	827,770	513,103	632,575	789,241	566,429	613,325	708,423	599,460
Human services	42,369,338	41,537,210	41,259,013	38,997,435	39,173,894	36,354,183	69,607,032	71,371,882	70,491,659	72,945,280
Culture and recreation	1,087,514	1,100,902	1,058,255	1,012,106	928,971	915,063	1,021,363	913,424	883,232	816,616
Conservation and development	4,008,868	5,608,161	3,356,165	3,380,650	2,786,574	2,980,745	2,836,419	2,170,014	2,026,229	1,964,053
Other	527,596	518,148	555,039	680,684	501,905	624,067	587,001	303,191	296,884	387,773
Debt service:										
Principal	3,805,875	3,400,826	9,997,748	2,007,962	39,192,423	2,144,930	2,375,029	2,223,607	1,601,536	1,694,447
Interest	2,055,697	1,944,247	1,873,325	1,852,335	2,621,753	2,133,955	2,256,239	2,362,026	2,493,227	2,682,660
Capital projects	10,757,023	11,480,640	2,999,500	9,563,459	9,437,425	4,581,183	2,307,584	3,341,176	3,510,937	6,392,472
Total expenditures	113,732,731	113,534,547	108,552,153	100,106,033	137,201,828	90,424,272	119,590,630	120,192,697	117,562,961	121,346,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,853,951)	(4,257,869)	(3,008,790)	(5,075,029)	(42,853,994)	2,192,160	575,120	(223,854)	1,703,432	(1,071,212)
Other Financing Sources (Uses):										
Transfers in	6,360,654	6,529,405	9,107,445	8,694,597	25,688,869	6,241,311	5,926,326	5,341,563	8,607,172	7,367,803
Transfers out	(6,360,654)	(6,529,405)	(8,117,227)	(9,025,888)	(11,816,057)	(8,371,350)	(7,739,174)	(6,508,514)	(9,020,637)	(8,614,427)
Debt proceeds	-	15,121,814	8,970,000	-	39,947,149	-	49,364	115,621	-	-
Refund office furniture	-	-	130,238	329,712	-	-	-	-	-	-
Sale of capital assets	22,346	25,473	12,046	71,066	13,289	12,301	7,224	28,055	13,080	17,330
Other	-	-	-	-	-	-	-	-	140,097	369,841
Total other financing sources (uses)	22,346	15,147,287	10,102,502	69,487	53,833,250	(2,117,738)	(1,756,260)	(1,023,275)	(260,288)	(859,453)
Special Item - disposal of operations	-	(1,303,000)	-	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ (4,831,605)</u>	<u>\$ 9,586,418</u>	<u>\$ 7,093,712</u>	<u>\$ (5,005,542)</u>	<u>\$ 10,979,256</u>	<u>\$ 74,422</u>	<u>\$ (1,181,140)</u>	<u>\$ (1,247,129)</u>	<u>\$ 1,443,144</u>	<u>\$ (1,930,665)</u>
Debt service as a percentage of noncapital expenditures	5.62%	5.17%	11.05%	4.17%	32.31%	4.92%	3.91%	3.89%	3.55%	3.75%

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2009-2018

(Unaudited)

Fiscal Year	General Government Administration	General Government Judicial	Public Safety (3)	Public Works and Enterprises (1)	Human Services (2)	Culture and Recreation	Conservation and Development	Other	Debt Service	Capital Projects	Total
2009	\$ 9,185,444	\$ 13,074,794	\$ 11,603,819	\$ 599,460	\$ 72,945,280	\$ 816,616	\$ 1,964,053	\$ 387,773	\$ 4,377,107	\$ 6,392,472	\$ 121,346,818
2010	9,577,124	13,603,720	12,369,990	708,423	70,491,659	883,232	2,026,229	296,884	4,094,763	3,510,937	117,562,961
2011	9,628,864	14,104,122	13,161,066	613,325	71,371,882	913,424	2,170,014	303,191	4,585,633	3,341,176	120,192,697
2012	9,765,746	14,447,016	13,820,772	566,429	69,607,032	1,021,363	2,836,419	587,001	4,631,268	2,307,584	119,590,630
2013	9,830,002	15,021,003	15,049,900	789,241	36,354,183	915,063	2,980,745	624,067	4,278,885	4,581,183	90,424,272
2014	10,250,444	15,615,489	16,060,375	632,575	39,173,894	928,971	2,786,574	501,905	41,814,176	9,437,425	137,201,828
2015	10,345,603	15,606,260	16,146,436	513,103	38,997,435	1,012,106	3,380,650	680,684	3,860,297	9,563,459	100,106,033
2016	10,433,753	16,252,916	19,938,669	827,770	41,259,013	1,058,255	3,356,165	555,039	11,871,073	2,999,500	108,552,153
2017	10,749,174	16,650,766	20,036,370	508,103	41,537,210	1,100,902	5,608,161	518,148	5,345,073	11,480,640	113,534,547
2018	11,250,038	16,873,999	20,505,605	491,178	42,369,338	1,087,514	4,008,868	527,596	5,861,572	10,757,023	113,732,731

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

NOTES:

- (1) Amounts fluctuate based on bridge construction done in the current year.
- (2) Health Choices became a Business-Type fund in 2013.
Health Choices became a Special Revenue fund in 2016.
- (3) Emergency Communications 911 became a Special Revenue fund in 2016.

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL REVENUES BY SOURCE - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2009-2018

(Unaudited)

Fiscal Year	Property Taxes	Inter- governmental	Charges for Services	Fines and Forfeits	Interest	Other	Total
2009	\$ 38,309,296 (2)	\$ 70,760,310	\$ 7,092,574	\$ 1,207,144	\$ 382,023	\$ 2,524,259	\$ 120,275,606
2010	39,315,897	66,990,169	8,050,587	1,287,501	255,534	3,366,705	119,266,393
2011	39,952,764	68,650,401	7,322,284	1,229,275	163,821	2,650,298	119,968,843
2012	40,566,799	66,531,089	8,935,969	1,129,708	99,018	2,903,167	120,165,750
2013	42,772,400 (3)	37,272,922 (4)	9,091,712	1,121,276	52,534	2,305,588	92,616,432
2014	43,431,240	38,055,079	9,165,554	1,076,844	103,723	2,515,394	94,347,834
2015	44,097,479	38,895,758	8,699,749	1,072,174	77,104	2,188,740	95,031,004
2016	50,520,042 (5)	42,519,702 (6)	9,226,093	930,765	272,769	2,075,378	105,544,749
2017	51,801,239	44,967,981	9,237,995	1,017,913	359,766	1,891,784	109,276,678
2018	52,529,566	43,333,644	9,017,680	1,211,196	734,692	2,052,002	108,878,780

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

NOTES:

(1) Increase in 2008 is due to a 2.50 mill increase in real estate taxes.

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

(3) Increase in 2013 is due to a 1.00 mill increase in real estate taxes.

(4) Intergovernmental Revenue decreased because Health Choices became a Business-Type fund in 2013.

(5) Increase in 2016 is due to a 3.00 mill increase in real estate taxes.

(6) Intergovernmental Revenue increased due to Health Choices and Emergency Communications 911 becoming Special Revenue funds in 2016.

NOTE: Taxes includes Current, Delinquent and Hotel Taxes

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS 2009-2018
(Unaudited)

Fiscal Year	A	B (2) Adjustments	C (A+B) Total Adjusted Levy	D	(D/A)	E Collections in Subsequent Years	F	(F/C)
	(1)			Collected Within the	Total Collections to Date		(4)	Percentage of
	Taxes Levied			Fiscal Year of the Levy	Amount		Percentage of	Adjusted Levy
	for the			Original Levy	Amount		Original Levy	Adjusted Levy
Fiscal Year	Fiscal Year (Original Levy)			Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2009	\$ 38,150,318	\$ (52,952)	\$ 38,097,366	\$ 36,722,850	96.26%	\$ 1,346,160	\$ 38,069,010	99.93%
2010	38,623,639	(69,053)	38,554,586	37,400,349	96.83%	1,121,856	38,522,205	99.92%
2011	39,284,071	(9,438)	39,274,633	38,125,369	97.05%	1,113,845	39,239,214	99.91%
2012	39,794,128	(13,874)	39,780,254	38,636,151	97.09%	1,105,411	39,741,562	99.90%
2013	42,026,464	(107,061)	41,919,403	40,827,137	97.15%	1,044,130	41,871,267	99.89%
2014	42,580,754	(14,627)	42,566,127	41,447,122	97.34%	1,059,911	42,507,033	99.86%
2015	43,139,297	(17,898)	43,121,399	42,052,177	97.48%	997,107	43,049,284	99.83%
2016	49,044,872	(20,350)	49,024,522	47,864,484	97.59%	1,080,210	48,944,694	99.84%
2017	49,865,284	(4,403)	49,860,881	48,731,336	97.73%	597,300	49,328,636	98.93%
2018	50,692,454	(10,015)	50,682,438	49,538,963	97.72%	-	49,538,963	97.74%

NOTES:

(1) Includes interims.

(2) Includes additions and exonerations.

SOURCES:

Annual Reports of Butler County Controller

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

Fiscal Year						F	G		(F/G)	Total Direct Millage Rate (3)
						(A+B+C+D-E)	1969	Current Year	Taxable	
	A	B	C	D	E	Total	Estimated	Estimated	Assessed Value	
	Residential	Commercial	Industrial	Other	Less	Taxable Assessed	Actual	Actual	As a Percentage	
	Property	Property	Property	Property	Tax-Exempt	Value (1)	Value	Value (2)	of 1969 Estimated	
					Property				Actual Value	
2009	\$ 851,122,364	\$ 323,600,300	\$ 174,005,250	\$ 474,532,386	\$ 213,991,636	\$ 1,609,268,664	\$ 1,609,268,664	\$ 10,057,929,150	100%	23.63
2010	865,935,826	325,118,077	174,397,428	511,002,213	247,708,450	1,628,745,094	1,628,745,094	11,889,839,186	100%	23.63
2011	876,500,000	330,000,000	177,200,000	516,441,289	244,202,456	1,655,938,833	1,655,938,833	8,677,119,485	100%	23.63
2012	892,918,168	331,613,843	177,634,664	523,762,945	248,472,873	1,677,456,747	1,677,456,747	9,863,445,672	100%	23.63
2013	910,701,372	333,361,789	178,169,278	533,440,678	254,910,067	1,700,763,050	1,700,763,050	12,602,654,201	100%	24.63
2014	925,765,926	335,043,126	178,568,103	538,815,033	257,484,755	1,720,707,433	1,720,707,433	15,090,604,187	100%	24.63
2015	948,962,406	337,362,774	179,904,220	541,286,416	255,879,742	1,751,636,074	1,751,636,074	16,517,928,178	100%	24.63
2016	966,625,782	339,129,112	180,921,630	546,054,926	257,544,208	1,775,187,242	1,775,187,242	16,278,467,009	100%	27.63
2017	990,267,233	341,436,201	181,411,193	550,266,309	258,368,420	1,805,012,516	1,805,012,516	16,714,415,898	100%	27.63
2018	1,012,723,753	343,980,734	182,159,744	581,770,663	285,680,352	1,834,954,542	1,834,954,542	17,303,621,331	100%	27.63

NOTES:

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

SOURCE:

Butler County Assessment Office

COUNTY OF BUTLER, PENNSYLVANIA

ASSESSED VALUE OF PROPERTY TAXES BY MUNICIPALITY - LAST TEN YEARS

2009-2018
(Unaudited)

Municipality	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Adams Township	\$ 195,304,178	\$ 188,892,873	\$ 182,035,456	\$ 176,048,289	\$ 170,651,199	\$ 164,259,143	\$ 158,462,886	\$ 152,393,540	\$ 146,840,113	\$ 141,438,406
Allegheny Township	7,274,704	7,256,745	7,743,285	7,672,304	7,652,942	7,581,132	7,490,995	7,459,955	5,325,371	5,170,330
Brady Township	8,644,655	8,524,883	8,473,033	8,395,051	8,379,169	8,332,155	8,346,810	8,349,355	8,240,943	8,074,667
Bruin Borough	2,163,254	2,162,529	2,151,079	2,133,672	2,134,732	2,120,012	2,125,372	2,133,651	2,121,681	2,109,951
Buffalo Township	74,003,688	72,913,365	70,893,835	70,032,829	69,485,898	68,848,084	68,314,917	67,782,619	67,154,810	66,343,499
Butler City	67,858,653	68,064,108	68,253,347	68,921,971	69,084,242	68,952,575	69,304,666	69,339,806	69,542,326	69,845,967
Butler Township	161,945,453	161,536,079	160,663,187	161,534,265	157,609,694	157,316,494	156,941,363	156,310,153	154,916,081	152,961,501
Callery Borough	3,857,256	3,863,366	3,852,536	3,433,266	3,426,096	3,425,696	3,371,226	3,364,872	3,361,740	3,238,660
Center Township	83,650,942	80,333,093	80,804,953	82,926,536	82,503,901	81,958,109	81,664,684	81,287,888	81,009,786	80,436,465
Cherry Township	10,874,791	10,716,850	10,587,271	10,454,674	10,421,868	9,455,240	9,429,119	9,380,250	9,290,599	9,156,253
Cherry Valley Borough	746,600	742,060	718,940	716,250	709,850	709,350	710,363	710,363	698,213	698,213
Chicora Borough	5,351,341	5,351,321	5,345,474	5,385,257	5,376,337	5,395,920	5,383,316	5,330,272	5,260,742	5,206,212
Clay Township	18,699,361	18,716,092	18,533,399	18,455,965	18,294,322	18,115,347	17,907,306	17,851,175	17,695,786	17,608,563
Clearfield Township	17,920,763	17,803,123	17,703,801	17,620,146	17,509,209	17,430,328	17,149,078	17,071,396	16,930,368	16,762,071
Clinton Township	39,168,587	39,009,082	39,255,385	38,092,775	37,841,152	37,368,506	36,775,759	36,228,833	28,202,010	27,760,214
Concord Township	10,461,643	10,430,296	10,423,542	10,382,148	10,319,247	10,322,442	10,237,901	10,167,367	10,157,836	10,043,368
Connoquenessing Borough	5,534,913	5,235,153	4,804,198	4,541,258	4,310,138	4,075,548	3,801,838	3,608,058	3,420,948	3,328,688
Connoquenessing Township	43,122,610	42,581,704	42,201,574	40,970,366	40,124,825	39,881,478	39,528,080	38,970,432	38,386,881	37,721,094
Cranberry Township	408,828,437	400,264,215	392,140,274	383,639,148	375,489,276	367,969,462	358,341,979	351,336,401	346,132,136	343,532,902
Donegal Township	14,844,684	14,760,173	14,704,322	14,603,118	14,510,033	14,361,807	14,100,904	13,962,844	13,730,619	13,578,539
East Butler Borough	6,156,105	6,297,457	6,265,162	6,368,981	6,365,057	6,369,677	6,333,687	6,314,372	6,272,785	6,296,082
Eau Claire Borough	1,982,510	1,979,200	1,981,850	1,989,863	2,007,743	2,004,133	2,041,433	2,049,532	2,029,012	2,046,542
Evans City Borough	10,162,756	10,171,096	10,157,356	10,140,616	10,068,016	10,024,896	10,009,656	9,966,108	9,956,631	9,963,036
Fairview Borough	728,769	727,939	727,779	723,489	723,489	723,489	712,319	703,299	705,789	705,789
Fairview Township	14,878,179	14,715,494	14,612,469	14,596,154	14,406,062	14,322,958	14,270,834	14,146,424	14,091,111	14,041,900
Forward Township	29,643,531	28,432,019	27,743,723	26,523,457	25,459,724	24,530,044	24,390,306	24,209,481	23,781,884	23,408,465
Franklin Township	26,055,976	25,603,983	25,179,343	24,758,372	24,393,489	24,067,549	23,800,536	23,613,291	23,336,470	22,947,355
Harmony Borough	7,397,812	7,395,852	7,335,182	7,319,082	7,290,782	7,180,672	7,164,162	7,119,262	7,260,432	7,426,162
Harrisville Borough	5,204,394	5,209,244	5,215,944	5,177,520	5,149,176	5,142,321	5,150,721	5,179,071	5,137,011	5,133,511
Jackson Township	56,264,300	54,110,703	47,602,899	44,910,184	42,126,152	41,054,202	40,713,131	40,441,413	40,033,137	38,643,872
Jefferson Township	43,126,681	42,727,470	42,387,360	41,974,834	41,745,999	41,563,117	41,394,272	41,174,263	41,875,724	41,777,335
Karns City Borough	1,376,484	1,371,344	1,369,574	1,372,744	1,374,854	1,369,994	1,377,404	1,374,464	1,360,895	1,347,145
Lancaster Township	27,517,265	26,394,717	25,958,683	25,728,547	25,420,252	25,095,832	24,806,152	24,576,862	24,269,482	23,876,689
Marion Township	8,284,125	8,255,985	8,198,239	8,181,055	8,140,995	8,010,577	7,945,797	7,889,415	7,848,362	7,792,885
Mars Borough	8,423,057	8,345,227	8,310,107	8,233,767	8,220,347	8,211,467	8,167,207	8,160,747	8,197,627	8,175,437
Mercer Township	8,003,424	7,987,524	7,939,274	7,859,194	7,811,117	7,750,837	7,656,407	7,614,177	7,543,657	7,372,134
Middlesex Township	60,387,116	58,444,513	56,905,666	55,886,798	54,163,087	52,584,723	51,437,528	50,451,102	49,935,642	49,687,662
Muddy Creek Township	17,995,059	17,894,506	17,825,380	17,635,282	17,538,412	17,493,095	17,356,660	17,219,257	17,075,399	16,926,834
Oakland Township	22,373,387	22,221,135	22,177,960	21,916,149	21,804,136	21,677,981	21,517,485	21,301,746	21,216,205	21,101,636
Parker Township	5,260,295	5,182,628	5,040,558	5,007,158	4,966,248	4,956,788	4,905,848	4,898,538	4,867,648	4,774,828
Penn Township	55,603,925	55,440,551	54,900,392	54,610,222	54,382,535	54,126,505	53,676,617	53,355,109	53,106,939	53,067,669
Petrolia Borough	1,430,882	1,436,492	1,436,492	1,439,352	1,443,912	1,454,422	1,454,422	1,466,782	1,538,951	1,545,091
Portersville Borough	2,135,810	2,195,080	2,117,520	2,117,520	2,116,620	2,124,600	2,124,600	2,124,600	2,143,489	2,143,619
Prospect Borough	7,666,579	7,682,296	7,659,142	7,672,299	7,660,370	7,638,964	7,637,739	7,601,693	7,562,117	7,524,933
Saxonburg Borough	13,049,286	13,027,349	12,998,767	12,827,267	12,805,613	12,820,435	12,759,377	12,390,630	12,363,212	12,362,311
Seven Fields Borough	33,429,432	33,417,502	33,365,032	33,366,372	33,361,672	33,253,022	32,945,222	32,723,832	32,653,172	32,396,792
Slippery Rock Borough	20,160,323	20,074,003	20,032,433	19,897,079	19,678,763	19,531,373	19,401,783	18,993,973	18,097,049	17,435,939
Slippery Rock Township	36,202,575	35,950,958	36,254,481	35,965,018	33,227,943	33,190,333	33,032,653	32,471,277	32,043,357	31,608,107
Summit Township	34,180,553	34,043,376	33,781,138	33,364,552	33,489,171	33,498,545	33,400,611	33,808,004	33,597,916	33,352,583
Valencia Borough	1,152,462	1,152,112	1,150,751	1,127,431	1,099,519	1,160,739	5,009,429	4,826,173	4,657,673	4,121,673
Venango Township	6,337,337	6,309,907	6,247,714	6,194,043	6,192,933	6,098,551	6,033,441	5,945,238	5,827,233	5,774,376
Washington Township	9,160,577	9,107,977	9,021,797	8,965,256	8,916,666	8,823,058	8,784,490	8,697,995	8,590,451	8,511,890
West Liberty Borough	2,556,105	2,468,885	2,451,492	2,413,012	2,413,012	2,391,192	2,385,422	2,381,672	2,376,442	2,290,162
West Sunbury Borough	937,529	943,589	943,589	943,589	943,969	942,109	909,249	909,439	907,159	907,159
Winfield Township	27,946,967	27,723,655	27,421,379	27,343,433	27,106,545	27,001,935	26,825,268	26,327,613	27,850,612	27,643,244
Worth Township	12,443,091	12,333,321	12,276,501	12,205,468	11,985,528	11,873,222	11,716,282	11,695,325	11,534,136	11,426,316
Zelenople Borough	29,083,371	29,080,317	28,905,223	28,921,627	28,873,395	28,820,865	28,820,035	28,777,424	28,681,294	28,695,938
	<u>\$ 1,834,954,542</u>	<u>\$ 1,805,012,516</u>	<u>\$ 1,775,187,242</u>	<u>\$ 1,751,636,074</u>	<u>\$ 1,720,707,433</u>	<u>\$ 1,700,763,050</u>	<u>\$ 1,677,456,747</u>	<u>\$ 1,655,938,833</u>	<u>\$ 1,628,745,094</u>	<u>\$ 1,609,268,664</u>

SOURCE:
Butler County Assessment Office

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
BUTLER COUNTY										
Operating Millage	21.59	21.59	21.98	20.69	20.69	20.69	19.69	19.69	19.69	19.69
Debt Service Millage	3.10	3.10	2.71	3.94	3.94	3.94	3.94	3.94	3.94	3.94
Butler County Community College Millage	2.94	2.94	2.94	-	-	-	-	-	-	-
Total County Millage	27.63	27.63	27.63	24.63	24.63	24.63	23.63	23.63	23.63	23.63
County real estate millage is uniform for all cities, boroughs, and townships.										
Adams Township										
Municipal	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Mars Area School S.D.	101.38	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
Allegheny Township										
Municipal	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13
Allegheny-Clarion Valley S.D.	68.56	65.20	64.43	62.38	60.40	63.81	46.74	55.34	73.88	76.53
Brady Township										
Municipal	8.15	8.15	8.15	8.15	6.15	3.15	3.15	3.15	3.15	3.15
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Bruin Borough										
Municipal (1)	16.88	13.88	13.88	13.88	13.88	13.85	13.88	13.88	13.88	13.88
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Buffalo Township										
Municipal	4.38	4.38	4.38	4.38	4.38	3.38	3.38	3.38	3.38	3.38
Freeport Area S.D.	145.60	142.60	142.60	134.70	130.30	125.90	122.10	121.60	119.00	118.00
Butler City										
Municipal (1)	43.25	43.25	42.50	42.50	40.00	38.75	38.75	41.50	41.50	37.50
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Butler Township										
Municipal (1)	11.25	11.25	11.25	11.25	11.25	11.25	11.25	8.25	8.25	8.25
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Callery Borough										
Municipal (1)	24.63	24.63	24.63	24.63	24.63	24.63	24.63	24.63	17.63	17.63
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Center Township										
Municipal (1)	7.05	7.05	7.05	7.05	7.05	7.05	7.05	4.41	4.41	1.88
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Cherry Township										
Municipal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Cherry Valley Borough										
Municipal	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Chicora Borough										
Municipal (1)	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Clay Township										
Municipal (1)	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Clearfield Township										
Municipal	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Clinton Township										
Municipal	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13	4.13
South Butler S.D.	94.28	94.28	94.28	93.28	93.28	93.28	93.28	91.28	89.68	87.68
Concord Township										
Municipal (1)	8.50	8.50	8.50	8.50	8.50	8.50	8.50	7.00	5.00	3.55
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Connoquenessing Borough										
Municipal (1)	5.55	5.55	5.55	5.55	5.55	3.15	3.15	3.15	3.15	3.15
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Connoquenessing Township										
Municipal (1)	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Cranberry Township										
Municipal (1)	13.25	13.25	13.25	13.25	13.00	13.00	13.00	10.65	10.65	10.65
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24
Donegal Township										
Municipal (1)	4.50	4.50	4.50	4.50	2.25	2.25	2.25	2.25	2.25	2.25
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
East Butler Borough										
Municipal (1)	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Eau Claire Borough										
Municipal (1)	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Evans City Borough										
Municipal	25.00	20.00	20.00	20.00	20.00	22.88	19.88	19.88	19.88	19.88
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24
Fairview Borough										
Municipal	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Fairview Township										
Municipal	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	3.75
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Forward Township										
Municipal	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Franklin Township										
Municipal (1)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Harmony Borough										
Municipal	12.59	12.59	12.59	12.59	12.21	12.21	12.21	12.21	12.21	12.21
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24
Harrisville Borough										
Municipal (1)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Jackson Township										
Municipal (1)	8.25	8.25	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24
Jefferson Township										
Municipal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
South Butler S.D.	94.28	94.28	94.28	93.28	93.28	93.28	93.28	91.28	89.68	87.68
Karns City Borough										
Municipal (1)	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Lancaster Township										
Municipal	9.00	9.00	9.00	9.00	9.00	8.72	8.72	8.72	8.72	8.72
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24
Marion Township										
Municipal	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Mars Borough										
Municipal (1)	19.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88
Mars Area School S.D.	101.38	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Mercer Township										
Municipal	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Middlesex Township										
Municipal (1)	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Mars Area School S.D.	101.38	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
Muddycreek Township										
Municipal	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.00	3.00
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Oakland Township										
Municipal (1)	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Parker Township										
Municipal	11.13	8.13	8.13	8.13	8.13	7.13	7.13	7.13	7.13	7.13
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Penn Township										
Municipal (1)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	6.47	6.47	5.47
South Butler S.D.	94.28	94.28	94.28	93.28	93.28	93.28	93.28	91.28	89.68	87.68
Petrolia Borough										
Municipal	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Karns City Area S.D.	91.24	91.95	89.12	87.10	84.66	82.48	80.80	77.24	77.26	77.10
Portersville Borough										
Municipal (1)	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Prospect Borough										
Municipal (1)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	1.69	1.69	1.69
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Saxonburg Borough										
Municipal	22.66	22.66	22.66	22.66	22.66	22.66	18.66	18.66	18.66	16.68
South Butler S.D.	94.28	94.28	94.28	93.28	93.28	93.28	93.28	91.28	89.68	87.68
Seven Fields Borough										
Municipal	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24
Slippery Rock Borough										
Municipal (1)	24.38	24.38	21.88	21.88	21.88	21.88	19.88	19.88	19.88	19.88
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Slippery Rock Township										
Municipal	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Summit Township										
Municipal (1)	6.13	6.13	6.13	6.13	6.13	6.13	6.13	6.13	5.63	5.63
Butler Area S.D.	101.00	101.00	97.80	94.80	94.80	93.80	91.80	89.80	88.13	85.13
Valencia Borough										
Municipal (1)	7.50	7.50	7.50	7.50	7.50	7.50	7.75	7.75	7.50	7.50
Mars Area School S.D.	101.38	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
Venango Township										
Municipal (1)	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Washington Township										
Municipal (1)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
West Liberty Borough										
Municipal	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

2009-2018
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

Municipality and School District	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
West Sunbury Borough										
Municipal (1)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Moniteau S.D.	90.62	88.62	87.62	86.92	84.64	84.64	83.64	81.60	81.60	80.27
Winfield Township										
Municipal	5.00	5.00	5.00	5.00	3.00	3.00	3.00	2.00	2.00	1.58
South Butler S.D.	94.28	94.28	94.28	93.28	93.28	93.28	93.28	91.28	89.68	87.68
Worth Township										
Municipal	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	2.80
Slippery Rock Area S.D.	97.81	97.81	96.81	95.66	92.77	89.15	89.15	89.15	86.72	85.22
Zelienople Borough										
Municipal (1)	5.81	5.31	5.31	5.31	5.31	4.56	4.56	4.56	4.56	4.56
Seneca Valley S.D.	126.00	126.00	123.00	119.90	116.45	112.75	110.00	105.60	100.00	97.24

(Concluded)

NOTE:

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

SOURCE:

Butler County Assessment Office

COUNTY OF BUTLER, PENNSYLVANIA

RATIO OF OUTSTANDING DEBT BY TYPE - LAST TEN YEARS

2009-2018
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities	(1)	(2)	(2)
	General Obligation Bonds	Capital Reserve Note/ Leases	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2009	\$ 54,780,000	\$ 61,536	\$ 4,875,000	\$ 59,716,536	0.79%	325
2010	53,240,000	-	4,115,000	57,355,000	0.75%	312
2011	51,055,000	77,014	3,635,000	54,767,014	0.68%	296
2012	48,735,000	71,350	3,155,000	51,961,350	0.60%	281
2013	46,645,000	16,422	2,300,000	48,961,422	0.53%	264
2014	43,775,000	203,520	2,155,000	46,133,520	0.51%	248
2015	41,815,000	155,558	1,645,000	43,615,558	0.45%	233
2016	42,548,000	105,700	-	42,653,700	0.43%	228
2017	53,209,000	53,874	-	53,262,874	0.51%	285
2018	49,457,000	-	-	49,457,000	*	263

* 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

2009-2018
(Unaudited)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	(1) PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	(2) PER CAPITA
2009	\$ 59,655,000	\$ -	\$ 59,655,000	0.59%	325
2010	57,355,000	-	57,355,000	0.46%	312
2011	54,690,000	-	54,690,000	0.63%	296
2012	51,890,000	-	51,890,000	0.53%	281
2013	48,945,000	-	48,945,000	0.39%	264
2014	45,930,000	-	45,930,000	0.28%	230
2015	43,460,000	-	43,460,000	0.24%	212
2016	42,548,000	-	42,548,000	0.26%	228
2017	53,209,000	-	53,209,000	0.32%	284
2018	49,457,000	-	49,457,000	0.29%	263

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, 2018

(Unaudited)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts: (2)			
Allegheny-Clarion	\$ 4,325,000	11.14%	\$ 481,725
Butler Area	90,879,594	100.00%	90,879,594
Butler County Area Vo-Tech	21,597	100.00%	21,597
Freeport Area	39,605,000	62.16%	24,616,684
Karns City Area	603,435	64.88%	391,483
Mars Area	92,942,783	100.00%	92,942,783
Moniteau	9,253,435	100.00%	9,253,435
Seneca Valley	80,735,000	100.00%	80,735,000
Slippery Rock Area	342,695	100.00%	342,695
South Butler County	8,759,889	100.00%	8,759,889
Total School Districts	\$ 327,468,428		\$ 308,424,885
Cities: (3)			
Butler	\$ 8,038,006	100.00%	\$ 8,038,006
Total Cities	\$ 8,038,006		\$ 8,038,006
Townships: (3)			
Adams Township	\$ -	100.00%	\$ -
Allegheny Township	-	100.00%	-
Brady Township	-	100.00%	-
Buffalo Township	124,577	100.00%	124,577
Butler Township	2,665,855	100.00%	2,665,855
Center Township	556,986	100.00%	556,986
Cherry Township	86,332	100.00%	86,332
Clay Township	42,212	100.00%	42,212
Clearfield Township	37,964	100.00%	37,964
Clinton Township	43,853	100.00%	43,853
Concord Township	239,159	100.00%	239,159
Connoquenessing Township	19,361	100.00%	19,361
Cranberry Township	84,438,126	100.00%	84,438,126
Donegal Township	122,096	100.00%	122,096
Fairview Township	-	100.00%	-
Forward Township	-	100.00%	-
Franklin Township	-	100.00%	-
Jackson Township	1,850,528	100.00%	1,850,528
Jefferson Township	-	100.00%	-
Lancaster Township	40,241	100.00%	40,241
Marion Township	101,768	100.00%	101,768
Mercer Township	-	100.00%	-
Middlesex Township	12,599,869	100.00%	12,599,869

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2018

(Unaudited)

(Continued)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Muddycreek Township	208,483	100.00%	208,483
Oakland Township	112,916	100.00%	112,916
Parker Township	128,070	100.00%	128,070
Penn Township	12,312,566	100.00%	12,312,566
Slippery Rock Township	-	100.00%	-
Summit Township	81,176	100.00%	81,176
Venango Township	23,514	100.00%	23,514
Washington Township	72,825	100.00%	72,825
Winfield Township	109,876	100.00%	109,876
Worth Township	104,986	100.00%	104,986
Total Townships	\$ 116,123,339		\$ 116,123,339
Boroughs: (3)			
Bruin Borough	\$ 1,492	100.00%	\$ 1,492
Callery Borough	-	100.00%	-
Cherry Valley Borough	-	100.00%	-
Chicora Borough	-	100.00%	-
Connoquenessing Borough	229,683	100.00%	229,683
East Butler Borough	76,397	100.00%	76,397
Eau Claire Borough	-	100.00%	-
Evans City Borough	97,617	100.00%	97,617
Fairview Borough	-	100.00%	-
Harmony Borough	16,810	100.00%	16,810
Harrisville Borough	91,065	100.00%	91,065
Karns City Borough	-	100.00%	-
Mars Borough	72,697	100.00%	72,697
Petrolia Borough	-	100.00%	-
Portersville Borough	-	100.00%	-
Prospect Borough	1,731,904	100.00%	1,731,904
Saxonburg Borough	92,447	100.00%	92,447
Seven Fields Borough	1,045,000	100.00%	1,045,000
Slippery Rock Borough	817,020	100.00%	817,020
Valencia Borough	-	100.00%	-
West Liberty Borough	-	100.00%	-
West Sunbury Borough	-	100.00%	-
Zelienople Borough	7,889,295	100.00%	7,889,295
Total Boroughs	\$ 12,161,427		\$ 12,161,427

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2018

(Unaudited)

(Continued)

<u>Governmental Unit (1)</u>	<u>Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Subtotal, Overlapping Debt			\$ 444,747,657
Total Direct Debt			53,262,874
Total Direct and Overlapping Debt			<u>\$ 498,010,531</u>

NOTES:

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

(2) School District Debt is as of June 30, 2018.

(3) Municipal Debt is as of December 31, 2017. Information for 2018 was unavailable.

SOURCES:

Annual audited financial reports for the School Districts.

Pennsylvania Department of Community and Economic Development.

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION - LAST TEN YEARS

2009-2018
(Unaudited)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Borrowing Base Revenues:										
Two years prior	\$ 42,802,182	\$ 46,849,506	\$ 48,293,150	\$ 50,314,237	\$ 50,793,601	\$ 51,806,554	\$ 54,863,179	\$ 55,807,050	\$ 55,660,790	\$ 61,893,953
Prior year	46,849,506	48,293,150	50,314,237	50,793,601	51,806,554	54,863,179	55,807,050	55,660,790	61,893,953	62,449,992
Current year	48,293,150	50,314,237	50,793,601	51,806,554	54,863,179	55,807,050	55,660,790	61,893,953	62,449,992	63,645,501
Total Borrowing Base Revenues	<u>\$ 137,944,838</u>	<u>\$ 145,456,893</u>	<u>\$ 149,400,988</u>	<u>\$ 152,914,392</u>	<u>\$ 157,463,334</u>	<u>\$ 162,476,783</u>	<u>\$ 166,331,019</u>	<u>\$ 173,361,793</u>	<u>\$ 180,004,735</u>	<u>\$ 187,989,446</u>
Average Borrowing Base Revenues	<u>\$ 45,981,613</u>	<u>\$ 48,485,631</u>	<u>\$ 49,800,329</u>	<u>\$ 50,971,464</u>	<u>\$ 52,487,778</u>	<u>\$ 54,158,928</u>	<u>\$ 55,443,673</u>	<u>\$ 57,787,264</u>	<u>\$ 60,001,578</u>	<u>\$ 62,663,149</u>
Limit for Non-Electoral Debt:										
Average Borrowing Base Revenues	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464	\$ 52,487,778	\$ 54,158,928	\$ 55,443,673	\$ 57,787,264	\$ 60,001,578	\$ 62,663,149
Debt Limit Percent	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	<u>137,944,838</u>	<u>145,456,893</u>	<u>149,400,988</u>	<u>152,914,392</u>	<u>157,463,334</u>	<u>162,476,783</u>	<u>166,331,019</u>	<u>173,361,793</u>	<u>180,004,735</u>	<u>187,989,447</u>
Total Amount of Debt Applicable to Debt Limit Percent	<u>59,716,536</u>	<u>57,355,000</u>	<u>54,690,000</u>	<u>51,890,000</u>	<u>48,945,000</u>	<u>45,930,000</u>	<u>43,460,000</u>	<u>42,548,000</u>	<u>53,209,000</u>	<u>49,457,000</u>
Legal Debt Margin	<u>\$ 78,228,302</u>	<u>\$ 88,101,893</u>	<u>\$ 94,710,988</u>	<u>\$ 101,024,392</u>	<u>\$ 108,518,334</u>	<u>\$ 116,546,783</u>	<u>\$ 122,871,019</u>	<u>\$ 130,813,793</u>	<u>\$ 126,795,735</u>	<u>\$ 138,532,447</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.29%	39.43%	36.61%	33.93%	31.08%	28.27%	26.13%	24.54%	29.56%	26.31%
Limit for Non-Electoral and Lease Rental Debt:										
Average Borrowing Base Revenues	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464	\$ 52,487,778	\$ 54,158,928	\$ 55,443,673	\$ 57,787,264	\$ 60,001,578	\$ 62,663,149
Debt Limit Percent	400%	400%	400%	400%	400%	400%	400%	400%	400%	400%
Debt Limit	<u>183,926,451</u>	<u>193,942,524</u>	<u>199,201,317</u>	<u>203,885,856</u>	<u>209,951,112</u>	<u>216,635,711</u>	<u>221,774,692</u>	<u>231,149,057</u>	<u>240,006,313</u>	<u>250,652,596</u>
Total Amount of Debt Applicable to Debt Limit Percent	<u>59,716,536</u>	<u>57,355,000</u>	<u>54,767,014</u>	<u>51,961,350</u>	<u>48,961,422</u>	<u>46,133,520</u>	<u>43,615,558</u>	<u>42,653,700</u>	<u>53,262,874</u>	<u>49,457,000</u>
Legal Debt Margin	<u>\$ 124,209,915</u>	<u>\$ 193,942,524</u>	<u>\$ 144,434,303</u>	<u>\$ 151,924,506</u>	<u>\$ 160,989,690</u>	<u>\$ 170,502,191</u>	<u>\$ 178,159,134</u>	<u>\$ 188,495,357</u>	<u>\$ 186,743,439</u>	<u>\$ 201,195,596</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.47%	29.57%	27.49%	25.49%	23.32%	21.30%	19.67%	18.45%	22.19%	19.73%

NOTES:

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

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

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

SOURCES:

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

COUNTY OF BUTLER, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

2009-2018
(Unaudited)

Fiscal Year	(1) Population	(2) (6) Total Personal Income (thousands of dollars)	(2) (6) Per Capita Income (\$)	(5) Higher Education Enrollment	(3) Public School Enrollment	(3) Private School Enrollment	(4) (7) Unemployment Rate
2009	183,663	\$ 7,515,554	\$ 40,692	12,926	26,645	2,693	7.1%
2010	183,862	7,677,026	41,715	13,151	26,216	2,712	7.7%
2011	184,848	8,110,383	43,876	12,875	26,218	2,756	6.4%
2012	184,970	8,707,724	47,076	12,423	25,918	3,000	6.8%
2013	185,476	9,178,260	49,496	12,089	25,761	2,851	5.5%
2014	185,943	9,099,503	49,004	12,053	25,408	2,949	5.0%
2015	186,818	9,675,243	51,790	12,201	25,227	3,155	4.6%
2016	186,847	9,846,517	52,698	12,411	24,703	3,243	5.1%
2017	187,108	10,390,822	55,534	12,236	24,345	3,272	4.6%
2018	187,888	*	*	12,064	23,938	3,264	3.9%

* Information not yet available.

SOURCES:

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

NOTES:

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

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer:	Ranking (1)	
	2018	2009
U.S. Government (1)	1	-
Butler Health System (1)	2	1
Westinghouse Electric Company, LLC (1)	3	-
AK Steel Corporation (formerly Armco Steel) (1)	4	4
Walmart Associates Inc (1)	5	8
Butler Area School District (1)	6	7
Seneca Valley School District (1)	7	-
Next Tier Concepts Inc. (1)	8	-
Slippery Rock University (1)	9	10
County of Butler (1)	10	-
Iron Mountain Underground Storage	-	2
Verizon Wireless	-	3
Butler County Community College	-	5
Traco	-	6
Giant Eagle	-	9

SOURCES:

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

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

COUNTY OF BUTLER, PENNSYLVANIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS
(Unaudited)

	Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government - Administration:										
Commissioners	10.00	9.00	10.00	10.00	10.00	11.00	10.00	10.00	10.00	10.00
Election	4.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50
Controller	8.50	8.50	8.50	8.50	8.50	10.00	10.00	10.00	10.00	10.00
Property and revenue	16.00	16.00	16.00	16.00	14.50	15.00	15.00	15.00	15.00	15.00
Treasurer	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.50
Purchasing	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00
Public defender	9.00	9.00	9.00	8.50	7.50	7.50	7.50	7.50	7.50	7.50
Recorder of Deeds	7.50	7.00	8.00	8.00	8.00	8.00	8.50	8.50	8.50	8.50
Personnel	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information technology	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
Planning commission	4.00	5.00	5.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Facilities and operation	25.00	25.00	26.50	26.50	24.50	24.50	24.50	25.50	25.00	23.00
Mailroom	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Motor Pool	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General Government Administration Sub-total	104.50	103.00	108.50	109.00	105.00	108.50	108.00	108.00	106.50	104.00
General Government - Judicial:										
Court administration	35.00	35.00	35.50	35.00	34.50	35.50	35.50	35.00	34.00	34.00
Jury commissioners	-	-	-	-	-	2.00	2.00	2.00	2.00	2.00
District Justices	28.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Law library	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of Courts	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Coroner	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
District Attorney	19.25	21.25	22.80	22.80	21.75	21.25	21.75	22.25	21.25	22.25
Prothonotary	10.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00
Register of Wills	8.00	8.00	8.00	8.00	8.00	8.00	7.50	7.50	8.50	7.50
Sheriff	30.60	30.40	35.50	33.20	31.00	29.25	30.50	25.50	23.25	27.25
Domestic relations	37.00	37.00	37.00	37.00	36.00	36.00	36.00	36.00	35.00	35.00
General Government - Judicial Sub-total	184.85	187.15	194.30	191.50	186.75	187.50	188.75	182.75	178.50	182.50
Public Safety:										
Prison	114.00	114.00	114.00	114.00	114.00	114.00	114.00	106.00	98.50	61.00
Adult probation	31.25	31.00	31.00	29.80	29.50	29.50	29.50	28.50	26.50	26.00
Juvenile probation	20.25	20.00	20.00	19.80	20.50	20.50	20.50	20.50	20.50	20.00
Emergency communication	34.00	34.00	32.50	30.00	29.50	29.50	29.50	29.50	28.00	28.00
Public Safety Sub-total	199.50	199.00	197.50	193.60	193.50	193.50	193.50	184.50	173.50	135.00
Public Works:										
Bridge Crew	5.00	5.00	7.00	7.00	8.00	8.00	8.00	8.00	7.00	7.00
Public Works Sub-total	5.00	5.00	7.00	7.00	8.00	8.00	8.00	8.00	7.00	7.00
Human Services:										
Human services administration	15.00	15.00	15.00	13.00	12.00	12.00	12.00	6.00	6.00	6.00
MH/ID, Drug and Alcohol	18.00	18.00	18.00	20.00	20.00	20.00	20.00	23.00	23.00	23.00
Area Agency on Aging	25.00	25.50	28.00	27.00	30.00	28.00	28.00	27.00	27.00	27.00
Children and Youth	46.00	45.50	46.00	46.00	47.00	45.00	45.00	48.00	46.00	42.00
Sunnyview Nursing and Rehabilitation Center *	-	-	-	-	278.75	277.75	277.20	275.75	283.30	278.80
Veterans Services	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Human Services Sub-total	107.00	107.00	110.00	109.00	389.75	384.75	384.20	381.75	387.30	378.80
Culture and Recreation:										
Parks and Recreation	12.80	12.60	13.00	10.70	10.95	11.25	11.50	10.00	9.50	9.50
Culture and Recreation Sub-total	12.80	12.60	13.00	10.70	11.00	11.25	11.50	10.00	9.50	9.50
Conservation and Development:										
Community Action	2.80	2.80	2.80	2.80	2.75	2.50	3.00	3.00	3.00	3.00
Conservation District	-	5.25	5.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Waste Management	-	-	-	-	-	-	-	-	-	-
Conservation and Development Sub-total	2.80	8.05	8.05	7.80	7.75	7.50	8.00	8.00	8.00	8.00
TOTAL	616.45	621.80	638.35	628.60	901.75	901.00	901.95	883.00	870.30	824.80

SOURCE:
County Organizational List

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

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

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

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government - Administration:										
General election information: (1)										
Registered voters	128,457	125,042	127,832	119,692	122,109	120,469	122,762	117,986	118,198	115,991
Votes cast	80,127	29,510	98,554	34,580	56,562	23,895	90,278	29,643	66,102	30,752
Percent of votes cast	62.38%	23.60%	77.10%	28.89%	46.32%	19.83%	73.54%	25.12%	55.92%	26.51%
Instruments recorded (2)	26,370	28,313	27,690	28,521	30,958	36,490	37,650	32,689	31,183	30,380
General Government - Judicial:										
Autopsies performed (3)	92	143	120	89	93	76	71	65	56	57
Deaths investigated (3)	206	244	219	196	177	169	172	177	137	162
Civil cases filed (4)	1,143	1,153	1,051	1,086	1,098	1,206	1,419	1,603	2,200	2,391
Executions (4)**	313	329	333	333	358	397	410	442	480	570
Family court cases (4)	775	833	834	853	834	852	829	913	871	878
Judgments (4)	2,651	2,247	2,130	2,231	2,240	2,385	2,385	2,827	2,790	3,597
Liens - Federal Tax (4)	150	127	129	160	145	163	215	349	363	283
Liens - Municipal (4)	92	136	180	200	68	178	143	194	142	174
Miscellaneous civil cases (4)	360	321	330	348	368	341	338	317	358	387
No lien agreements (4)	261	202	197	202	217	246	195	244	204	205
Adoptions/Parental terminations (5)*	96	114	87	73	87	84	74	113	105	123
Adoptions/Petitions (5)*	76	93	58	61	53	53	52	51	83	64
Court accounts (5)*	67	72	55	77	258	118	104	68	104	115
Estates (5)*	835	863	834	815	824	869	907	1,002	995	978
Guardianships (5)*	21	17	49	49	43	48	45	45	60	44
Marriage licenses issued (5)*	979	902	974	882	942	913	890	861	942	917
Marriage licenses recorded (5)*	937	879	944	865	937	892	871	861	942	917
Public Safety:										
Prison inmates (6)	2,845	2,990	2,908	2,520	2,591	2,591	2,514	2,516	2,423	2,312
Prison average daily population (6)***	328	379	401	371	375	354	358	358	317	299
Public Works:										
Tons of asphalt purchased for road maintenance (7)	5	3,069	7	9	6	11	9	9	15	6
Tons of salt purchased for snow removal (7)	70	22	89	90	137	136	100	100	67	192
Culture & Recreation:										
Park/Shelter reservations (8)	425	430	433	396	413	442	429	446	402	328
Pool usage by person (8)	32,052	28,709	48,324	49,869	46,412	38,934	30,809	30,613	30,809	21,208
Conservation & Development:										
Tons of waste produced (9)	152,913	144,343	146,376	148,278	146,197	150,001	286,112	132,953	126,202	122,810
Tons of waste recycled (9)	127,643	130,580	136,460	116,403	119,659	123,402	140,773	132,393	130,174	113,638
Veterans:										
Death benefits (10)	405	408	430	490	547	461	500	515	455	438

SOURCES:

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

NOTES:

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

COUNTY OF BUTLER, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government - Administration: (1) (2)										
Buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	12	12	12	12	12	12	12	12	12	12
General Government - Judicial: (1) (2)										
Buildings	5	5	5	5	4	4	4	4	4	4
Vehicles	11	10	10	10	10	10	12	10	10	10
Vehicles - Coroner	1	1	1	1	1	1	1	1	1	1
Vehicles - Sheriff	11	11	11	11	11	11	11	10	10	10
Vehicles - Sheriff (Transport)	2	2	2	2	2	2	2	2	2	2
Vehicles - Sheriff (K-9 Unit)	1	1	1	1	1	1	1	0	0	0
Public Safety: (1) (2) (3) (4)										
Emergency Center	1	1	1	1	1	1	1	1	1	1
9-1-1 Antennas	10	4	4	4	9	9	9	9	9	9
9-1-1 Towers	4	4	4	4	9	9	9	9	9	9
Hazmat Trailers	24	24	24	24	24	23	23	22	10	9
Prisons	1	1	1	1	1	1	1	1	1	1
Prison beds	572	572	564	564	564	564	561	561	561	561
Vehicles	2	2	2	2	1	1	1	1	1	1
Vehicles - Emergency Management	1	1	1	1	1	1	1	1	1	1
Vehicles - Hazmat	3	3	3	2	3	3	3	3	3	3
Vehicles - Probation	14	14	14	14	14	14	14	14	14	14
Public Works: (1) (2) (5)										
Buildings	1	1	1	1	1	1	1	1	1	1
Salt Shed	1	1	1	1	1	1	1	1	1	1
Bridges (< 08 feet in length)	1	1	1	1	1	1	0	0	0	0
Bridges (< 20 feet in length)	10	10	10	10	10	10	7	7	7	7
Bridges (> 21 feet in length)	123	123	123	123	123	123	126	126	126	126
Street (miles) - paved	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Street (miles) - unpaved	0	0	0	0	0	0	0	0	0	0
Vehicles	5	5	5	5	4	4	4	4	5	4
Trailers	1	1	1	1	1	1	1	1	1	1
Human Services: (1) (6) (7) (8)										
Buildings	3	2	2	2	1	1	1	1	1	1
Buildings - Veteran's Administration	1	1	1	1	1	1	1	1	1	1
Group Homes	1	3	3	3	3	3	3	3	3	3
Memorials	5	5	5	5	5	5	5	5	5	5
Senior Centers	8	8	9	9	10	10	11	11	11	11
Culture & Recreation: (1) (2) (9)										
Buildings	8	8	8	8	8	8	8	8	8	8
Parks	2	2	2	2	2	2	2	2	2	2
Park acres	408.76	408.76	408.76	408.76	408.757	408.757	408.757	408.757	407.5	407.5
Park shelters	14	14	14	14	14	14	14	14	14	14
Park swimming pool	1	1	1	1	1	1	1	1	1	1
Conservation & Development: (1) (2)										
Buildings	3	3	3	3	3	3	3	3	3	3
Buses	23	17	17	19	19	20	18	16	18	17

SOURCES:

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

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	December 31, 2018			December 31, 2009		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Oxford Development Company	\$ 4,101,020	1	0.22%	\$ 4,101,020	2	0.25%
Aldi Inc	3,461,260	2	0.19%	-	-	-
Clearview Mall Association	3,427,775	3	0.19%	6,496,000	1	0.40%
Cranberry Woods Apartments LLC	3,412,480	4	0.19%	-	-	-
Northwestern Mutual	3,294,580	5	0.18%	3,294,580	4	0.20%
GMH Cranberry Holdings LP	3,003,770	6	0.16%			
DSSTE LLC	2,917,150	7	0.16%			
Cambridge Healthcare Solutions PA	2,897,720	8	0.16%			
OCG Slippery Rock LP	2,856,500	9	0.16%	-	-	-
Campus Crest Slippery Rock LLC	2,754,110	10	0.15%	-	-	-
Mine Safety Appliances	-	-	-	3,472,000	3	0.22%
AK Steel (formerly Armco)	-	-	-	2,915,733	5	0.18%
Kiebler Slippery Rock LLC	-	-	-	2,832,420	6	0.18%
Berkley Manor Apartments	-	-	-	2,179,250	8	0.14%
North PGH Hotel LLC	-	-	-	2,156,970	9	0.13%
Three Rivers Aluminum Co	-	-	-	1,978,666	10	0.12%
	<u>\$ 32,126,365</u>		<u>1.76%</u>			<u>1.82%</u>
Year-End Total Taxable Assessed Valuation	<u>\$ 1,834,954,542</u>			<u>\$ 1,609,268,664</u>		

SOURCE:

Butler County Assessment Office

NOTE:

Assessed valuation based on the valuation of property for taxes collected in 2018 and 2009, respectively, and a review of the ten largest taxpayers for the County.

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM SELECTED DATA

LAST TEN YEARS 2009-2018
(Unaudited)

Year Ended December 31,	Number of Active Members and Vested Members	Contributions			Number of Retired Members and Beneficiaries	Retirement and Death Benefits Paid
		Members*	County	Total		
2009	811	3,006,000	6,486,486	9,492,486	382	6,388,013
2010	814	3,211,924	6,095,561	9,307,485	412	6,525,681
2011	838	3,371,565	6,564,903	9,936,468	420	5,975,115
2012	842	3,558,739	6,860,358	10,419,097	447	7,856,332
2013	837	3,674,551	7,313,625	10,988,176	475	7,970,677
2014	650	3,360,012	6,152,213	9,512,225	574	15,247,231
2015	665	3,183,884	5,052,744	8,236,628	578	10,778,767
2016	656	3,231,334	5,474,488	8,705,822	589	11,465,661
2017	663	3,333,512	5,473,038	8,806,550	594	12,352,707
2018	662	3,424,361	5,066,887	8,491,248	612	12,891,605

NOTE:

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

SOURCE:

County Employees' Retirement System Actuarial Valuation Reports (2009-2018)

COUNTY OF BUTLER, PENNSYLVANIA

COUNTY EXPENDITURES 2018

\$250,000 OR MORE

(Unaudited)

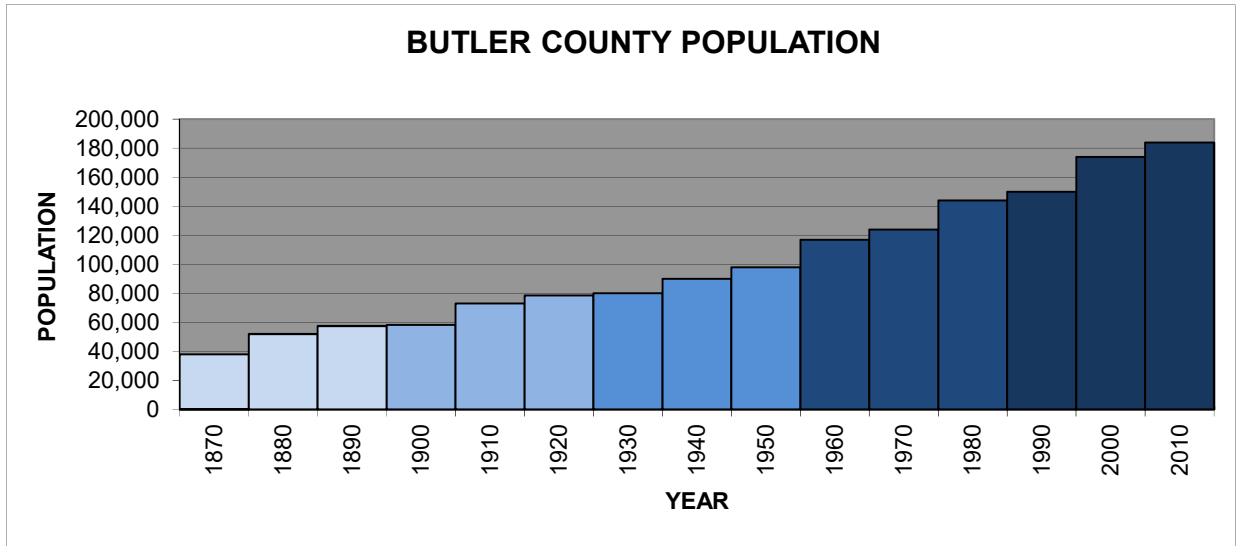
ORGANIZATION	LOCATION	AMOUNT
Adelphoi Village Inc	Latrobe	\$ 1,242,447
Adoption Connection PA	Beaver	300,173
Alliance for Nonprofit Resources	Butler	3,147,677
Arc Human Services Inc.	Washington	291,194
Arc of Butler County	Butler	502,259
Bair Foundation of PA	North Wilmington	498,692
Butler County Community College	Butler	5,343,748
Butler County Federated Library System	Butler	250,000
Butler County Tourism	Zelienople	2,274,300
Butler Healthcare Providers	Butler	280,360
Care Center	Charleroi	887,042
Catholic Charities	Pittsburgh	741,647
Center for Community Resources	Butler	2,613,561
Child & Adolescent Clinical Associates	Cranberry Twp	287,865
Community Care Connections	Butler	485,060
Community Development Corp	Butler	348,519
Creative Bus Sales Inc	Chino, CA	378,472
Dell Marketing LP	Dallas, TX	294,358
Family Pathways	Butler	1,394,329
Grapevine Center	Butler	319,561
JG Contracting Company Inc	Carnegie	1,352,220
JusticeWorks Youthcare Inc.	Pittsburgh	329,439
Keystone Adolescent Center	Pittsburgh	435,325
Mars Home for Youth	Mars	520,889
Mental Health Association	Butler	427,660
Milestone Centers, Inc.	Pittsburgh	1,016,748
Motorola Solutions Inc.	Schaumburg, IL	2,093,262
Pathways Adolescent Center Inc	Oil City	279,779
Pennsylvania Counties Risk Pool	Harrisburg	378,581
Pittsburgh Companies North (PCN)	Irwin	841,825
Pediatric Therapy	New Castle	295,308
Pitney Bowes Credit Corporation	Louisville, KY	258,842
Redevelopment Authority	Butler	880,165
Specialty Outreach Service Inc.	Butler	560,654
Totin Family Services	Worthington	326,577
Trinity Services LLC	Oldmar, FL	544,363
Tyler Technologies Inc.	Dallas, TX	582,334
Uhl Construction Company Inc.	Allison Park	2,764,941
United Telephone Company	Monroe, LA	290,249
West Penn Power Company	Greensburg	459,516
Wexford Health Sources	Pittsburgh	1,204,007

NOTE:

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

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY POPULATION



SOURCE:
Butler County Planning Commission 2010 census

