

COUNTY OF BUTLER, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED
DECEMBER 31, 2012

Prepared by the Office of the Controller
John R. McMillin, Jr., Controller

COUNTY OF BUTLER, PENNSYLVANIA

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INTRODUCTORY SECTION

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY OFFICIALS

DECEMBER 31, 2012

JUDICIARY

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

ELECTED COUNTY OFFICIALS

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



John R. McMillin, Jr.

COUNTY CONTROLLER

Butler County

P.O. Box 1208, Butler, Pennsylvania 16003-1208

Voice: 724.284.5130 Fax: 724.284.5410 Email: jmcmilli@co.butler.pa.us

Deborah A. Huth, CGFM
First Deputy

Sherry Britton
Second Deputy

June 27, 2013

To Butler County Citizens and Taxpayers,

I am honored to present Butler County's (County) *Comprehensive Annual Financial Report* (CAFR) for the year ending December 31, 2012.

County offices
open at 8:30 a.m.



The report's primary purpose is to provide a detailed accounting of the County's 2012 financial activity.

The report is prepared under standards prescribed by the Government Finance Officers Association (GFOA). GFOA representatives conduct a comprehensive review of the report each year and determine whether it qualifies for the organization's prestigious *Certificate of Achievement for Excellence in Financial Reporting*. The County is required to re-apply each year for the GFOA Certificate. I am pleased to note Butler County has received the award for eleven consecutive years.

The Commonwealth of Pennsylvania, certain federal agencies, bond rating agencies and financial institutions also review the report.

**The Butler County Courthouse
was erected in 1885**

Photo provided by: Office of the County Controller

The Office of the County Controller prepares the report with assistance from other County officials and employees. The Board of County Commissioners (Commissioners) supplied the commentary and analysis appearing in the section of the report entitled, *Management's Discussion and Analysis*. Departmental directors, elected row officers and court officials also made significant contributions to the successful completion of the report.

Responsibility for the accuracy, reliability, and completeness of the presentation, including all disclosures, rests with the County.

We believe the financial information, as presented, is accurate in all material respects. This report is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, as reported by management. All disclosures believed necessary to enable the reader to gain a clear understanding of the County's financial affairs have been included within the report.



Scan to access County website
www.co.butler.pa.us

Maher Duessel, Certified Public Accountants, has independently audited the County's financial statements. The purpose of that independent audit is to provide reasonable assurance the financial statements appearing herein are free of any material misstatements. Maher Duessel is a peer-reviewed independent auditing firm. All CPA's employed by the firm are licensed by the Commonwealth of Pennsylvania.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* as issued by the Comptroller General of the United States. The audit also conformed to the American Institute of Certified Public Accountants' Statement on Auditing Standard No. 99. This standard requires that audit procedures provide a reasonable likelihood of detecting a misstatement in the financial statements due to fraud.

The independent auditor, in accordance with the prescribed standards noted above, provided an unqualified opinion of the County's basic financial statements for the year ended December 31, 2012.

The independent auditor also audited certain federally-funded County programs subject to the auditing standards established by the "Single Audit Act of 1984." Those 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 compliance with the legal requirements set for recipients of federal funds. Those reports are not included herein but 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 American Institute of Certified Public Accountants (AICPA), and applicable provisions of the County Code of the Commonwealth of Pennsylvania.



The Big Story of 2012

Possible Construction of Office Building for County Human Services Programs

At year-end, County Commissioners were continuing to debate the most cost-effective way to address the office space needs of the County's expanding human services programs. A proposal to construct a 40,000 square foot office building on the former site of the county prison was under consideration.

Photo provided by: Office of the County Controller

FORMAT OF THE REPORT

The 2012 CAFR is presented in the following three sections and respective 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 2011 CAFR, and (4) the County's organizational chart, relevant maps, illustrations, photographs, and website links.

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 financial statements, and (4) required supplementary information, individual and combining financial statements,

schedules with comparative budgetary information, and prior year information, as applicable, arranged by fund type.

The MD&A is intended to provide an analysis of 2012 financial performance as well as provide the reader with forward-looking financial commentary. The MD&A is comprised of an introductory narrative, an overview, and an analysis component. The Commissioners, through their designee the Director of Administration/Chief Clerk, is responsible for the preparation and content of the MD&A.

III. Statistical Section - This section provides the reader with historical financial data and some selected demographic and comparative statistical information.

This report is comprehensive in scope. It is designed to provide the citizenry with an accurate accounting of the County's financial activities during the year as well as provide readers with relevant and practical information about the County. The report is also intended for use by investors, creditors, bond underwriters, bond 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, prison, Sunnyview Nursing and Rehabilitation Center, the 9-1-1 Emergency Operations Center and all human service programs.

GASB has established criteria for determining if an organization is considered part of the County's reporting entity and, as such, is to be included in the CAFR as a component unit of the County.

Under GASB Statement No. 14, the following criteria are used to determine if 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.

Based upon that evaluation, the Butler County Airport Authority and the Butler County Community College are included as component units within the County's reporting entity.

The Commissioners make a number of appointments to other authorities and advisory boards. The County's relationship does not extend beyond this appointment process and therefore these organizations are excluded from the reporting entity. A more detailed discussion on this subject can be found in Note 1 to the basic financial statements.

HISTORY AND PROFILE OF COUNTY GOVERNMENT

The origin of county government in the United States goes back at least a thousand years to the English "shire." The shire had a dual-function. It served as the local government for the peasants and serfs of the time. The shire also functioned as the administrative arm of the king. Colonists brought this governing arrangement to the New World establishing it along the eastern coast of North America. To this day, the archaic term "shire" remains with us in its derivative form, "sheriff."

Butler County is located in southwestern Pennsylvania. The County seat is situated in the City of Butler, which is approximately 35 miles north of the City of Pittsburgh. 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 and Armstrong Counties. The County was formed in

1800 from Allegheny County and took its name from the Revolutionary War

hero General Richard Butler, who served on George Washington's general staff.

The County has a land area of approximately 800 square miles and a population approaching 185,000 residents. The U.S. Census Bureau estimated County population grew by a net 400 residents between July 2011 and July 2012. Adams and Cranberry townships had an increase of nearly 700 residents during that period offsetting declines in population for 44 of the County's 57 municipalities. The 57 political sub-divisions within the County are comprised of 23 boroughs, 33 townships, and 1 city (the City of Butler).

Pennsylvania is divided into 67 enumerated 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.

An Eighth Class county has 20,000 or fewer residents. Second Class A counties have populations between 500,000 and 800,000 residents. Philadelphia is the only county having a population greater than the 1.5 million residents required for First Class status.

The 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 citizens. This figure

is short of the threshold of 210,000 required for movement to Third Class county status.

The County's governing body is comprised of a three-member Board of Commissioners. Commissioners are elected at large to a term of four years. Under Pennsylvania's County Code, the Commissioners function as both an executive and legislative body. The Commissioners meet in public session generally on the first and third Wednesday of each month.



William L. McCarrier, Chairman

Board of Commissioners

Board Photos: County website

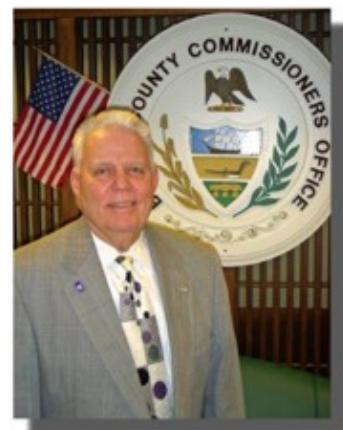
ministerial capacity. Those county officers are as follows: Clerk of Courts, Controller, Coroner, District Attorney, two Jury Commissioners, Prothonotary, Recorder of Deeds, Register of Wills/Clerk of Orphans' Court, Sheriff, and Treasurer.

The Butler County Court of Common Pleas is made up of six elected judges with the most tenured judge holding 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 Judges (formerly known as District Justices). Magisterial Judges are elected by geographical district and serve six-year terms.

The County's thirteen judges are state employees and their compensation is paid entirely by the State. However the overall cost of operating the court system is borne largely by the County.

The County's elected officials are commonly referred to as row officers and act primarily in a ministerial capacity.



A. Dale Pinkerton, Commissioner



James Eckstein, Commissioner

There are four principal boards having authority over County administrative and fiscal matters. As described, the Board of County Commissioners functions as the primary governing body of the County. The three remaining boards are the: (1) Salary Board, (2) Prison Board and (3) Retirement Board.

The County Salary

Board is comprised of four permanent members: the three commissioners and the county controller. The Salary Board creates and sets the salary for all

non-elected County positions. 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.

The chair of the Board of Commissioners serves as chair of the Salary Board. 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 Salary Board is scheduled on an as-needed basis, convening prior to the regular Wednesday Commissioners' meeting.

The County Prison Board is responsible for operational oversight of the County Prison and its employees. The Prison Board is made up of the three commissioners, county controller, district attorney, sheriff and one of the judges of the Court of Common Pleas. The Prison Board meets in regular public session the third Tuesday of each month. The Prison houses over 350 inmates and has an annual operating budget of nearly \$10,000,000.



Meeting of the Butler County Retirement Board

Photo provided by: Office of the Butler County Controller

The County Retirement Board oversees the County Employee Retirement Fund. The Retirement Board is made up of the three commissioners, county controller, and county treasurer. Under Pennsylvania Act 96 ("The County Pension Law") the county controller serves as secretary of the Retirement Board and is responsible for administration of the pension fund.

On December 31, 2012, the County Employee Retirement Fund had 846 active and vested members. The number of County retirees totaled 442. The Pension Fund had a market value of \$144,000,000 at year-end.

ECONOMIC CONDITION AND OUTLOOK

The local economy appeared to be finally rebounding from the severe recession that began in 2008. The influx of residents coming from neighboring Allegheny County and other areas continues, and the adjacent communities of Middlesex, Clinton, and Winfield Townships are expecting accelerated growth as they add infrastructure in support of population growth. Westinghouse's decision to locate in Cranberry Township has increased demand for residential properties within commuting distance of the Westinghouse facility.

The County has continued to gain population during the last decade. The County's population has grown by five percent since 2000. The median age of a County resident is 41.5 years according to the U.S. Census Bureau.

The median ages of the residents of nearby counties are: Allegheny County (41.3), Armstrong County (44.5), Beaver County (44.4), and Lawrence County (43.6).

The southern third of the County has been experiencing considerable growth since the completion of routes 28 North and 279 North in the mid-1980's. The most notable growth has been in the areas surrounding Cranberry, Adams, and Buffalo Townships. The growth of the County's tax base has paralleled the boom in residential and commercial property construction in these and other areas of the County.

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 December when the County's annual budget is acted on by the Commissioners. The assessed value of County taxable property grew from \$1.1 billion in 2003 (at 75% of 1969 assessed value) to \$1.7 billion in 2012 (100% of 1969 assessed value), according to County assessment records.

The millage rate in 2008 was 30 mills applied at 75% of the 1969 assessed value of a property. In 2009, the tax basis was set to 100% of the 1969 assessed value and the millage rate was reduced to 23.628 mills and has remained at that level through 2012.

All of Butler County's nine school districts have been struggling to balance their budgets. In 2012, many property owners experienced noticeable increases in their school property taxes. Nearly all of the State's 500 school districts are predicting significant budgetary challenges over the next several years. Budget shortfalls are attributable, in part, to ballooning retiree pension and health care obligations. Many believe the impact on school taxes could be dramatic.

According to the Pennsylvania Department of Labor and Industry, the County's average unemployment rate was 6.8 percent in 2012, somewhat under the rate in most other Western Pennsylvania counties. Consumer prices increased by 3.5 percent for County residents in 2012, according to the U.S. Bureau of Labor Statistics.

In April of 2007, Westinghouse Electric Company announced it would relocate its corporate headquarters to Cranberry Township, Butler County.



Westinghouse's AP1000 Nuclear Reactor
Photo: Company website

Westinghouse is the world leader in nuclear power plant technology. In 2011, Westinghouse's AP1000 nuclear reactor became the only Generation III+ reactor to receive design certification from the Nuclear Regulatory Commission.

Westinghouse is Butler County's largest employer with over 5,000 local employees and is the Pittsburgh region's fifth largest manufacturing firm with annual sales revenue of \$5,000,000,000.



Electric Arc Furnace – Butler Melt Shop
Photo: Company website

AK Steel with 1,500 employees is the County's second largest private employer.

The Butler Works of AK Steel is a recognized leader in the manufacture of electrical grade silicon steel. The Butler Works produces the only high-permeability electrical steel manufactured in the United States and is the major supplier of steel used in the manufacture of domestic automobile exhaust and catalytic converter systems.

Butler County is the home of several high technology firms manufacturing a variety of world-class products. Among those companies is II-VI, Incorporated of Saxonburg, established in 1971.



Graphic: II-VI website

II-VI is an established industry

leader in the

manufacture of optical and electro-optical components and has a number of manufacturing plants and distribution centers around the world. II-VI's infrared products are sold worldwide for use in high power industrial CO₂ (carbon dioxide) lasers. The firm has several products produced under contract with the Department of Defense and Department of Homeland Security.



Adams Manufacturing, located in Portersville, produces affordable, USA-made consumer products which include

Graphics:
Adams Manufacturing website

stacking and folding resin furniture, holiday decorating accessories and quality suction cups.

Mine Safety Appliances (MSA) is located in Cranberry Township. MSA is

the largest manufacturer of safety equipment and safety systems for industrial workers. MSA's products include respirators, gas masks, fire helmets and shields, self-contained breathing apparatus and hearing and eye protection devices. MSA is a major defense contractor. Several of its products are also in demand for Homeland Security applications.

Near Saxonburg is Penn United Technology, a manufacturer of precision sub-micron tool and die equipment. Penn United Technology employs skilled machinists, technicians, and support staff.

Situated in Petrolia, in northeastern Butler County, is INDSPEC Chemical Corporation. INDSPEC is the largest producer of resorcinol in the world and the only producer of commercial grade resorcinol in the United States. Resorcinol is used in the manufacture of fabric dyes, adhesives, and has some pharmaceutical applications.

In nearby Karns City is Penreco, which traces its history back to the 19th century oil boom in the County. Penreco produces a number of well known petroleum-based products, including petrolatum and mineral oil.

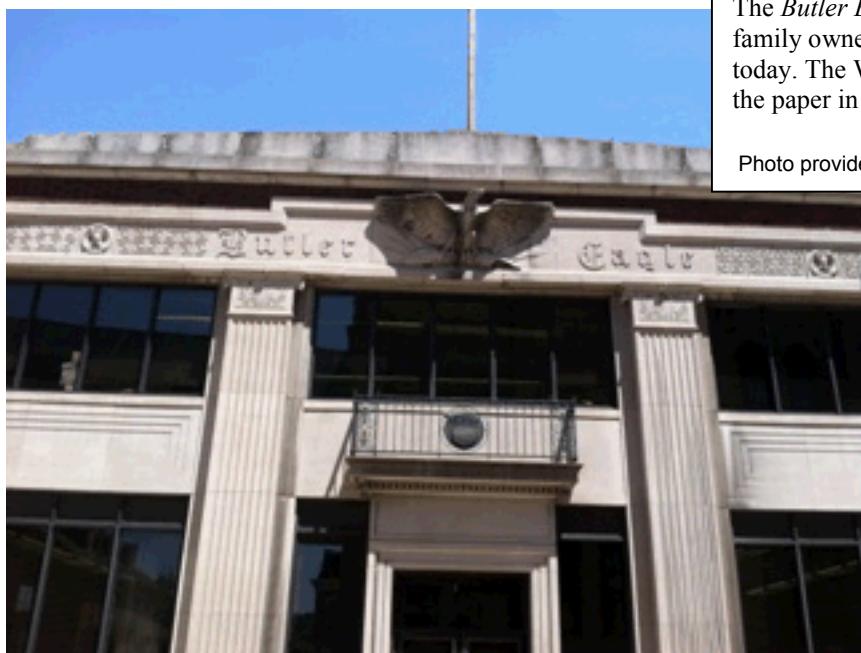


Graphic: Company website

IBIS Tek in Middlesex Township provides high technology security to the U.S. Military and private employers.

Butler Health System, which includes Butler Memorial Hospital, employs approximately 1,800 health care staff. Other major employers include the Butler Area School District, Seneca Valley School District and the State System of Higher Education.

Several daily newspapers serve County residents. The *Pittsburgh Post-Gazette*, *Tribune Review* and *Butler Eagle* have a wide readership in Butler County.



The *Butler Eagle* is one of the few remaining family owned newspapers in the country today. The Wise family of Butler acquired the paper in 1903.

Photo provided by: Office of the County Controller

Exploration of the Marcellus shale gas formation continued to impact Butler County residents in 2012.

Many County property owners have benefited financially in recent years from the efforts to extract

natural gas and other products from this enormous reservoir running a mile or so below the surface of parts of Pennsylvania.

The Marcellus Shale field runs from New York State through the Appalachian basin, including central and western portions of Pennsylvania. Industry experts believe the Marcellus shale field may contain one of the largest natural gas reserves ever discovered in this country. Some industry analysts believe this region's shale gas supply is so plentiful that it has the potential to reduce America's dependency on foreign energy suppliers dramatically.

Another natural gas reservoir which exists below the Marcellus formation, known as Utica shale, began to be explored in 2011. In November 2011, Rex Energy announced it had successfully drilled a Utica shale well on the western border of the County. The well, located on the Cheeseman family farm just outside of Portersville, reportedly tested at a daily production rate of

9.2 million cubic feet of gas-enough gas to meet the estimated daily gas needs of 25,000 homes.

Butler County shale gas wells have an added economic advantage in that many produce what is commonly referred to as “wet gas.” Besides the common constituent-methane-used for heating and power generation, wet gas contains marketable by-products such as butane, propane, and ethane. Royal Dutch Shell announced in 2011 it was considering the construction of a \$2 billion ethane processor plant in Western Pennsylvania. Such a plant would convert raw ethane into a product known as ethylene. If constructed, the plant was expected to produce annually an estimated 15,000 rail cars of ethylene pellets—a basic feedstock for products produced by the plastics, textile, and automotive industries.

On December 31, 2012, Butler County had an “unconventional well” total of 152 producing wells, according to the Pennsylvania Public Utility Commission. That figure represented an 81% increase over the 84 wells in place at the end of 2011.

With the passage of Act 13 of 2012, the County began to receive a portion of the \$200,000,000 in annual impact fees collected from natural gas companies. Butler County received approximately \$1.2 million in 2012 impact fees, up from approximately \$900,000 for 2011.

Despite historically low natural gas prices and ongoing concerns voiced by some about the safety of the extracting process known as “fracking,” many still believed shale gas exploration was having a positive economic impact on the County.

The potential economic impact of the local Marcellus shale boom is unknown. Drilling activity generates revenue that gets channeled into the local economy. However the number of County residents receiving royalty payments from gas produced on their property is expected to grow and potentially have a significant impact on the local economy. A well producing 1,000,000 cubic feet of natural gas per day will generate \$150,000 to \$250,000 of annual royalty income for the gas leaseholder(s). By some estimates, local gas well royalty payments could inject \$100,000,000 annually into the local economy.

Transportation

The County has benefited from an extensive transportation system for over 200 years. 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. Interstate 80 touches the northern border of the County on its east/west journey connecting New York with San Francisco.

Both interstates have interchanges that provide travelers direct access to the County's other major highways. The Pennsylvania Turnpike (Interstate 76) runs along the County's southern border. The Allegheny Valley Expressway (Pennsylvania Route 28) crosses the southeastern corner of the County.

The "Cranberry Connector" created a new interchange in southern Butler County and provides direct access to the Pennsylvania Turnpike from Interstate 79. The \$66 million project reduced some of the traffic congestion at the intersection of Route 19 and Route 228 in Cranberry Township. Over 50,000 vehicles travel Route 228 and Route 19 corridor each day.

Railroads serving the County include the Buffalo and Pittsburgh, the Bessemer and Lake Erie, Norfolk Southern, and the CSX Railroad.



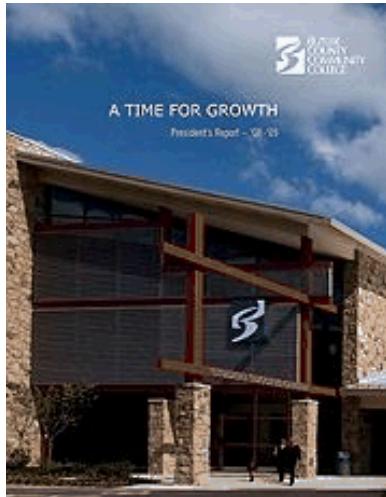
Harmony Bridge spans the Connoquenessing Creek and is one of 134 bridges maintained by the County.

Photo: Office of the County Controller

The Pittsburgh International Airport provides commercial air service. The airport is less than a one-hour drive for most County residents. Local airports include the Butler County Airport, Zelienople Municipal Airport, Butler Farm Show (Roe) Airport, and Lakehill Airport.

Numerous motor freight carriers doing business in the County provide commercial trucking service. The County has access to the nation's largest inland waterway through the Allegheny River port in Freeport, Armstrong County. Freeport sits at the southeastern point of the County.

Higher Education



Slippery Rock University, with an enrollment of over 8,000 students, is located in Slippery Rock Borough in the northwestern section of the County.

Butler County Community College

Photo: BC3 website

The Butler County Community College opened in 1966. Several major universities and colleges are within the region surrounding the County. These include Carnegie Mellon University, University of Pittsburgh, and Duquesne University.

Other colleges and universities include Chatham College, Geneva College, Grove City College, Point Park University, Robert Morris University, La Roche College, Carlow University, Clarion University, Indiana University of Pennsylvania, and several satellite campuses of Penn State University.

Health Care

The Butler Memorial Hospital, a 350-bed acute-care general hospital, serves the County. UPMC, in Cranberry Township, serves residents in the southwestern section of the County.

Butler Memorial Hospital, founded in 1898, is part of the Butler Health System which supplies healthcare services throughout Western Pennsylvania.

Photo: BHS website

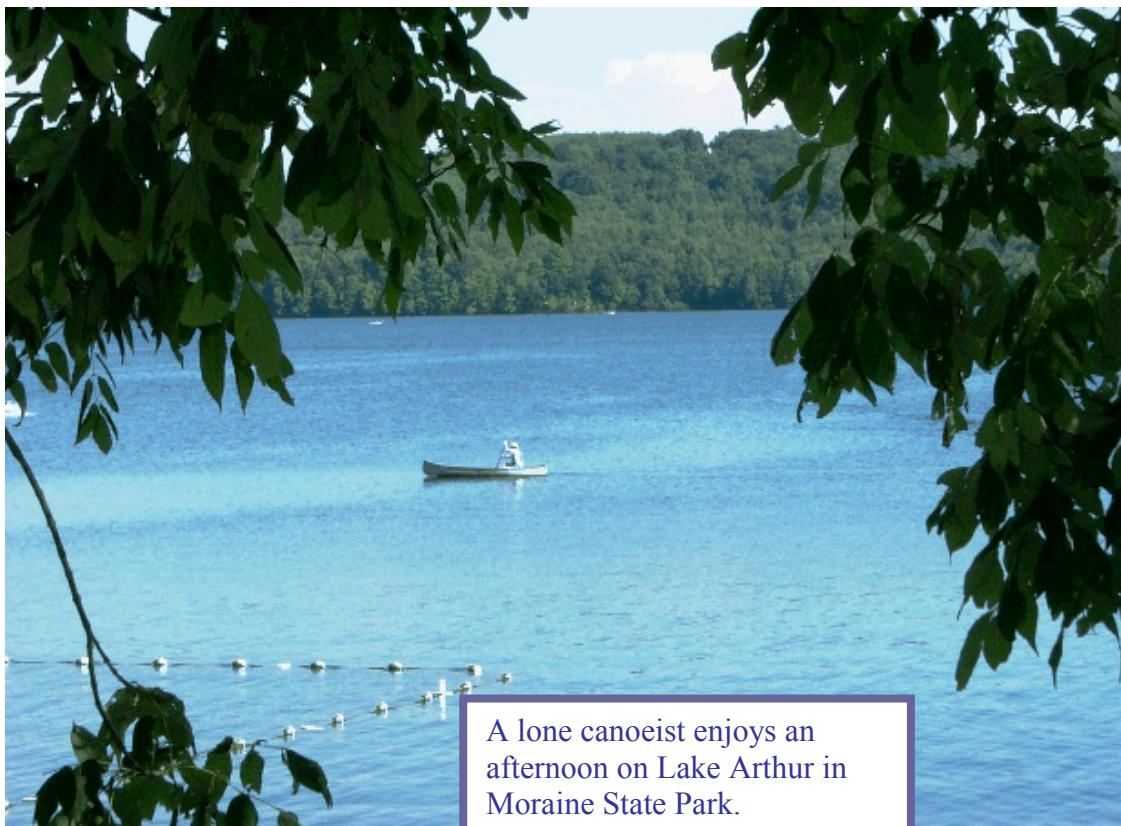


The 424-bed Butler Veterans Administration Hospital is located just outside the City of Butler. The County operates Sunnyview Nursing and Rehabilitation Center, a 220-bed skilled nursing care facility, located in Butler Township. Other long-term health care facilities include St. John Specialty Care Center in Mars and Concordia Lutheran Ministries in Cabot.

Recreation

The County's premier recreational site is Moraine State Park, a 15,000-acre state park surrounding Lake Arthur. Moraine State Park occupies portions of Muddy Creek, Worth, Brady, and Franklin Townships.

Lake Arthur, which is over 3,200 acres in size, was created in 1970 using the basin formed by an ancient glacial lake. Moraine State Park attracts visitors from all distances, including the greater Pittsburgh, New Castle, and Youngstown, Ohio areas. Moraine State Park offers hiking, sailing, swimming, and biking activities as well as a variety of sport fishing opportunities for local anglers.



Adjacent to Moraine State Park is the home of Jennings Environmental Center, site of the only relic prairie in the eastern United States. Located in neighboring Lawrence County, just west of Moraine State Park, is McConnell's Mill State Park. McConnell's Mill State Park is most noted for its gristmill, covered bridge, and deep gorges carved thousands of years ago by a cascading Slippery Rock Creek.



McConnell's Mill
State Park

Photo: S. Preston

The County maintains Alameda Park, which is located in Butler Township and provides over 400 acres of scenic woodlands, a number of picnic shelters, and an Olympic-size public pool. Many of the larger communities in the County have sports and swimming facilities. Cranberry Township has a new community pool and a recently opened municipal golf course. Numerous other parks, fishing streams, and state game lands are located throughout the County.

Historic

The County's historical tapestry is rich and colorful. The County is recognized as the "home of the Jeep." During the early 1940's, the Bantam Car Company of Butler beat out several larger competitors to win the Army's contract for the development of a light transport vehicle. The design and initial manufacturing of this vehicle, commonly known as a Jeep, was at the Bantam Car plant in the County.



Butler County Heritage Center

Source: Website

General Eisenhower considered the Jeep as one of the major factors contributing to the Allies victory in World War II. Today, several vintage

Bantam Jeeps, identical to the models so admired by General Eisenhower, are on display at the Butler County Heritage Center, located in the City of Butler.

The County's historical preservation efforts have restored many original homes and businesses dating to the early 19th century. One well-known example is the Harmonist Society preservation. Harmonists settled in what is now the County's southwestern community of Harmony, which has been designated a National Historical District.

Other notable preservations from the 19th century include the Shaw House in the County and Coopers Cabin in Cabot. Also, in Cabot is the burial site of William "Uncle Billie" Smith, whose blacksmith skills assisted Edwin Drake in the drilling of the world's first oil well in Titusville, Pennsylvania. Near Cabot is a museum honoring one of Saxonburg's earliest settlers - John Roebling. Roebling was the inventor of steel cable and the designer of the Brooklyn Bridge.

The County has a rich 210-year history that has fostered a number of historical societies, including ones in Butler, Zelienople, Saxonburg, Harmony, and Evans City. The Borough of Prospect, near Moraine State Park, has a devoted group preserving that community's interesting past. Prospect was the home of Rube Waddell - the County's only member of the Baseball Hall of Fame.

In 2003, the County completed the project of affixing historical markers along the path taken by George Washington through the County in 1753. The Commonwealth of Pennsylvania funded the project through a grant to the County. The markers display the likely course followed by the future president as he carried out a diplomatic mission to the French garrison of Fort LeBoeuf, near present-day Erie.

During Washington's trek through the County, the future president narrowly escaped death when an Indian assailant fired upon him at close range with a musket. Many years ago, a large stone marker was placed near the Forward Township Municipal Building on Route 68 identifying the approximate site of the assault.

County officials, historical society members, and the Butler County Tourism and Convention Bureau continue to raise public awareness of this area's historical connection to the French and Indian War.

Veteran Affairs



Jonathan Greenert, a 1971 Butler High School graduate, was appointed Chief of Naval Operations on September 23, 2011 - the Navy's highest military officer.

Photo: Wikimedia freely licensed media

The County's large population of military veterans is served by the County's Office of Veterans Services and several active VFW and American Legion Posts around the County. The County servicemen and women have answered the call to duty in the war on terrorism, serving in Iraq, Afghanistan and other locales around the world. County citizens are always quick to turn out for a parade honoring the many soldiers, sailors, marines, and airmen who have served their country in times of war and peace.

Cultural

Many local organizations provide the local community with a reasonably priced opportunity to enjoy the arts and culture. These include the Butler Arts Council, Associated Artists of Butler County, Blazing Star Choral Society, Butler Little Theater, and Musical Theater Guild.

The Butler County Symphony has provided quality orchestral performances for over forty years. The Butler County Symphony's office is located in downtown Butler across from the Court House.

The Maridon Museum opened its doors in 2004. The museum building and its entire collection are the gifts of the late Mary Hulton Phillips of Butler. Located in the City of Butler, the museum contains an outstanding collection of

Chinese and Japanese art objects as well as an extensive collection of German Meissen porcelain art.



St. Mark's Evangelical Lutheran Church in Butler was founded in 1813 by six German Lutheran families.

Photo provided by: Office of the County Controller

Butler County cultural and ethnic diversity is evidenced by over 100 houses of worship for Protestant, Roman Catholic, Orthodox, Jewish and other faiths. St.

Ferdinand Church in Cranberry celebrates mass with over 10,000 parishioners.

MAJOR INITIATIVES AND FACTORS AFFECTING FINANCIAL CONDITION

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 the County while balancing the desire for low taxes and controlled growth.

The County has promoted access to public libraries by appropriating funding to the County's Federated Library System and Book Mobile. The County continues to encourage economic development through an annual appropriation of \$275,000 to the Butler County Community Development Corporation.

The County is an active participant in the state's Farmland Preservation Program. The program funds the creation of agricultural easements protecting qualifying farmland from future development. The program provides a financial incentive to qualifying farmers who choose to maintain their land exclusively for farming purposes. Through this program, the County has secured, in perpetuity, over 4,000 acres of farmland.

The County has been a leader in the implementation of emergency management and 911 technology. The County was among the first counties in Pennsylvania to install an enhanced 911 system - a computerized system that automatically displays a caller's physical location when an emergency call is received at the County 911 Center. The 911 Center is located near the Sunnyview Nursing and Rehabilitation Center complex in Butler Township.

Over 60 percent of County 911 calls originate from cell phones. The state legislature imposed a monthly fee of \$1.00 on cell phone subscribers to help offset the cost of cell phone-related 911 calls. The County receives approximately \$1,000,000 annually in cell phone fees.

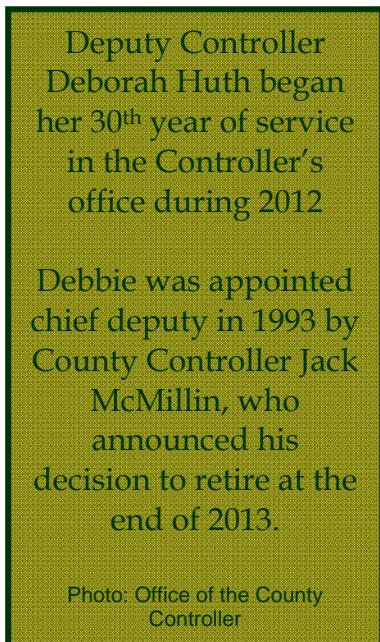
Pennsylvania counties have the option of imposing a bed tax of up to three percent on overnight lodging charges. The County established, by ordinance, a bed tax on January 1, 2002 at a three percent level. Collections from the tax exceeded \$1.2 million in 2012. All collections must be used exclusively for tourism promotion through the County's designated tourism promotion agency.

Tax revenues continue to grow for many taxing districts in the County, particularly those located in areas experiencing significant residential and commercial growth. Even with a static millage rate, County property tax revenues increase by approximately \$700,000 or more each year.

School districts are now required to disclose the liability and annual funding obligation they have for post-employment benefits such as health care. The funding of pension and retiree health care could prove burdensome to some school districts and intensify dissatisfaction with Pennsylvania's property tax system.

ACCOUNTING SYSTEM, INTERNAL CONTROL, AND FINANCIAL POLICIES

All Governmental Funds are accounted for on the modified accrual basis of accounting. The Agency Funds are on an accrual basis of accounting. The government-wide financial statements are prepared under GASB Statement No. 34 on the full-accrual basis of accounting.



See the section that follows titled GASB Statement No. 34. Under modified accrual, revenue is recorded when susceptible to accrual and considered both measurable and available. Available is defined as collectible within the current period or soon enough thereafter to pay current liabilities.

Expenditures are generally recognized when the related fund liability is incurred except for: (1) disbursements for inventory items, which are recorded as expenditures at the time of purchase and (2) principal and interest on general long-term debt, which is recognized when it becomes due. Financial statements for the Proprietary Funds and Pension Trust Fund 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: (1) assets are safeguarded against loss from unauthorized use or disposition; (2) the financial records used for preparing financial statements are reliable; and (3) 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. Reasonable assurance also recognizes that any evaluation of cost and benefits involves the use of estimates and judgments by management.

The Commissioners are required to adopt, by resolution, the annual budget by December 31st of each year. The County maintains budgetary controls that secure compliance within the provisions set by the budget resolution and Pennsylvania statute. The Budget Director and the Office of the County Controller maintain budgetary control at the departmental level through a monitoring and review process. A description of the budget process is provided in Note 1 to the basic financial statements.

The Commissioners must authorize any expenditure that would cause the budgetary control level 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 its assets, liabilities, fund equity, revenues and expenditures/expenses.

For additional information regarding the various fund types utilized by the County, see Note 1 to the basic financial statements.

SUMMARY OF 2012 FINANCIAL ACTIVITY INCLUDING SIGNIFICANT POLICY DECISIONS AFFECTING THE FINANCIAL STATEMENTS

The governmental funds within the County include the General Fund, forty-one Special Revenue Funds, six Capital Project Funds, and a Debt Service Fund. The governmental funds' total revenues equal \$120,165,750 and total expenditures equal \$119,590,630 for the year. The County has three proprietary funds, one pension trust fund, and nine agency funds.

In 2012, General Fund revenues totaled \$50.5 million. Expenditures totaled approximately \$46.8 million. The schedule appearing on page I-24 displays 2012 General Fund expenditures and transfers by administrative category totaling approximately \$53.9 million. For the purposes of trend analysis, the schedule provides a comparison of 2012 expenditures to 2000 expenditures.

The reader is directed to the Management's Discussion and Analysis section of this report for further narrative on the County's year-end financial condition and outlook.

The County had \$120,000 held at year-end in Capital Project accounts.

The County Employee Pension Fund is a fiduciary account established under Pennsylvania Act 96. The Pension Fund provides a defined benefit retirement plan for all eligible County employees. The net position held in trust totaled \$144,068,050 as of December 31, 2012. Net position increased by \$19,145,201 from December 31, 2011.

The County Pension Fund appropriation represents one of the largest components of the County budget. The pension fund appropriation totaled \$6.9 million in 2012. Approximately half of the total pension fund appropriation is reimbursed to the County by the State. The County continues to meet its actuarially-determined pension obligation each year.

At the end of 2012, the County had funded nearly 80% of its total pension obligation, a level considered within acceptable standards for an employee pension plan. The County Retirement Board has endorsed the use of conservative actuarial assumptions in valuing its pension liability. Board members have set a goal of reaching 85% funding by the end of this decade.

The County had no net pension obligation (NPO) as of December 31, 2012. For additional information, see Note 7 to the basic financial statements.

The County provides no other post-employment benefits other than those established through its Act 96 Employee Pension Plan. The County does not have any existing or potential liabilities for such benefits granted to employees in prior years.

Most County employees were affected in 2009 by a policy change in the County's health care coverage. Employees who now elect health care coverage must contribute 1.5% of their annual salary toward the cost of that coverage.

General Fund Expenditures by Office

For the Periods Ending December 31, 2000 and December 31, 2012

	<u>2000</u>	<u>2012</u>	<u>Change</u>	<u>Per Year %</u>
<u>Board of Commissioners:</u>				
Alameda Park & Pool	\$ 233,365	\$ 365,644	\$ 132,279	5%
Budget & Finance	37,786	98,808	61,022	13%
Central Phone	140,085	160,996	20,911	1%
Commissioners' Office	474,859	802,518	327,659	6%
County Solicitor	107,414	168,053	60,639	5%
Election Bureau	262,290	507,646	245,356	8%
Grants Management	163,372	199,375	36,003	2%
Information Technology	343,331	723,168	379,837	9%
Mail Room	265,964	294,905	28,941	1%
Maintenance/Construction	1,047,045	1,938,600	891,555	7%
Motor Pool	58,183	122,813	64,630	9%
Personnel	270,509	430,593	160,084	5%
Planning Commission	181,021	212,574	31,553	1%
Public Defender	372,054	743,945	371,891	8%
Purchasing	75,698	68,995	(6,703)	-1%
Tax Assess /Mapping/Tax Claim	695,818	1,088,765	392,947	5%
Tax Collectors	258,348	289,993	31,645	1%
Veterans' Services	143,800	249,767	105,967	6%
Prison	3,359,406	9,228,465	5,869,059	15%
Subsidies-Other County Programs	2,518,234	6,291,519	3,773,285	12%
Debt Service	1,932,761	4,573,782	2,641,021	11%
Miscellaneous	966,500	1,479,130	512,630	4%
Contributions-Outside Organizations	4,549,673	5,903,691	1,354,018	2%
Total BOC	<u>\$ 18,457,516</u>	<u>\$ 35,943,745</u>	<u>\$ 17,486,229</u>	<u>8%</u>
<u>Court:</u>				
Com Pleas/Corrections/DR Subsidy	\$ 3,508,925	\$ 7,813,908	\$ 4,304,983	10%
Magisterial Judges	1,027,085	2,134,974	1,107,889	9%
Total Court	<u>\$ 4,536,010</u>	<u>\$ 9,948,882</u>	<u>\$ 5,412,872</u>	<u>10%</u>
<u>Row Offices:</u>				
Clerk of Courts	\$ 421,136	\$ 882,432	\$ 461,296	9%
Controller	433,710	709,698	275,988	5%
Coroner	151,173	403,286	252,113	14%
District Attorney	729,441	1,656,868	927,427	11%
Prothonotary	322,315	772,819	450,504	12%
Recorder of Deeds	304,678	461,772	157,094	4%
Reg.of Wills / Clerk of Orphans' Ct.	297,966	583,789	285,823	8%
Sheriff	800,995	2,040,909	1,239,914	13%
Treasurer	233,835	490,958	257,123	9%
Total Row Offices	<u>\$ 3,695,249</u>	<u>\$ 8,002,531</u>	<u>\$ 4,307,282</u>	<u>10%</u>
General Fund Total	<u>\$ 26,688,775</u>	<u>\$ 53,895,158</u>	<u>\$ 27,206,383</u>	<u>8%</u>

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association awarded the County's 2011 CAFR its *Certificate of Achievement for Excellence in Financial Reporting*. This represents the eleventh consecutive year the County has achieved the award.

In order to earn the Certificate of Achievement, the government entity must produce a well-organized, easily readable, comprehensive financial report which satisfies all GFOA requirements as well as meeting certain established accounting and auditing standards.

A Certificate of Achievement is valid for a period of one year only. We believe the 2012 CAFR continues to meet the requirements established by the Certificate of Achievement Program and we are submitting the report to the GFOA review process for eligibility.



Staff of the Butler County Controller's Office

Photo: Office of the County Controller

This represents the end of my responsibility for the preparation of Butler County's Comprehensive Annual Financial Report. Maintaining the GFOA Certificate of Achievement for the past twelve years remains my single most satisfying accomplishment.

I wish to acknowledge the assistance of those who contributed to the report's successful completion this year, but also recognize those who have assisted my office in its successful completion in past years.

Appreciation is extended to the Board of County Commissioners, the County Treasurer's Office, the County Planning Department, the County Election Bureau, the County Prothonotary, and the County Property and Revenue Office. Additional appreciation is expressed to the row offices and departments supplying information presented in the Report's statistical section.

Thanks goes out also to the staff of Maher Duessel for their support in the successful completion of this report.

However, it is for my dedicated staff and, most especially, for my devoted deputy of twenty years, Debbie Huth, I reserve the fullest measure of appreciation and gratitude.

Respectfully submitted,

A handwritten signature in blue ink that reads "John R. McMillin, Jr." The signature is fluid and cursive, with "John R." on the top line and "McMillin, Jr." on the bottom line.

John R. McMillin, Jr.
County Controller

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, 2011

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



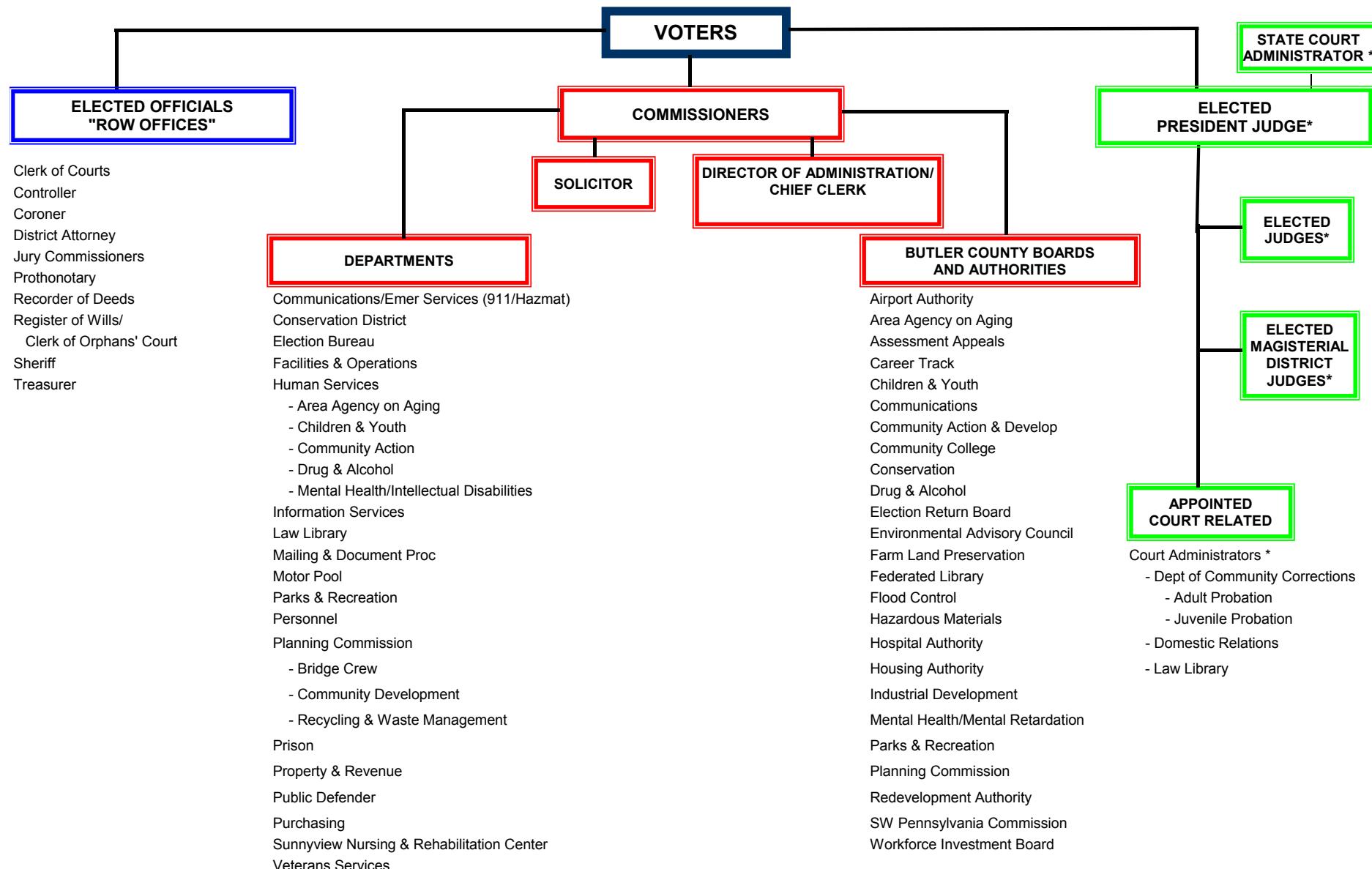
Christopher P. Mowell

President

Jeffrey P. Evans

Executive Director

COUNTY OF BUTLER ORGANIZATIONAL CHART



*Employees of the Commonwealth of Pennsylvania

COUNTY OF BUTLER, PENNSYLVANIA

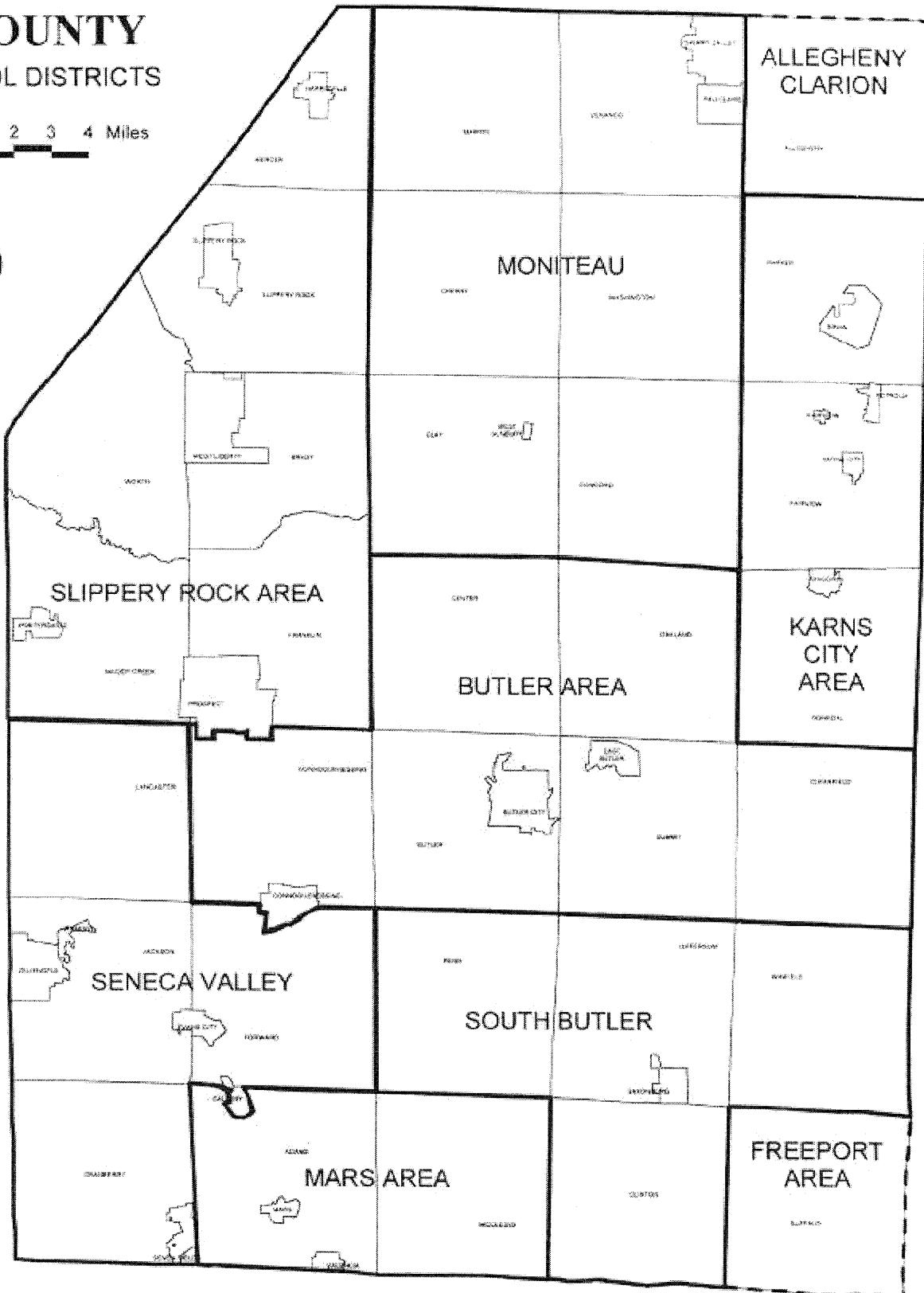
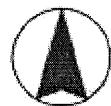
Website Information

County of Butler	<u>www.co.butler.pa.us</u>
Butler County Community College	<u>www.bc3.edu</u>
Butler County Tourism Bureau	<u>www.visitbutlercounty.com</u>
PA State Assoc. of County Controllers	<u>www.psacc.org</u>
County Commissioners Assoc. of PA	<u>www.pacounties.org</u>
Slippery Rock University	<u>www.sru.edu</u>
Butler Memorial Hospital	<u>www.butlerhealthsystem.org</u>
Butler County Chamber of Commerce	<u>www.butlercountychamber.com</u>
Butler County Federated Library System	<u>www.bclfsl.org</u>

BUTLER COUNTY

SCHOOL DISTRICTS

1 0 1 2 3 4 Miles



Source: Butler County Planning Commission Comprehensive Plan PH1 2000



FINANCIAL SECTION

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Butler, Pennsylvania, (County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2012, and the respective changes in financial position and, where

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

applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Maher Duessel

Pittsburgh, Pennsylvania
June 27, 2013

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, 2012. 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-26), the basic financial statements (pages III-1 to III-13), and the notes to financial statements (pages III-14 to III-82).

Financial Highlights

- The County's net position decreased \$650,068 to \$46,315,024 in 2012.
- Unrestricted net position were \$10.3 million at December 31, 2012.
- The County's real estate property tax rate for general purpose remained at 19.688 mills.
- The County's real estate property tax rate for debt service remained at 3.94 mills.
- The County maintained an A+ rating from Standard & Poor's.
- At December 31, 2012, the County had \$51.9 million of debt outstanding. This represents a net decrease of approximately \$2.8 million.
- The total fund balance of the General Fund at December 31, 2012 was \$8.7 million. The assigned fund balance for the 2013 budget is \$5.8 million, which represents approximately 9.9% of the revenue projected for 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

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

A detailed explanation of all three components follows:

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: general government, criminal justice system, public safety, public works, human services, culture and recreation, and conservation and development. The business-type activities of the County include the operation of the Sunnyview Nursing and Rehabilitation Center and the Emergency Communications 911 Center.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County maintains forty-nine 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 six *major* funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Health Choices, Health Choices Reinvestment, and Children & Youth Services). Data from the other forty-three *non-major* governmental funds are combined into a single, aggregated presentation (*other governmental funds*). Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

- ***Proprietary Funds*** – The County maintains one type of proprietary fund, namely *enterprise funds*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Sunnyview Nursing and Rehabilitation Center operations and the Emergency Communications 911 and Wireless 911 Center.

The proprietary funds statement provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sunnyview Nursing and Rehabilitation Center operations and the Emergency Communications 911 and Wireless 911 Center. The proprietary fund financial statements can be found on pages III-9 to III-11.

- ***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic fiduciary fund financial statements can be found on pages III-12 and III-13 of this report. It includes the *pension trust fund* and the *agency funds*. The agency funds are the fees, fines, costs, etc., collected by the County Row Officers, held in trust for disbursement to third parties.

- **Notes to Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the fund financial statements. The notes to financial statements can be found on pages III-14 to III-82 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 and its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages IV-1 through IV-3 of this report.
- **Supplementary Information:** The combining statement referred to earlier in connection with other governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages V-1 to V-13 of this report.

Financial Analysis of the County as a Whole

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

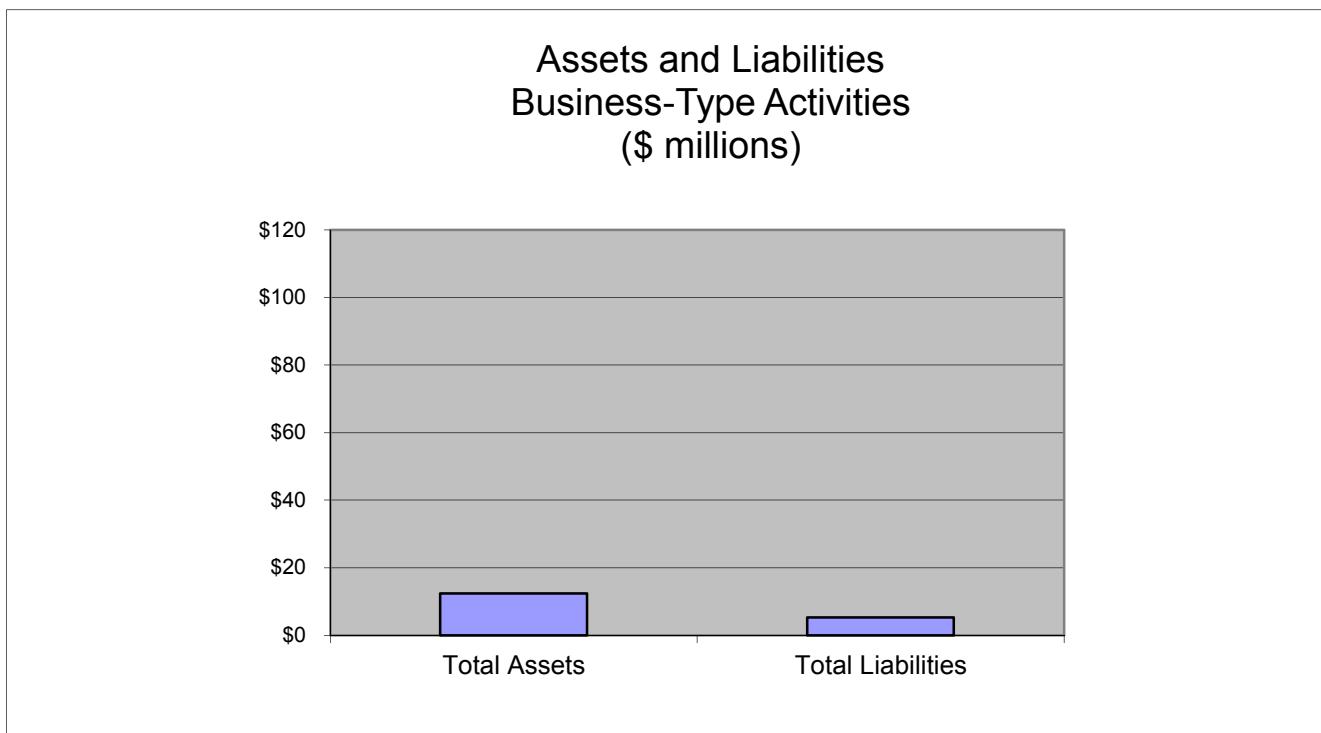
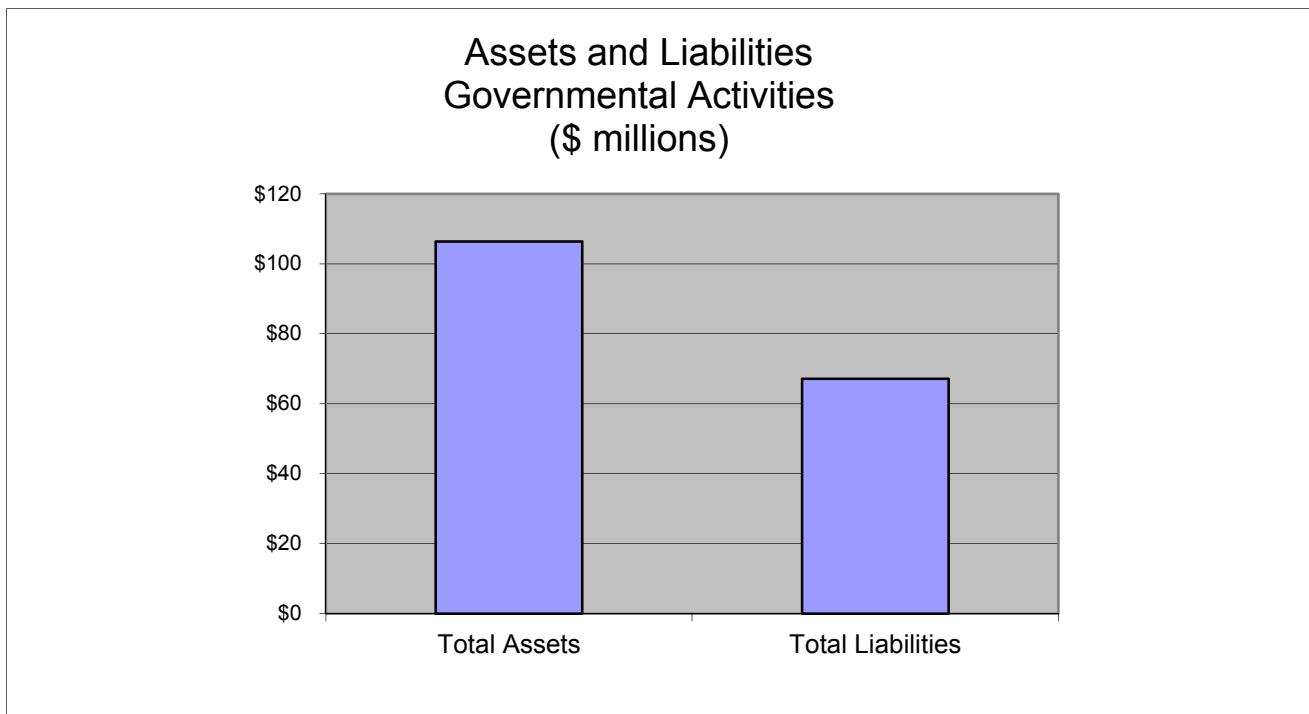
The County's net position at December 31, 2012 and 2011 are presented below:

COUNTY OF BUTLER Summary of Statement of Net Position December 31, 2012 (With Comparative Totals at December 31, 2011) (in thousands)						
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets						
Capital assets	\$35,139 71,210	\$37,008 73,683	\$2,701 9,658	\$2,696 10,628	\$37,840 80,868	\$39,704 84,311
Total assets	106,349	110,691	12,359	13,324	118,708	124,015
Current and other liabilities						
Long-term liabilities outstanding	19,203 47,887	21,109 50,041	2,722 2,581	2,434 3,466	21,925 50,468	23,543 53,507
Total liabilities	67,090	71,150	5,303	5,900	72,393	77,050
Net position:						
Net investment in capital assets	23,600	23,913	6,410	6,884	30,010	30,797
Restricted	5,051	2,750	916	878	5,967	3,628
Unrestricted	10,608	12,878	(270)	(338)	10,338	12,540
Total net position	\$39,259	\$39,541	\$7,056	\$7,424	\$46,315	\$46,965

MANAGEMENT'S DISCUSSION AND ANALYSIS

Assets and Liabilities – By Activity Type

The following graph depicts assets and liabilities at December 31, 2012 by activity type:



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

At the end of 2012, the County's total net position related to governmental activities decreased \$281,888. Cash and cash equivalents decreased from \$18.0 million (2011) to \$14.9 million at the end of 2012. At the end of 2012, the County's total assets (excluding capital assets) related to governmental activities decreased by approximately \$1.9 million. The General Fund cash and cash equivalents increased from \$6.4 million to \$6.8 million at 2012 year-end.

Capital assets decreased to \$71.2 million at the end of 2012 compared to \$73.7 million at 2011 year-end. The decrease in capital assets is attributed mainly to depreciation expense recorded for the year.

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

Of the net position, \$5.1 million is restricted for various purposes; \$10.6 million is unrestricted and available to support operations or provide for the payment of long-term debt at the government-wide level; and \$23.6 million is net investment in capital assets.

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

During 2012, the net position of the County's business-type activities decreased slightly from \$7,423,825 to \$7,055,645 with a deficit of \$368,180.

Cash and cash equivalents decreased by approximately \$517,000, accounts receivable and due from other governments increased by approximately \$195,000, the internal balances decreased by approximately \$315,000, and capital assets decreased by approximately \$970,000. Liabilities decreased by approximately \$596,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Change in Net Position

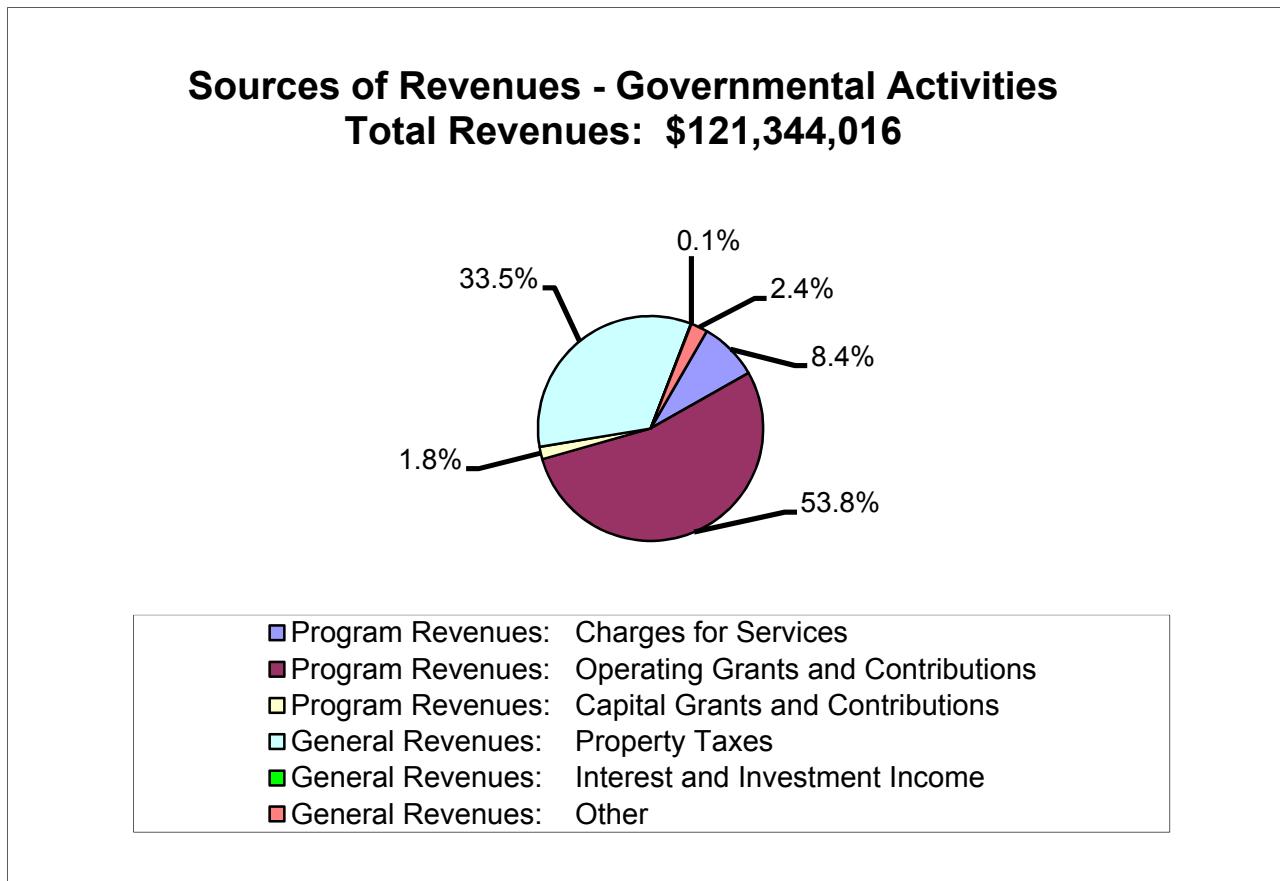
The following table presents the change in net position for the years ended December 31, 2012 and 2011:

County of Butler Change in Net Position Year Ended December 31, 2012 (With Comparative Totals for the Year Ended December 31, 2011) (in thousands)							
	Governmental Activities		Business-Type Activities		Total		
	2012	2011	2012	2011	2012	2011	
Revenues:							
Program revenues:							
Fees, fines, and charges for services	\$ 10,244	\$ 8,506	\$ 7,168	\$ 7,593	\$ 17,412	\$ 16,099	
Operating grants and contributions	65,306	66,053	12,950	13,017	78,256	79,070	
Capital grants and contributions	2,150	2,597	-	-	2,150	2,597	
General revenues:							
Taxes	40,635	39,891	-	-	40,635	39,891	
Interest and investment income	99	164	1	2	100	166	
Other	2,910	2,660	-	-	2,910	2,660	
Total revenues	<u>121,344</u>	<u>119,871</u>	<u>20,119</u>	<u>20,612</u>	<u>141,463</u>	<u>140,483</u>	
Program expenses:							
General government - administration	10,999	10,723	-	-	10,999	10,723	
General government - judicial	14,676	14,286	-	-	14,676	14,286	
Public safety	15,280	14,529	2,962	2,944	18,242	17,473	
Public works and enterprises	1,706	1,672	-	-	1,706	1,672	
Human services	70,341	71,619	19,338	19,160	89,679	90,779	
Culture and recreation	1,496	1,204	-	-	1,496	1,204	
Conservation and development	3,029	2,619	-	-	3,029	2,619	
Interest	2,286	2,396	-	-	2,286	2,396	
Total program expenses	<u>119,813</u>	<u>119,048</u>	<u>22,300</u>	<u>22,104</u>	<u>142,113</u>	<u>141,152</u>	
Change in Net Position Before Transfers	1,531	823	(2,181)	(1,492)	(650)	(669)	
Transfers	(1,813)	(1,167)	1,813	1,167	-	-	
Change in Net Position	(282)	(344)	(368)	(325)	(650)	(669)	
Net position - beginning	39,541	39,885	7,424	7,749	46,965	47,634	
Net position - ending	<u>\$ 39,259</u>	<u>\$ 39,541</u>	<u>\$ 7,056</u>	<u>\$ 7,424</u>	<u>\$ 46,315</u>	<u>\$ 46,965</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sources of Revenues – Governmental Activities

The following chart graphically depicts the governmental activities sources of revenues for the year ended December 31, 2012:



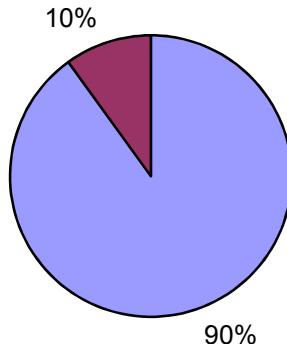
Total revenues from governmental activities for 2012 was \$121,344,016, which was approximately \$1.5 million higher than the 2011 year. Operating grants and contributions account for 53.8% of the 2012 governmental activities revenue, amounting to \$65,305,946 compared to \$66,053,392 in 2011. Operating grants and contributions attributed to Human Services decreased from \$61.4 million in year ending 2011 to \$59.2 million for year ending 2012. This is mainly attributable to state cutbacks in funding. General revenues from property taxes increased from \$39.9 million in 2011 to \$40.6 million in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sources of Revenues – Business-Type Activities

The following chart graphically depicts the business-type activities sources of program revenues for the year ended December 31, 2012:

Sources of Program Revenues - Business-Type Activities **Total Revenues: \$20,117,729**



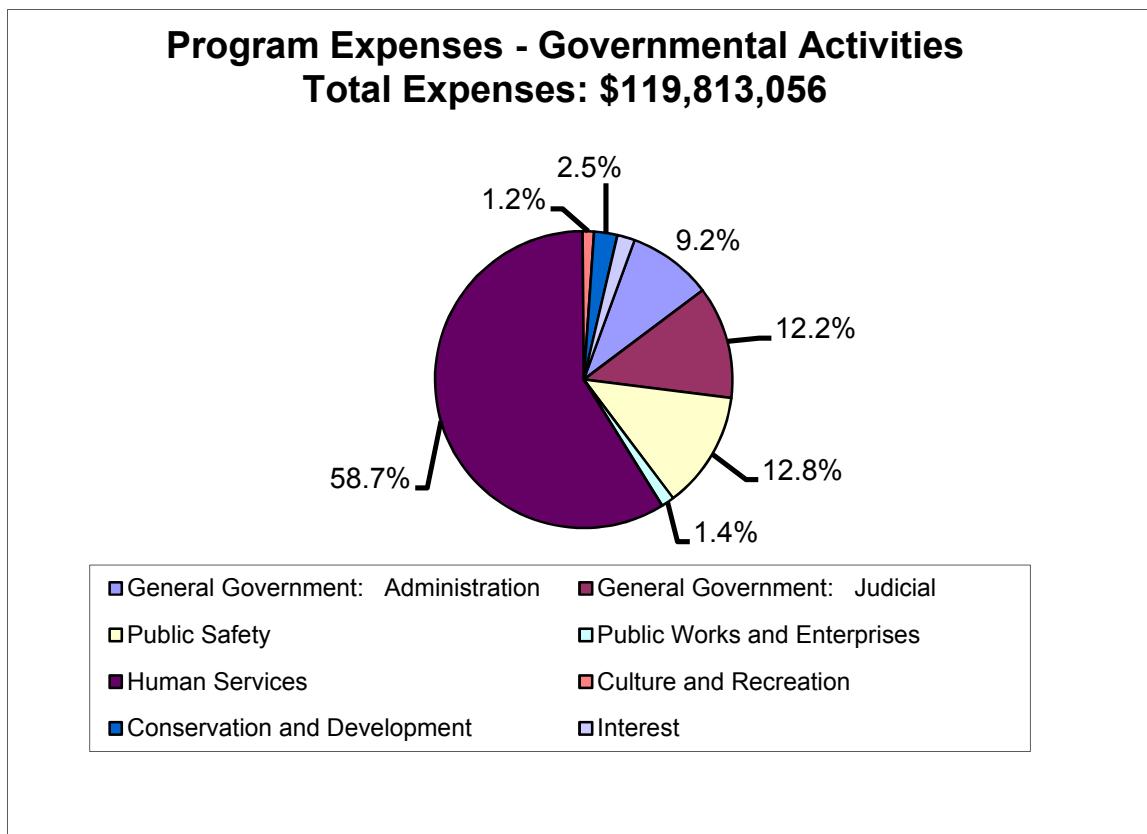
- Healthcare Services
- Emergency Communication

Sunnyview Nursing and Rehabilitation Center and the Emergency Communications 911 and Wireless 911 Center are the two business-type activities reported with the County. Sunnyview Nursing and Rehabilitation Center received revenue of \$18.1 million in 2012 compared to \$18.4 million in 2011. Patient and client services for Sunnyview Nursing and Rehabilitation Center decreased by approximately \$400,000. The revenue received by Emergency Communications 911 and Wireless 911 decreased from \$2.2 million in 2011 to \$2.0 million in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Program Expenses – Governmental Activities

The following chart graphically depicts the governmental activities program expenses for the year ended December 31, 2012:

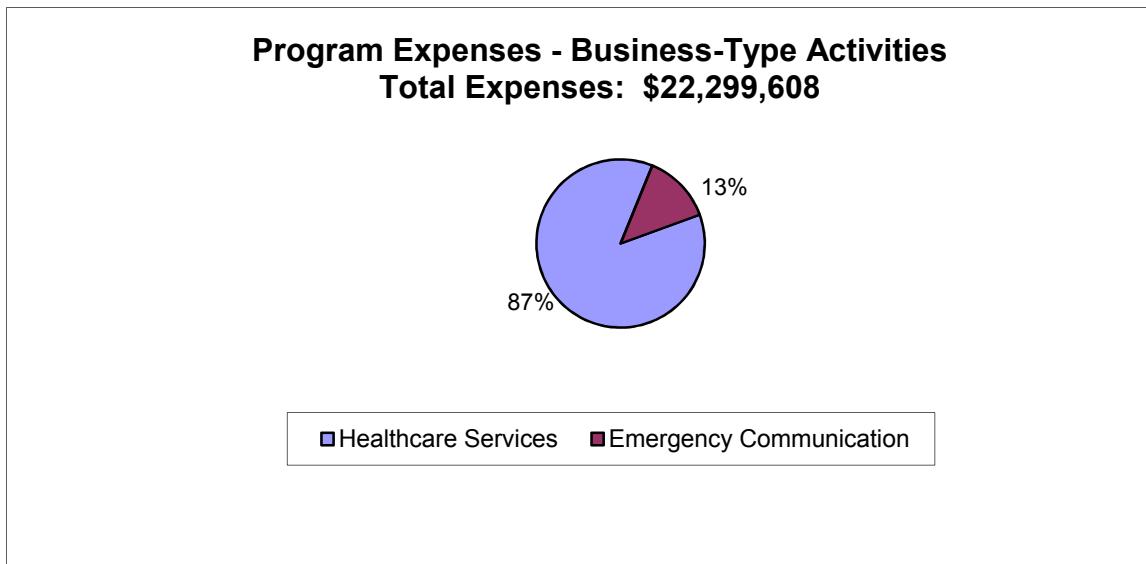


Program expenses for the County's governmental activities amounted to approximately \$119.8 million for year ending 2012. This compares to \$119.0 million for year ending 2011. General government administration increased from \$10.7 million in 2011 to \$11.0 million in 2012. This increase of approximately \$276,000 was distributed across a variety of expenditures with no one increase being significant. Public safety increased from \$14.5 million in 2011 to \$15.3 million in 2012. This increase of approximately \$751,000 in 2012 is largely attributable to expenses related to expanding the County Prison's ability to house federal and state per diem inmates. Human services expenses decreased from \$71.6 million in 2011 to \$70.3 million in 2012 as a result of cutbacks in programs caused by state cuts in funding. Conservation and Development increased from \$2.6 million in 2011 to \$3.0 million in 2012. This increase of approximately \$411,000 is primarily attributable to the distribution of increased hotel tax revenues. The remainder of the expense categories remained fairly consistent between 2011 and 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Program Expenses – Business-Type Activities

The following chart graphically depicts the business-type activities program expenses for the year ended December 31, 2012:

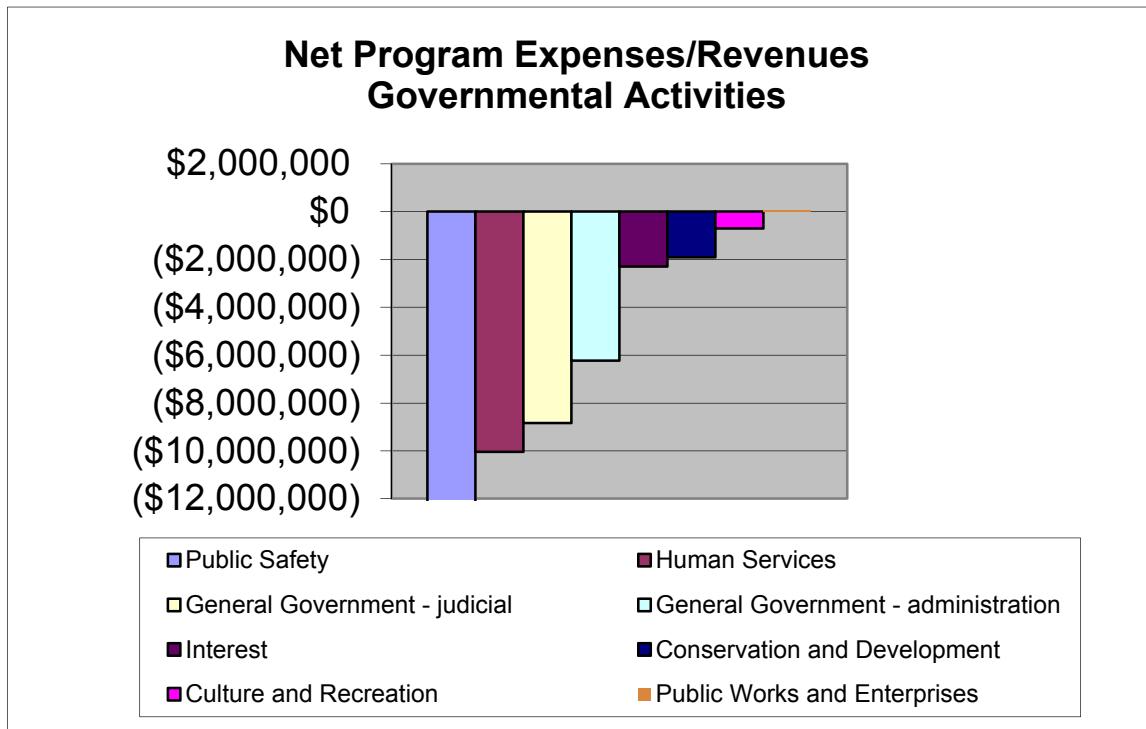


Program expenses for Sunnyview Nursing and Rehabilitation Center slightly increased to \$19.3 million in 2012 from \$19.1 million for the 2011 year. The Emergency Communications 911 and Wireless 911 Center expenses remained consistent at \$3.0 million in 2012 and 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Program Expenses/Revenues – Governmental Activities

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The following chart graphically depicts the net program expenses/revenues for governmental activities by function/program for the year ended December 31, 2012:

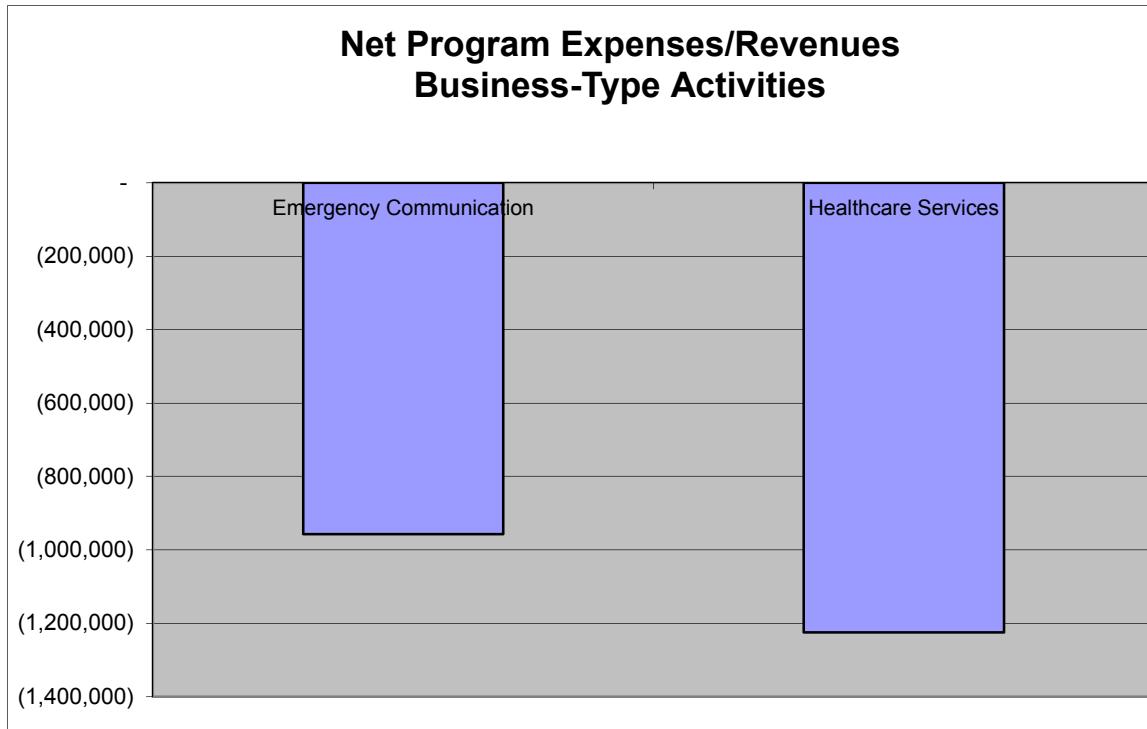


Net program expenses/revenues for governmental activities remained consistent, increasing slightly from (\$41.9) million in 2011 to (\$42.1) million in 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Program Expenses/Revenues – Business-Type Activities

The following chart graphically depicts the net program expenses/revenues for business-type activities by function/program for the year ended December 31, 2012:



Net program expenses/revenues for business-type activities increased from (\$1.5) million in 2011 to (\$2.2) million in 2012. The change is mainly attributed to an accumulation of moderate increases in expenses across a variety of areas.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the County's Funds

The County, located in southwestern Pennsylvania, lies on the fringe of the Pittsburgh urban area and has been linked to the Pittsburgh area for employment, recreation, and cultural opportunities. Since 1960, it has been the growth county in the southwest region, with a growth rate of 38% (69,223 persons) between 1960 and 2010. The population in the County went from 174,083 in 2000 to 183,862 in 2010. Estimates now place the population at 184,970.

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 ending December 31, 2012, municipalities within the County issued 2,519 building permits, up from 2,178 issued in 2011. 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 UCC (Uniform Construction Code). The County assessors also canvass each municipality in search of construction without a building permit being issued. The fair market value of real estate increased by \$1.2 billion during 2012 to a total market value of \$9.9 billion. The difference results from improvements in the economy and the continued growth of the County.

In 2011, the County billed \$157,546 in additional interim taxes. The interim tax bills include new construction from the date of completion for the remaining months in the calendar year. In 2012, the County billed \$159,178 in additional interim taxes.

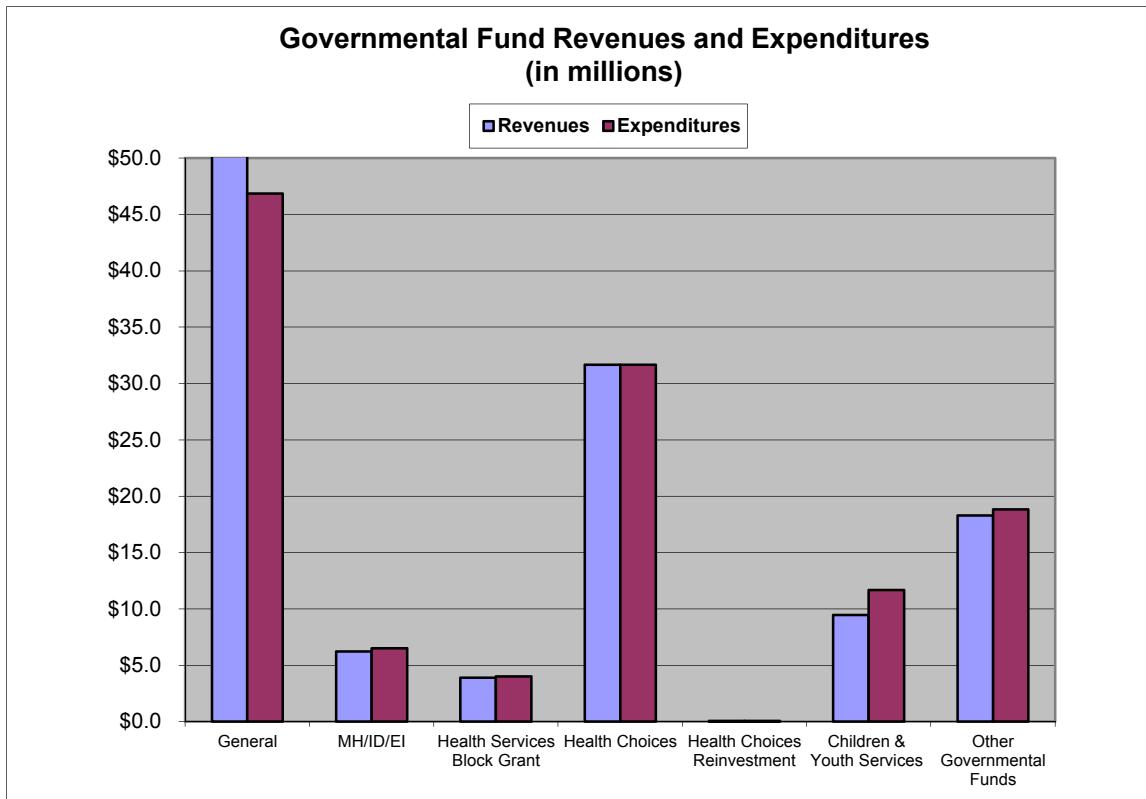
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County has forty-nine governmental funds; six of them are major funds (General, Mental Health/Early Intervention/Intellectual Disabilities, Health Services Block Grant, Health Choices, Health Choices Reinvestment, and Children and Youth Services) and forty-three of them are other governmental funds. A complete listing of the other governmental funds are listed on pages V-1 to V-8. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Fund Revenues/Expenditures

The following chart graphically depicts the total revenues received and expenditures incurred by the governmental fund for year ended December 31, 2012:



The majority of revenues and expenditures occurred in the General Fund, Health Choices, and the Children and Youth Fund in 2012. Under the General Fund, revenue from taxes amounted to \$39.3 million. Children and Youth received \$9.0 million in base allocation and grants. Health Choices, a 100% grant funded program, received \$31.6 million in 2012.

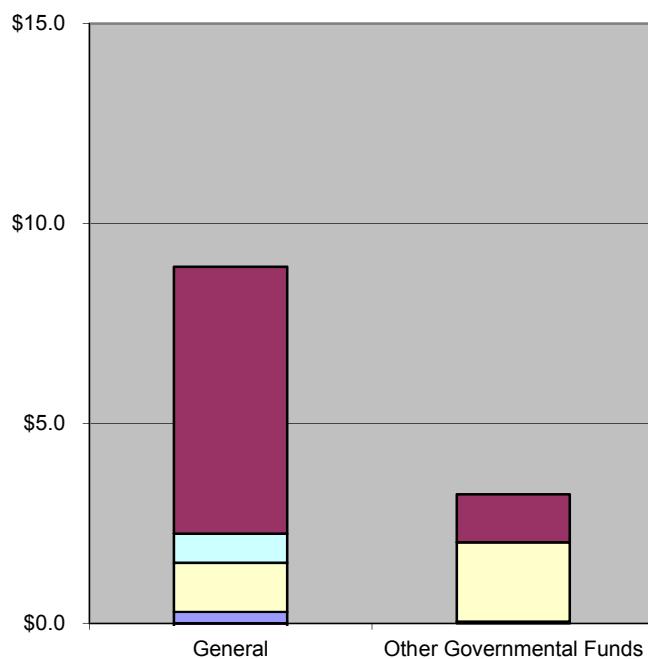
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – Fund Balances

The following chart reflects the Governmental Fund fund balances as of December 31, 2012:

**Governmental Funds - Fund Balances at December 31, 2012
(in millions)**

■ Nonspendable ■ Restricted ■ Committed ■ Assigned ■ Unassigned



The General Fund fund balance at December 31, 2012 was \$8.7 million, with \$5.8 million assigned for the 2012 Budget. Other Governmental Funds fund balance increased from \$1.5 million at December 31, 2011 to \$3.2 million at December 31, 2012. This is largely attributable to initial distributions of oil and gas impact fees to the County in 2012 under the newly enacted Act 13 legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The fund balance in the General Fund for year ending 2012 decreased by approximately \$2,933,000 from the 2011 level. At December 31, 2012, the General Fund fund balance was approximately \$8.7 million of which \$.3 million was nonspendable, \$1.2 million was restricted for operating reserve and agricultural easements, \$0.7 million was committed for worker's compensation, and \$6.5 million was assigned for worker's compensation and the 2013 budget.

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

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

- Charges for services was over budget by approximately \$592,000. Much of this is attributable to a fee increase combined with significantly increased recording activity in the Recorder of Deeds Office.
- General government administration expenses were under budget by approximately \$1.5 million. This is primarily attributable to the following: (1) personnel and audit contract costs in the Controller's Office were less than anticipated; (2) equipment, maintenance, and rental costs, along with staff salaries, were less than budgeted in the Information Technology department; (3) Tax Collector commissions came in under budget; and (4) staff salaries were lower than anticipated in the Facilities and Maintenance Department as result of a vacant staff position.
- Public safety expenses were under budget by approximately \$1.2 million. This was largely achieved through contracting out the electronic monitoring program in the Adult Probation Department and savings on contracted services including inmate medical expenses for the County Prison.
- Other expenses were under budget by approximately \$3.3 million, because the County budgeted for contingency and unanticipated legal expenses in the amount of \$3.1 million. During 2012, the County had no significant contingency and unanticipated legal expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets – Governmental Activities: The County's investment in capital assets and infrastructure for its governmental activities as of December 31, 2012 amounts to \$71.2 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The decrease in capital assets is attributed mainly to depreciation expense recorded for the year.

The following is a summary of capital assets for the governmental activities at December 31, 2012 and 2011:

County of Butler Summary of Capital Assets Governmental Activities			
	Balance at <u>December 31, 2012</u>	Balance at <u>December 31, 2011</u>	Increase/ <u>Decrease</u>
Land	\$ 1,605,689	\$ 1,605,689	\$ -
Easements	2,148,058	1,968,058	180,000
Construction in progress	2,842,098	2,741,726	100,372
Infrastructure - bridges	20,487,657	19,855,177	632,480
Buildings and improvement	63,687,536	63,687,536	-
Furniture and equipment	14,710,574	14,520,049	190,525
Total capital assets	105,481,612	104,378,235	1,103,377
Less accumulated depreciation/ amortization for:			
Infrastructure - bridges	(10,402,519)	(9,371,587)	(1,030,932)
Buildings and improvements	(14,789,245)	(13,067,013)	(1,722,232)
Furniture and equipment	(9,079,775)	(8,256,359)	(823,416)
Total accumulated depreciation/ amortization	(34,271,539)	(30,694,959)	(3,576,580)
Net Capital Assets	\$ 71,210,073	\$ 73,683,276	\$ (2,473,203)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets – Business- Type Activities: The following is a summary of capital assets for the business-type activities at December 31, 2012 and 2011:

County of Butler Summary of Capital Assets Business-Type Activities			
	<u>Balance at</u> <u>December 31, 2012</u>	<u>Balance at</u> <u>December 31, 2011</u>	<u>Increase/</u> <u>Decrease</u>
Land	\$ -	\$ -	\$ -
Construction in progress	-	-	-
Buildings and improvement	17,481,296	17,448,896	32,400
Furniture and equipment	8,641,869	8,541,072	100,797
Total capital assets	26,123,165	25,989,968	133,197
Less accumulated depreciation for:			
Buildings and improvements	(10,068,601)	(9,549,309)	(519,292)
Furniture and equipment	(6,396,875)	(5,812,781)	(584,094)
Total accumulated depreciation	(16,465,476)	(15,362,090)	(1,103,386)
Net Capital Assets	\$ 9,657,689	\$ 10,627,878	\$ (970,189)

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, 2012, the County had total debt of \$51.9 million, outstanding on the General Obligation Bonds.

County of Butler Summary of Long-Term Debt		
	Governmental Activities	Business-Type Activities
Beginning Balance at January 1, 2012	\$ 51,055,000	\$ 3,635,000
Additions	-	-
Reductions	<u>(2,320,000)</u>	<u>(480,000)</u>
Ending Balance December 31, 2012	<u>\$ 48,735,000</u>	<u>\$ 3,155,000</u>

Bond Rating

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

Mitigating factors to the rating include: below-average wealth levels and high debt levels. More detailed information about the County's debt can be found in Note 8 of the notes to financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the County's Financial Management

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

Office of the County Commissioners
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, 2012 OR JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total (Dec. 31, 2012)	Butler County Community College (June 30, 2012)	Butler County Airport Authority (Dec. 31, 2012)
Assets					
Cash and cash equivalents	\$ 14,868,249	\$ 724,385	\$ 15,592,634	\$ 10,176,699	\$ 1,596,961
Investments	1,522,393	-	1,522,393	11,061,197	-
Residents' funds	-	50,505	50,505	-	-
Advances receivable	371,024	-	371,024	-	-
Taxes receivable, at estimated realizable value	3,517,020	-	3,517,020	-	-
Accounts and loans receivable, at estimated realizable value	6,852,002	466,280	7,318,282	874,549	310,980
Accounts receivable, students	-	-	-	5,234,145	-
Internal balances	1,279,895	(1,279,895)	-	-	-
Due from other governments	5,022,442	2,639,595	7,662,037	-	-
Prepays	336,966	51,161	388,127	237,233	26,599
Inventory	-	21,000	21,000	343,042	-
Other	-	-	-	1,699,621	-
Capital assets, not being depreciated/amortized	6,595,845	-	6,595,845	5,078,338	1,823,317
Capital assets, net of accumulated depreciation/amortization	64,614,228	9,657,689	74,271,917	31,195,489	10,179,878
Deferred bond costs	1,369,025	28,613	1,397,638	-	-
Total Assets	106,349,089	12,359,333	118,708,422	65,900,313	13,937,735
Liabilities					
Accounts payable	3,995,527	348,291	4,343,818	705,777	249,098
Accrued interest payable	952,062	62,993	1,015,055	283,220	-
Accrued payroll and payroll taxes	1,247,712	522,642	1,770,354	939,964	-
Line of credit	-	-	-	173,614	-
Residents' funds	-	50,505	50,505	-	-
Due to other governments	589,312	223,091	812,403	-	-
Unearned revenue:					
Current	8,436,749	-	8,436,749	5,163,558	454,272
Non-current	-	-	-	-	440,486
Capital lease payable:					
Current	54,928	-	54,928	17,464	-
Non-current	16,422	-	16,422	-	-
Workmen's compensation:					
Current	216,462	-	216,462	-	-
Non-current	509,877	-	509,877	-	-
Compensated absences:					
Current	1,608,901	639,424	2,248,325	-	-
Non-current	553,684	180,128	733,812	965,425	-
Note payable:					
Current	-	-	-	105,296	49,219
Non-current	-	-	-	2,700,966	277,946
Bonds payable:					
Current, includes premium of \$11,044 and \$20,269 for governmental and business-type activities, respectively	2,101,044	875,269	2,976,313	1,415,000	-
Non-current, includes premium of \$162,030 and \$101,345 for governmental and business-type activities, respectively	46,807,030	2,401,345	49,208,375	24,055,268	-
Total Liabilities	67,089,710	5,303,688	72,393,398	36,525,552	1,471,021
Net Position					
Net investment in capital assets	23,599,674	6,409,688	30,009,362	8,184,590	11,676,030
Restricted for:					
Operating reserve, expendable	1,216,787	-	1,216,787	-	-
Agricultural easements, expendable	16,443	-	16,443	-	-
Act 13, expendable	1,822,498	-	1,822,498	-	-
Roads and bridges, expendable	708,997	-	708,997	-	-
Records improvement/automation, expendable	592,126	-	592,126	-	-
Central booking/court restitution, expendable	166,050	-	166,050	-	-
Area Agency on Aging Program, expendable	160,497	-	160,497	-	-
Capital purchases, expendable	368,109	-	368,109	6,057,628	-
Emergency services, expendable	-	916,288	916,288	-	-
Other purposes, nonexpendable	-	-	-	1,541,830	-
Unrestricted	10,608,198	(270,331)	10,337,867	13,590,713	790,684
Total Net Position	\$ 39,259,379	\$ 7,055,645	\$ 46,315,024	\$ 29,374,761	\$ 12,466,714

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Units	
		Program Revenues			Primary Government			Butler County Community College (June 30, 2012)	Butler County Airport Authority (Dec. 31, 2012)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total (Dec. 31, 2012)		
Primary government:									
Governmental activities:									
General government - administration	\$ 10,998,572	\$ 2,694,515	\$ 2,074,584	\$ -	\$ (6,229,473)	\$ -	\$ (6,229,473)	\$ -	\$ -
General government - judicial	14,675,698	3,455,255	2,378,902	7,000	(8,834,541)	-	(8,834,541)	-	-
Public safety	15,280,500	1,988,196	1,089,559	-	(12,202,745)	-	(12,202,745)	-	-
Public works and enterprises	1,706,037	-	363,483	1,419,731	77,177	-	77,177	-	-
Human services	70,340,797	798,755	59,178,831	334,572	(10,028,639)	-	(10,028,639)	-	-
Culture and recreation	1,495,817	598,583	-	194,319	(702,915)	-	(702,915)	-	-
Conservation and development	3,029,481	708,076	220,587	194,519	(1,906,299)	-	(1,906,299)	-	-
Interest, premiums, and discounts	2,286,154	-	-	-	(2,286,154)	-	(2,286,154)	-	-
Total governmental activities	<u>119,813,056</u>	<u>10,243,380</u>	<u>65,305,946</u>	<u>2,150,141</u>	<u>(42,113,589)</u>	<u>-</u>	<u>(42,113,589)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Healthcare services	19,337,991	6,093,042	12,020,469	-	-	(1,224,480)	(1,224,480)	-	-
Emergency communication	2,961,617	1,075,184	929,034	-	-	(957,399)	(957,399)	-	-
Total business-type activities	<u>22,299,608</u>	<u>7,168,226</u>	<u>12,949,503</u>	<u>-</u>	<u>-</u>	<u>(2,181,879)</u>	<u>(2,181,879)</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 142,112,664</u>	<u>\$ 17,411,606</u>	<u>\$ 78,255,449</u>	<u>\$ 2,150,141</u>	<u>(42,113,589)</u>	<u>(2,181,879)</u>	<u>(44,295,468)</u>	<u>-</u>	<u>-</u>
Component units:									
Butler County Community College	\$ 38,282,844	\$ 15,077,330	\$ 19,759,496	\$ 3,218,361	-	-	-	(227,657)	-
Butler County Airport Authority	989,712	352,413	-	388,324	-	-	-	-	(248,975)
Total Component Units	<u>\$ 39,272,556</u>	<u>\$ 15,429,743</u>	<u>\$ 19,759,496</u>	<u>\$ 3,606,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,657)</u>	<u>(248,975)</u>
General revenues:									
Taxes:									
Real estate				39,375,548	-	39,375,548	-	-	-
Hotel tax				1,259,592	-	1,259,592	-	-	-
Total taxes				<u>40,635,140</u>	<u>-</u>	<u>40,635,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest and investment income				99,018	851	99,869	446,433	1,268	
Loss on disposition of asset				-	-	-	(1,172,263)	-	
Other income				2,910,391	-	2,910,391	888,786	213,771	
Transfers				(1,812,848)	1,812,848	-	-	-	
Total general revenues, interest and investment income, other income, and transfers				<u>41,831,701</u>	<u>1,813,699</u>	<u>43,645,400</u>	<u>162,956</u>	<u>215,039</u>	
Change in Net Position				<u>(281,888)</u>	<u>(368,180)</u>	<u>(650,068)</u>	<u>(64,701)</u>	<u>(33,936)</u>	
Net position - beginning				<u>39,541,267</u>	<u>7,423,825</u>	<u>46,965,092</u>	<u>29,439,462</u>	<u>12,500,650</u>	
Net position - ending				<u>\$ 39,259,379</u>	<u>\$ 7,055,645</u>	<u>\$ 46,315,024</u>	<u>\$ 29,374,761</u>	<u>\$ 12,466,714</u>	

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2012

	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Health Choices	Health Choices Reinvestment	Children & Youth Services	Other Governmental Funds	Total Governmental Funds
Assets	General	General	General	General	General	General	General
Cash and cash equivalents	\$ 6,761,699	\$ 33,273	\$ 1,814,579	\$ 266,575	\$ 102,031	\$ 234,390	\$ 14,868,249
Investments	1,522,393	-	-	-	-	-	1,522,393
Advances receivable	-	-	121,024	-	-	-	250,000
Taxes receivable, net of allowance	3,408,991	-	-	-	-	-	3,517,020
Accounts and loans receivable, at estimated realizable value	3,723,635	-	1,400	-	2,749,706	7,417	369,844
Due from other funds	3,698,744	163,363	95,943	-	-	2,363	751,723
Due from other governments	524,558	80,779	38,805	-	-	1,209,448	3,168,852
Prepays	285,458	-	1,280	-	-	-	50,228
Total Assets	\$ 19,925,478	\$ 277,415	\$ 2,073,031	\$ 266,575	\$ 2,851,737	\$ 1,453,618	\$ 37,202,232

(Continued)

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(Continued)

Liabilities and Fund Balance	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Health Choices	Health Choices Reinvestment	Children & Youth Services	Other Governmental Funds	Total Governmental Funds
Liabilities:							
Accounts payable	\$ 942,728	\$ 198,585	\$ 699,422	\$ 95,176	\$ 11,991	\$ 622,210	\$ 1,425,415
Accrued payroll and payroll taxes	927,525	3,023	24,492	11,194	-	101,054	180,424
Deferred revenue	7,363,943	23,708	1,260,615	65,073	2,839,746	414,829	4,007,404
Due to other funds	1,493,037	45,750	88,502	95,132	-	267,746	1,442,074
Due to other governments	460,541	6,349	-	-	-	47,779	74,643
Total Liabilities	11,187,774	277,415	2,073,031	266,575	2,851,737	1,453,618	7,129,960
Fund Balance:							
Nonspendable - prepaid items	285,458	-	1,280	-	-	50,228	336,966
Restricted:							
Operating reserve	1,216,787	-	-	-	-	-	1,216,787
Agricultural easements	16,443	-	-	-	-	-	16,443
Act 13	-	-	-	-	-	897,498	897,498
Roads and bridges	-	-	-	-	-	708,997	708,997
Records improvement/automation	-	-	-	-	-	592,126	592,126
Central booking/court restitution	-	-	-	-	-	166,050	166,050
Area Agency on Aging Program	-	-	-	-	-	160,497	160,497
Capital purchases	-	-	-	-	-	368,109	368,109
Committed:							
Workmen's compensation	726,339	-	-	-	-	-	726,339
Assigned:							
Workmen's compensation	726,339	-	-	-	-	-	726,339
2013 budget	5,766,338	-	-	-	-	-	5,766,338
Area Agency on Aging Program	-	-	-	-	-	125,994	125,994
Conservation District	-	-	-	-	-	166,924	166,924
Unassigned	-	-	(1,280)	-	-	(12,005)	(13,285)
Total Fund Balance	8,737,704	-	-	-	-	3,224,418	11,962,122
Total Liabilities and Fund Balance	\$ 19,925,478	\$ 277,415	\$ 2,073,031	\$ 266,575	\$ 2,851,737	\$ 1,453,618	\$ 10,354,378

(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, 2012

Total Fund Balance - Governmental Funds	\$ 11,962,122
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets including construction in progress used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds. 71,210,073

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 deferred in the funds. Receivable amounts are shown net of allowances, but are not deferred in the governmental activities statements. 7,538,569

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 1,195,951

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	\$ (726,339)
Accrued compensated absences	(2,162,585)
Bonds payable	(48,735,000)
Capital lease	(71,350)
Accrued interest on debt	<u>(952,062)</u>
	<u>(52,647,336)</u>

Total Net Position - Governmental Activities	<u><u>\$ 39,259,379</u></u>
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See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Mental Health/ Early Intervention/ Intellectual Disabilities	Health Services Block Grant	Health Choices	Health Choices Reinvestment	Children & Youth Services	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 39,307,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,259,592	\$ 40,566,799
Intergovernmental	1,623,901	5,759,972	3,814,718	31,649,809	-	8,974,488	14,708,201	66,531,089
Charges for services	6,614,368	111,528	88,765	-	-	235,612	1,885,696	8,935,969
Fines and forfeits	1,129,708	-	-	-	-	-	-	1,129,708
Interest	89,451	179	1,080	1	-	52	8,255	99,018
Other	1,782,327	358,041	17	-	65,414	264,998	432,370	2,903,167
Total revenues	<u>50,546,962</u>	<u>6,229,720</u>	<u>3,904,580</u>	<u>31,649,810</u>	<u>65,414</u>	<u>9,475,150</u>	<u>18,294,114</u>	<u>120,165,750</u>
Expenditures:								
Current:								
General government - administration	9,600,333	-	-	-	-	-	165,413	9,765,746
General government - judicial	11,696,500	-	-	-	-	-	2,750,516	14,447,016
Public safety	13,471,215	-	-	-	-	-	349,557	13,820,772
Public works and enterprises	7,382	-	-	-	-	-	559,047	566,429
Human services	5,368,482	6,518,109	4,025,063	31,649,810	65,414	11,616,460	10,363,694	69,607,032
Culture and recreation	652,644	-	-	-	-	-	368,719	1,021,363
Conservation and development	892,227	-	-	-	-	-	1,944,192	2,836,419
Debt service	4,573,782	-	-	-	-	55,029	2,457	4,631,268
Other	587,001	-	-	-	-	-	-	587,001
Capital projects	-	-	-	-	-	-	2,307,584	2,307,584
Total expenditures	<u>46,849,566</u>	<u>6,518,109</u>	<u>4,025,063</u>	<u>31,649,810</u>	<u>65,414</u>	<u>11,671,489</u>	<u>18,811,179</u>	<u>119,590,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,697,396</u>	<u>(288,389)</u>	<u>(120,483)</u>	<u>-</u>	<u>-</u>	<u>(2,196,339)</u>	<u>(517,065)</u>	<u>575,120</u>
Other Financing Sources (Uses):								
Sale of capital assets	-	-	-	-	-	-	7,224	7,224
Issuance of capital lease	-	-	-	-	-	49,364	-	49,364
Transfers in	414,879	288,389	120,483	-	-	2,146,975	2,955,600	5,926,326
Transfers out	(7,045,592)	-	-	-	-	-	(693,582)	(7,739,174)
Total other financing sources (uses)	<u>(6,630,713)</u>	<u>288,389</u>	<u>120,483</u>	<u>-</u>	<u>-</u>	<u>2,196,339</u>	<u>2,269,242</u>	<u>(1,756,260)</u>
Net Change in Fund Balance	<u>(2,933,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,752,177</u>	<u>(1,181,140)</u>
Fund Balance:								
Beginning of year	11,671,021	-	-	-	-	-	1,472,241	13,143,262
End of year	<u>\$ 8,737,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,224,418</u>	<u>\$ 11,962,122</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, 2012

Net Change in Fund Balance - Governmental Funds	\$ (1,181,140)
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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 depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 1,272,953
Less: depreciation expense	<u>3,746,156</u>
	(2,473,203)

Some taxes and other revenues will not be collected for several months after the County of Butler's year-end; they are not considered as "available" revenues in the governmental funds. Deferred revenues changed by this amount during the year.

1,171,042

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

2,236,597

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.

59,153

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.

(94,337)

Change in Net Position of Governmental Activities

\$ (281,888)

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, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 38,994,000	\$ 38,994,000	\$ 39,307,207	\$ 313,207
Intergovernmental	1,609,078	1,720,966	1,623,901	(97,065)
Charges for services	5,760,725	6,022,221	6,614,368	592,147
Fines and forfeits	1,339,800	1,340,045	1,129,708	(210,337)
Interest	114,140	116,080	89,451	(26,629)
Other	<u>1,623,740</u>	<u>1,659,720</u>	<u>1,782,327</u>	<u>122,607</u>
Total revenues	<u>49,441,483</u>	<u>49,853,032</u>	<u>50,546,962</u>	<u>693,930</u>
Expenditures:				
Current:				
General government - administration	10,926,955	11,062,336	9,600,333	1,462,003
General government - judicial	12,185,155	12,488,584	11,696,500	792,084
Public safety	14,563,473	14,624,061	13,471,215	1,152,846
Public works and enterprises	-	8,500	7,382	1,118
Human services	5,339,418	5,382,587	5,368,482	14,105
Culture and recreation	763,485	760,825	652,644	108,181
Conservation and development	546,841	926,841	892,227	34,614
Other	4,096,688	3,873,673	587,001	3,286,672
Debt service	<u>4,601,289</u>	<u>4,601,289</u>	<u>4,573,782</u>	<u>27,507</u>
Total expenditures	<u>53,023,304</u>	<u>53,728,696</u>	<u>46,849,566</u>	<u>6,879,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,581,821)</u>	<u>(3,875,664)</u>	<u>3,697,396</u>	<u>7,573,060</u>
Other Financing Sources (Uses):				
Transfers in	90,965	140,965	414,879	273,914
Transfers out	<u>(6,718,973)</u>	<u>(6,729,274)</u>	<u>(7,045,592)</u>	<u>(316,318)</u>
Total other financing sources (uses)	<u>(6,628,008)</u>	<u>(6,588,309)</u>	<u>(6,630,713)</u>	<u>(42,404)</u>
Net Change in Fund Balance	<u>\$ (10,209,829)</u>	<u>\$ (10,463,973)</u>	<u>\$ (2,933,317)</u>	<u>\$ 7,530,656</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2012

Assets	Business-type Activities - Enterprise Funds			Total
	Sunnyview Nursing and Rehabilitation Center	Emergency Communications 911 and Wireless 911		
Current assets:				
Cash and cash equivalents	\$ 279,106	\$ 445,279	\$ 724,385	
Residents' funds	50,505	-	50,505	
Accounts and loans receivable, at estimated realizable value	408,513	57,767	466,280	
Due from other funds	29,723	735,834	765,557	
Due from other governments	2,604,339	35,256	2,639,595	
Inventory	21,000	-	21,000	
Prepays	16,147	35,014	51,161	
Total current assets	3,409,333	1,309,150	4,718,483	
Non-current assets:				
Capital assets, net of accumulated depreciation	6,642,384	3,015,305	9,657,689	
Deferred bond costs	-	28,613	28,613	
Total non-current assets	6,642,384	3,043,918	9,686,302	
Total Assets	10,051,717	4,353,068	14,404,785	
Liabilities				
Current liabilities:				
Accounts payable	310,989	37,302	348,291	
Accrued interest payable	8,766	54,227	62,993	
Accrued payroll and payroll taxes	464,212	58,430	522,642	
Residents' funds	50,505	-	50,505	
Due to other funds	1,912,912	132,540	2,045,452	
Due to other government	223,091	-	223,091	
Compensated absences	564,743	74,681	639,424	
Current portion of bonds payable, includes premium of \$20,269	450,000	425,269	875,269	
Total current liabilities	3,985,218	782,449	4,767,667	
Non-current liabilities:				
Bonds payable - long-term portion, includes premium of \$101,345	-	2,401,345	2,401,345	
Compensated absences - long-term portion	144,446	35,682	180,128	
Total non-current liabilities	144,446	2,437,027	2,581,473	
Total Liabilities	4,129,664	3,219,476	7,349,140	
Net Position				
Net investment in capital assets	6,192,384	217,304	6,409,688	
Unrestricted	(270,331)	-	(270,331)	
Restricted	-	916,288	916,288	
Total Net Position	\$ 5,922,053	\$ 1,133,592	\$ 7,055,645	

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

Business-type Activities - Enterprise Funds				
	Sunnyview Nursing and Rehabilitation Center	Emergency Communications 911 and Wireless 911	Total	
Operating Revenues:				
Charges for services and fees:				
Intergovernmental	\$ 12,020,469	\$ -	\$ 12,020,469	
Patient and client services	6,065,958	-	6,065,958	
Public safety	-	1,075,184	1,075,184	
Total operating revenues	<u>18,086,427</u>	<u>1,075,184</u>	<u>19,161,611</u>	
Operating Expenses:				
Personnel services	14,595,942	1,555,116	16,151,058	
Patient/client services	4,112,752	-	4,112,752	
Public safety	-	785,879	785,879	
Depreciation	608,215	511,391	1,119,606	
Total operating expenses	<u>19,316,909</u>	<u>2,852,386</u>	<u>22,169,295</u>	
Operating Income (Loss)	<u>(1,230,482)</u>	<u>(1,777,202)</u>	<u>(3,007,684)</u>	
Non-Operating Revenues (Expenses):				
Intergovernmental	-	929,034	929,034	
Interest and investment income	737	114	851	
Interest expense	(21,082)	(124,731)	(145,813)	
Amortization	-	15,500	15,500	
Other income	27,084	-	27,084	
Total non-operating revenues (expenses)	<u>6,739</u>	<u>819,917</u>	<u>826,656</u>	
Income (loss) before transfers	(1,223,743)	(957,285)	(2,181,028)	
Transfers in	<u>840,972</u>	<u>971,876</u>	<u>1,812,848</u>	
Change in Net Position	<u>(382,771)</u>	<u>14,591</u>	<u>(368,180)</u>	
Net position, beginning of year	<u>6,304,824</u>	<u>1,119,001</u>	<u>7,423,825</u>	
Net position, end of year	<u>\$ 5,922,053</u>	<u>\$ 1,133,592</u>	<u>\$ 7,055,645</u>	

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

Cash Flows From Operating Activities:

Receipts from other governments	\$ 11,543,669
Receipts from customers and users	6,347,725
Receipts from other income	27,084
Payments to suppliers	(4,223,357)
Payments to employees	(14,541,686)
Net cash provided by (used in) operating activities	<u>(846,565)</u>

Cash Flows From Non-Capital Financing Activities:

Operating grants from other governments	-	929,034	929,034
Transfers (to) from other funds	<u>696,469</u>	801,616	<u>1,498,085</u>
Net cash provided by (used in) non-capital financing activities	<u>696,469</u>	1,730,650	<u>2,427,119</u>

Cash Flows From Capital and Related Financing Activities:

Purchase of capital assets	(71,893)	(77,524)	(149,417)
Principal paid on capital debt	(85,000)	(395,000)	(480,000)
Interest paid on capital debt	<u>(22,737)</u>	<u>(130,162)</u>	<u>(152,899)</u>
Net cash provided by (used in) capital and related financing activities	<u>(179,630)</u>	<u>(602,686)</u>	<u>(782,316)</u>

Cash Flows From Investing Activities:

Interest on investments	<u>737</u>	<u>114</u>	<u>851</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(328,989)	(188,065)	(517,054)
Cash and Cash Equivalents:			
Beginning of year	<u>608,095</u>	<u>633,344</u>	<u>1,241,439</u>
End of year	<u>\$ 279,106</u>	<u>\$ 445,279</u>	<u>\$ 724,385</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:

Operating income (loss)	\$ (1,230,482)	\$ (1,777,202)	\$ (3,007,684)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	608,215	511,391	1,119,606
Change in:			
Accounts receivable	281,767	(2,535)	279,232
Due from other governments	(475,291)	1,065	(474,226)
Inventory	4,693	-	4,693
Accounts payable	(99,151)	(36,141)	(135,292)
Accrued payroll expenses	54,256	7,654	61,910
Other	<u>9,428</u>	<u>(20,375)</u>	<u>(10,947)</u>
Total adjustments	<u>383,917</u>	<u>461,059</u>	<u>844,976</u>
Net cash provided by (used in) operating activities	<u>\$ (846,565)</u>	<u>\$ (1,316,143)</u>	<u>\$ (2,162,708)</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2012

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,549,180	\$ 2,981,987
Investments:		
Money markets	726,389	-
Bond mutual funds	39,477,705	-
International equity funds	18,431,615	-
Domestic equity funds	65,618,834	-
Stocks	18,309,613	-
Other	5,203	-
Total Assets	144,118,539	2,981,987
Liabilities		
Accounts payable	50,489	-
Due to other governments	-	1,203,297
Due to others	-	452,716
Escrow liability and interest	-	1,325,974
Total Liabilities	50,489	2,981,987
Net Position		
Held in trust for pension benefits	\$ 144,068,050	\$ -

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, 2012

	Pension Trust Fund
Additions:	
Contributions:	
County	\$ 6,860,358
Employee	<u>3,558,739</u>
Total contributions	<u>10,419,097</u>
Investment income:	
Net appreciation in fair value of investments	12,991,646
Interest and dividends	<u>4,073,723</u>
Total investment income	<u>17,065,369</u>
Investment expense	<u>337,821</u>
Net investment income	<u>16,727,548</u>
Total additions	<u>27,146,645</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	7,856,331
Administrative expense	112,288
Fiduciary liability insurance	<u>32,825</u>
Total deductions	<u>8,001,444</u>
Increase in Net Position	19,145,201
Net Position:	
Beginning of year	<u>124,922,849</u>
End of year	<u>\$ 144,068,050</u>

See accompanying notes to financial statements.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

A. BUTLER COUNTY – PRIMARY GOVERNMENT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – PRIMARY GOVERNMENT

Reporting Entity

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

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

Component Units

Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of potential component units within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

The County is financially accountable for:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the County Commissioners appoint a voting majority of the organizations' 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 financial burdens on the County.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

- a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
- b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources or (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 budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

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

Butler County Community College

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

Butler County Airport Authority

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

of the County. The County is financially accountable for the Authority. Separately issued audited financial statements are available through the Authority's administrative office: 475 Airport Road, Butler, PA 16002.

Related Organizations

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

Butler County City Connoquenessing Creek Flood Control Authority

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

Butler County Housing Authority

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

Butler County Industrial Development Authority

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Butler County Hospital Authority

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

The Butler County Redevelopment Authority

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

Butler County General Authority

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

Other Organizations

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

Butler County Federated Library

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Tri-County Workforce Investment Board

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

Butler County Tourism and Convention Bureau

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

Southwest Behavioral Health Management, Inc.

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

Government-Wide and Fund Financial Statements

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Separate financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Proprietary and pension fund financial statements and financial statements of the County's component units also report using this same focus and basis of accounting. Agency funds are also reported on the accrual basis; however, they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The availability period used for revenue recognition under the modified accrual basis of accounting is zero days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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.

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Sunnyview Nursing and Rehabilitation Center is also subject to the laws and regulations governing the Medicare and Medicaid programs. These laws and regulations are complex and subject to interpretation. Sunnyview Nursing and Rehabilitation Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government reviews and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Interfund Activity in the Government-Wide Statements

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

Cash and Cash Equivalents

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

Investments

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

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2012 in proprietary funds is not significant.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

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

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

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

Compensated Absences

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

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

Long-term Obligations

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

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.

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

enforceable by outside parties. This category includes funds that are legally restricted for operating reserve, agriculture easements, Act 13, roads and bridges, records improvement and automation, central booking and court restitution, Area Agency on Aging Program, and capital purchases.

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the County's highest level of decision-making authority. The County Commissioners are the highest level of decision-making authority for the County and can make such commitment via a resolution prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the County Commissioners. The County has committed funds to be used for workmen's compensation.
- Assigned – This category represents intentions of the County to use the funds for specific purposes but do not meet the criteria to be classified as committed. The County Commissioners have delegated the authority to assign amounts to be used for specific purposes to the Chief Clerk or his/her designee. This category includes amounts set aside for workmen's compensation, 2013 budget, Area Agency on Aging Program, and Conservation District.
- Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

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

Net Position

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

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

- Restricted – This component of net position consists of constraints placed on asset use through external restrictions. Two categories are used to further describe restricted net position:
 - Expendable – can be expended in compliance with the external restriction
 - Nonexpendable – net position that are required to be retained in perpetuity

Expendable restricted net position at December 31, 2012 of the County consists of: \$1,216,787 for operating reserve, \$16,443 for agricultural easements, \$1,822,498 for Act 13, \$708,997 for roads and bridges, \$592,126 for records improvement and automation, \$166,050 for central booking and court restitution, \$160,497 for the Area Agency on Aging Program, \$368,109 for capital purchases, and \$916,288 for emergency services.

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

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, 2012 OR JUNE 30, 2012

Budgets and Budgetary Accounting

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

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

1. Starting in August and September, the Budget Director prepares a budget package that is sent to each department and row officer. The department or agency heads use this budget package to develop financial projections for their programs for the ensuing year, which are then submitted to the budget staff.
2. The budget staff enters this information into budget spreadsheets. The Chief Clerk then reviews the information that is obtained, accumulates questions, and schedules a meeting to discuss the proposed budget with the department heads and row officers.
3. Once the budget staff is satisfied with the department's budget numbers, the budget is presented in preliminary form to the County Commissioners. The County Commissioners can interview department or agency heads to discuss their budgets if deemed necessary.
4. Upon consolidation of the department and agency expenditure projections, the County Commissioners ascertain the most viable method of financing them.
5. Subsequently, the Budget Director assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
6. By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

7. After the 20-day inspection period, but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

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

During the year, there were no significant supplemental appropriations enacted. Budget transfers did occur between accounts within funds. The statement of revenues, expenditures, and changes in fund balance - budget and actual, reflects the originally adopted budget and the originally adopted budget adjusted for budget transfers. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Adopted Pronouncements

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The Statement codifies into the GASB standards guidance located in FASB and AICPA pronouncements.

GASB issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This Statement

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. The primary impact of this Statement on the County's 2012 financial statements related to reporting the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources as net "position," rather than net "assets." As of December 31, 2012, the County had no items that qualified for reporting in the deferred inflow of resources or deferred outflow of resources categories.

Pending Pronouncements

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

GASB has issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" effective for period beginning after December 15, 2012. This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

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

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

2. DEPOSITS AND INVESTMENTS

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

COUNTY OF BUTLER, PENNSYLVANIA

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certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

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

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

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

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

GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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 \$19,955,277 at December 31, 2012, \$9,588,661 was covered by the Federal Deposit Insurance Corporation (FDIC), \$10,366,616 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, 2012 of \$15,643,139, which are reported as cash and cash equivalents in the statement of net position. This amount also includes \$50,505 in residents' funds as shown on the statement of net position.

Agency Fund

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position. The carrying amount of deposits for the row offices and other County offices was \$2,981,987 and the bank balance was \$3,382,146. Of the bank balance, \$1,067,027 was covered by the FDIC. The remaining balance of \$2,315,119 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, 2012, the County held the following investment balances in the governmental funds:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

		Maturity in Years	
	Fair Value	Less than 1 year	1-5 years
Mutual funds	\$ 1,222,175	\$ 1,222,175	\$ -
Total securities with maturities	1,222,175	<u>\$ 1,222,175</u>	<u>\$ -</u>
Money market funds	<u>300,218</u>		
Total investments reported on the statement of net position	<u>\$ 1,522,393</u>		

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the entity in which the investments are held, the County will not be able to recover the value of its investments or collateral securities that are in the possession of the outside entity. The County does not have a formal investment policy for custodial credit risk. The County's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2012, the County's investment balance, excluding mutual funds, of \$300,218 (bank and book balance) was exposed to custodial credit risk.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2012, all of the County's investments were not rated. The County's investments are in mutual funds and money markets. Money market investments include short-

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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 \$1,285,795 at December 31, 2012) and accrued income (book value of \$263,385 at December 31, 2012). The bank balance of the checking and money market deposits as of December 31, 2012 was \$1,295,291. Of the bank balance, \$166,534 was covered by the Federal Deposit Insurance Corporation. The remaining balance of \$1,128,757 was collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Pension Trust Fund – Investments

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

As of December 31, 2012, the County had the following investments in its pension trust fund:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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	\$ 39,477,705	\$ -	\$ -	\$ 20,275,825	\$19,201,880
Total debt securities	39,477,705	\$ -	\$ -	\$ 20,275,825	\$19,201,880
Money markets	726,389				
International equity funds	18,431,615				
Domestic equity funds	65,618,834				
Stocks	<u>18,309,613</u>				
Total other investments	<u>103,086,451</u>				
Total investments reported on the statement of fiduciary net position	<u>\$142,564,156</u>				

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

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

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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

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

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

As of December 31, 2012, the pension trust fund's investments in debt securities have received the following ratings from Moody's:

Investment Type	Moody's Rating	Percentage of Debt Securities
Bonds	AAA	76%
Bonds	AA	3%
Bonds	A	10%
Bonds	BBB	11%
		100%

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the pension trust funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The pension trust fund does not have a formal deposit or investment policy for custodial credit risk. The County's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. Money market investments include short-term U.S. Treasury and agency obligations, certificates of deposits, and commercial paper. As of December 31, 2012, the County's money markets balance of \$726,389 included in investments (bank and book balance) was exposed to custodial credit risk.

Concentration of Credit Risk – The County requires that no more than five percent of a manager's equity portfolio may be invested in any one company (valued at cost),

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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and no more than 10% of a manager's equity portfolio may be invested in any one company (valued at market). In addition, investments may not exceed the benchmark index by 20% of the GICS economic sector allocation of the appropriate benchmark. In addition, except for U.S. Treasury and Agency obligations, a manager's fixed-income portfolio may not exceed more than 10% (valued at market) of a given domestic issuer. There were no investments in the pension trust fund that constituted more than five percent of any of the plan assets available for benefits at December 31, 2012. In addition, the plan did not have any investment transactions with related parties during the year.

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

Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of an investment is foreign currency risk. The County has no formal policy relating to foreign currency risk. The County's investment policy allows for investments in international equities ranging from 7-13% of the portfolio with a target of 10%. International securities may include: equity alternatives, common stock listed on a recognized security exchange, OTC Common Stock, American Depository Receipts (ADRs), European Depository Receipts (EDRs), Convertible bonds, preferred stock, non-voting stock if the risk/return characteristics are favorable versus the underlying common equity, and currency hedging. At December 31, 2012, the County had \$18,431,615 invested in international equity mutual funds and did not hold any material foreign currency.

3. CAPITAL ASSETS

The following is a summary of changes in capital assets related to governmental activities for the year ended December 31, 2012:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

	Beginning Balance at <u>January 1, 2012</u>	Additions	Deletions	Ending Balance at <u>December 31, 2012</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,605,689	\$ -	\$ -	\$ 1,605,689
Easements	1,968,058	180,000	-	2,148,058
Construction in progress	<u>2,741,726</u>	<u>257,169</u>	<u>(156,797)</u>	<u>2,842,098</u>
Total capital assets, not being depreciated/amortized	<u>6,315,473</u>	<u>437,169</u>	<u>(156,797)</u>	<u>6,595,845</u>
Capital assets, being depreciated/amortized:				
Infrastructure - bridges	19,855,177	632,480	-	20,487,657
Buildings and improvements	63,687,536	-	-	63,687,536
Furniture and equipment	<u>14,520,049</u>	<u>360,101</u>	<u>(169,576)</u>	<u>14,710,574</u>
Total capital assets, being depreciated/amortized	<u>98,062,762</u>	<u>992,581</u>	<u>(169,576)</u>	<u>98,885,767</u>
Less: accumulated depreciation/amortization for:				
Infrastructure - bridges	(9,371,587)	(1,030,932)	-	(10,402,519)
Buildings and improvements	(13,067,013)	(1,722,232)	-	(14,789,245)
Furniture and equipment	<u>(8,256,359)</u>	<u>(992,992)</u>	<u>169,576</u>	<u>(9,079,775)</u>
Total accumulated depreciation/ amortization	<u>(30,694,959)</u>	<u>(3,746,156)</u>	<u>169,576</u>	<u>(34,271,539)</u>
Total capital assets, being depreciated/ amortized, net	<u>67,367,803</u>	<u>(2,753,575)</u>	<u>-</u>	<u>64,614,228</u>
Governmental activities capital assets, net	<u>\$ 73,683,276</u>	<u>\$ (2,316,406)</u>	<u>\$ (156,797)</u>	<u>\$ 71,210,073</u>

The following is a summary of changes in capital assets related to business-type activities for the year ended December 31, 2012:

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

	Beginning Balance at January 1, 2012	Additions	Deletions	Ending Balance at December 31, 2012
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings and improvements	17,448,896	32,400	-	17,481,296
Furniture and equipment	8,541,072	117,017	(16,220)	8,641,869
Total capital assets, being depreciated	25,989,968	149,417	(16,220)	26,123,165
Less: accumulated depreciation for:				
Buildings and improvements	(9,549,309)	(519,292)	-	(10,068,601)
Furniture and equipment	(5,812,781)	(600,314)	16,220	(6,396,875)
Total accumulated depreciation	(15,362,090)	(1,119,606)	16,220	(16,465,476)
Total capital assets, being depreciated net	10,627,878	(970,189)	-	9,657,689
Business-type activities capital assets, net	\$ 10,627,878	\$ (970,189)	\$ -	\$ 9,657,689

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

Governmental activities:

General government - administrative	\$ 915,762
General government - judicial	124,793
Public safety	1,325,460
Public works	1,046,562
Human services	211,343
Culture and recreation	122,236
Total depreciation expense - governmental activities	\$ 3,746,156

Business-type activities:

Sunnyview Nursing and Rehabilitation Center	\$ 608,215
Emergency Communications 911 and Wireless 911	511,391
Total depreciation expense - business-type activities	\$ 1,119,606

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

4. REAL ESTATE TAXES

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

The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general County purposes and the rate of taxation for payment of interest and principal on any indebtedness shall be unlimited. Effective January 1, 2010, assessed values are computed at 100% of estimated 1969 valuations. For 2012, County real estate taxes were levied at the rate of 23.628 mills on assessed valuation. Of the total millage rate of 23.628 mills, 19.688 mills are allocated for general purposes, and 3.94 mills for debt service. Total assessed valuation for non-exempt properties in 2012 was approximately \$1.68 billion.

5. ACCOUNTS RECEIVABLES AND LOAN RECEIVABLES

All trade and taxes receivables, including those for the component units, are shown net of an allowance for uncollectibles. The County estimates the allowance for uncollectibles using historical collection data and in certain cases, specific account analysis. Receivables at December 31, 2012, including the applicable allowances for uncollectible accounts, are as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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	General Fund	Health Services Block Grant	Health Choices Reinvestment	Children & Youth Services	Other Governmental Funds	Total Governmental Funds
Governmental activities:						
Taxes receivable	\$ 3,777,762	\$ -	\$ -	\$ -	\$ 108,029	\$ 3,885,791
Less: allowance for uncollectibles	(368,771)	-	-	-	-	(368,771)
Net tax receivables	<u>\$ 3,408,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,029</u>	<u>\$ 3,517,020</u>
Accounts receivable	\$ 144,107	\$ 1,400	\$ 2,749,706	\$ 7,417	\$ 129,686	\$ 3,032,316
Loans receivable	-	-	-	-	240,158	240,158
Court-related receivables	6,913,486	-	-	-	-	6,913,486
Less: allowance for uncollectibles	(3,333,958)	-	-	-	-	(3,333,958)
Net account and loan receivables	<u>\$ 3,723,635</u>	<u>\$ 1,400</u>	<u>\$ 2,749,706</u>	<u>\$ 7,417</u>	<u>\$ 369,844</u>	<u>\$ 6,852,002</u>
 Business-type activities:						
	Sunnyview Nursing and Rehabilitation Center	911 and Wireless 911		Emergency Communications 911		Total Business-type Activities
Patient receivables	\$ 658,513			\$ -		\$ 658,513
Other receivables	-			57,767		57,767
Gross receivables	658,513			57,767		716,280
Less: allowance for uncollectibles	(250,000)			-		(250,000)
Net receivables	<u>\$ 408,513</u>			<u>\$ 57,767</u>		<u>\$ 466,280</u>

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2012, as well as interfund transfers for the year ended December 31, 2012 were as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental Activities:				
General	\$ 3,698,744	\$ 1,493,037	\$ 414,879	\$ 7,045,592
Mental Health/Early Intervention/				
Intellectual Disabilities	163,363	45,750	288,389	-
Health Services Block Grant	95,943	88,502	120,483	-
Health Choices	-	95,132	-	-
Children & Youth Services	2,363	267,746	2,146,975	-
Other Governmental Funds	751,723	1,442,074	2,955,600	693,582
Business-Type Activities:				
Sunnyview Nursing and Rehabilitation Center	29,723	1,912,912	840,972	-
Emergency Communications 911				
and Wireless 911	735,834	132,540	971,876	-
	<u>\$ 5,477,693</u>	<u>\$ 5,477,693</u>	<u>\$ 7,739,174</u>	<u>\$ 7,739,174</u>

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

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

The majority of transfers out of the General Fund represent the County's required contribution to various programs based upon Department of Public Welfare requirements and transfers of funds to the Capital Reserve Fund.

7. BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Retirement Fund in the accompanying financial statements. Separate plan financial statements are not available.

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

At January 1, 2012, the date of the most recent valuation, participants in the plans were as follows:

Participants:	
Retirees and beneficiaries	420
Deferred vested	45
Active employees:	
Vested	586
Nonvested	207

Summary of Significant Accounting Policies

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

Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

At December 31, 2012, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the plan assets available for benefits. In addition, the plan did not have any investment transactions with related parties during the year.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Contributions and Funding Policy

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

As a condition of participation, employees are to contribute 6% to 19% (currently 9%) of their salary as stipulated in the Act. Interest is credited to employee accounts each year at an annual rate of 5.5% as voted upon by the County Retirement Board.

In 2012, the County's annual required contribution to the plan was \$6,860,358 as determined by the January 1, 2012 actuarial valuation. The 2012 employee contributions were \$3,558,739.

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

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

COUNTY OF BUTLER, PENNSYLVANIA

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Annual pension cost	\$6,860,358
Contributions made	\$6,860,358
Actuarial valuation date	1/1/2012
Actuarial cost method	Entry Age Normal
Asset valuation method	Greater of Market Value and Actuarial Value
Amortization method	Level Percentage of Projected Payroll - Closed
Amortization period	9 years
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	3.5%
Cost of living adjustments	100% change in C.P.I.

* Includes inflation at 3%.

The County does not have a net pension obligation (NPO) as of December 31, 2012.

Trend Information

Year Ending	Pension Cost (APC)	of APC Contributed	Obligation (Asset)
12/31/2010	\$ 6,095,561	100.0%	\$ -
12/31/2011	6,564,903	100.0%	-
12/31/2012	6,860,358	100.0%	-

Funded Status

The County's funded status and related information for the plan as of the latest actuarial valuation date, January 1, 2012, is as follows:

COUNTY OF BUTLER, PENNSYLVANIA

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Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
\$131,446,907	\$ 172,292,041	\$(40,845,134)	76.29%	\$ 34,891,445	117.06%

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

As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2012. The next actuarial valuation will be performed as of January 1, 2013 and will take into account subsequent changes in the market value of investments being held in the plan.

8. DEBT

Tax Anticipation Note

In January 2011, the County issued a tax and revenue anticipation note in the amount of \$5 million. The note was paid in full by December 31, 2012.

Capital Leases

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

In April 2012, the County entered into a capital lease agreement as lessee for financing the acquisition of two vehicles for the County's Children & Youth Services program. The lease qualifies as a capital lease and the agreement stipulates minimum lease payment of approximately \$16,421, including interest, for a term of three years. \$49,364 is included in capital assets - furniture and equipment as capital leases.

The future minimum lease obligations as of December 31, 2012 are as follows:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Year Ending December 31,	Amount
2013	\$ 54,928
2014	16,422
Total minimum lease payments	<u>\$ 71,350</u>

Capital Bond Issue 2006

In July 2006, the County issued \$10,215,000 in General Obligation Bonds (2006 Bonds), of which \$4,860,000 was used to advance refund a portion of the Series of 2003 Bonds. In connection with this advance refunding, a portion of the proceeds was deposited into an irrevocable trust with an escrow agent to provide for certain debt service payments on the refunded debt. The defeased debt outstanding on the Capital Bond Issue 2003 as of December 31, 2012 is \$3,965,000. An additional \$998,269 was used to current refund a portion of the Series of 2002 Bonds. \$4,000,000 of the 2006 Bonds proceeds were used to fund the costs of miscellaneous capital expenditures, including providing capital for the completion of the County's prison, acquisition of voting machines, Phase 1 and 2 recreational improvements of Alameda Park, and various capital projects at the government center and Sunnyview Nursing and Rehabilitation Center. \$625,000 of the 2006 Bond proceeds was allocated to Sunnyview Nursing and Rehabilitation Center. The 2006 Bonds, whose last scheduled debt maturity is July 15, 2024, have interest rates that range between 4.00% and 5.00%.

Capital Bond Issue 2004

In March 2004, the County issued \$46,825,000 in General Obligation Bonds (2004 Bonds), of which \$45,309,000 was used to advance refund the majority of outstanding Series of 2003 Bonds (2003 Bonds). The defeased debt outstanding on the 2003 Bond Series at December 31, 2012 is \$40,500,000. \$5,550,000 of the 2004 Bonds proceeds were allocated to the Emergency Communications 911 Proprietary Fund for use in the construction of a new 911 Center. The 2004 Bonds, whose last scheduled debt maturity is July 15, 2026, have interest rates that vary between 2.00% and 5.00%.

COUNTY OF BUTLER, PENNSYLVANIA

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Capital Bond Issue 2002

In July 2002, the County issued the Series 2002 General Obligation Bonds (2002 Bonds) for \$12,695,000. The 2002 Bonds proceeds were used to refund a portion of the County's Series 1992 General Obligation Bonds (1992 Bonds). The 2002 Bonds, whose last scheduled debt maturity was July 15, 2012, have an interest rate of 6.00%.

Capital Bond Issue 2001

In January 2001, the County issued the Series 2001 General Obligation Bonds (2001 Bonds) for \$1,885,000. The Bond proceeds were used to refund a portion of the County's General Obligation Bonds, Series of 1992 (\$1,695,000) and pay the costs related to the issuance of the 2001 Bonds. The 2001 Bonds, whose last scheduled debt maturity was July 15, 2012, range in interest rates from 4.10% to 4.75%.

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

The County's general obligation debt payable at December 31, 2012, comprises the following individual issues:

Series	Interest Rates	Final Maturity	Total Debt Outstanding
Capital bond issue 2006	4.00% - 5.00%	2024	\$ 8,740,000
Capital bond issue 2004	2.00% - 5.00%	2026	<u>43,150,000</u>
Total capital bond issues			<u>51,890,000</u>
General obligation debt			<u><u>\$ 51,890,000</u></u>

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Years Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 2,090,000	\$ 2,077,226	\$ 855,000	\$ 137,438
2014	2,630,000	2,007,852	415,000	105,150
2015	2,755,000	1,881,002	440,000	84,400
2016	2,890,000	1,748,127	460,000	62,400
2017	3,030,000	1,603,627	485,000	39,400
2018-2022	19,325,000	5,950,990	500,000	20,000
2023-2026	<u>16,015,000</u>	<u>1,654,102</u>	<u>-</u>	<u>-</u>
	<u>\$ 48,735,000</u>	<u>\$ 16,922,926</u>	<u>\$ 3,155,000</u>	<u>\$ 448,788</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012 was as follows:

Governmental Activities	Balance at December 31,			Balance at December 31,		Due Within One Year
	2011	Additions	Reductions	2012		
Workmen's compensation	\$ 743,638	\$ 196,775	\$ (214,074)	\$ 726,339	\$ 216,462	
Compensated absences	2,050,949	1,595,550	(1,483,914)	2,162,585	1,608,901	
Capital lease payable	77,014	-	(5,664)	71,350	54,928	
Bonds payable	<u>51,055,000</u>	<u>-</u>	<u>(2,320,000)</u>	<u>48,735,000</u>	<u>2,090,000</u>	
Long-term liabilities	<u>\$ 53,926,601</u>	<u>\$ 1,792,325</u>	<u>\$ (4,023,652)</u>	<u>\$ 51,695,274</u>	<u>\$ 3,970,291</u>	

Business-Type Activities	Balance at December 31,			Balance at December 31,		Due Within One Year
	2011	Additions	Reductions	2012		
Compensated absences	\$ 813,625	\$ 630,090	\$ (624,163)	\$ 819,552	\$ 639,424	
Bonds payable	<u>3,635,000</u>	<u>-</u>	<u>(480,000)</u>	<u>3,155,000</u>	<u>855,000</u>	
Long-term liabilities	<u>\$ 4,448,625</u>	<u>\$ 630,090</u>	<u>\$ (1,104,163)</u>	<u>\$ 3,974,552</u>	<u>\$ 1,494,424</u>	

Bonds payable above do not reflect a bond premium in the amount of \$173,074 for governmental activities and \$121,614 for business-type activities. These amounts are amortized over the life of the bonds using the effective interest method.

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

9. SELF-INSURANCE

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

On a regular basis, the Pennsylvania Department of Labor and Industry, Bureau of Workers Compensation Division, calculates the funding status of the County of Butler's Workers Compensation dedicated asset account. This dedicated asset account must meet the required asset level as prescribed by applicable regulations. The County has recently received exemption from the Department of Labor from the necessity of insuring its liability to pay compensation as provided for and subject to the Act and authorized it to operate as a self-insurer for the period of January 1, 2013 to January 1, 2014. The State has changed the beginning of the future annual self-insurance periods to January 1, the beginning of the County's fiscal year. This realignment will enable the State to monitor the filing of each renewal application.

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

The dedicated asset account balance at December 31, 2012 of \$1,522,393 is in excess of the Department's requirements. Current claims are expensed as paid by the related fund. Workmen's compensation claims paid during 2012 were \$214,074. The liability for claims outstanding at December 31, 2012 was \$726,339.

The following represents changes in those aggregate liabilities for workmen's compensation during the past year:

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	<u>2012</u>	<u>2011</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 743,638	\$ 790,246
Incurred claims and claim adjustments	196,775	169,854
Payments on claims and claim adjustment expenses:		
Claims and claim adjustment expenses attributable to insured events of current year	11,719	51,337
Claims and claim adjustment expenses attributable to insured events of prior years	<u>202,355</u>	<u>165,125</u>
Total payments	<u>214,074</u>	<u>216,462</u>
Total unpaid claims and claim adjustment expenses at end of year	<u><u>\$ 726,339</u></u>	<u><u>\$ 743,638</u></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.

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Tier Garage

In March 2005, the County entered into a three-year lease agreement for 9,688 square feet of space for temporary housing of prisoners. The County renewed the lease for an additional five years beginning on July 1, 2008 at the same rate of \$10 per square foot (\$96,980 annually). As the construction of the new prison eliminated the need of the space for temporary housing of prisoners, the space will now be utilized to house the County's Adult Probation offices. The County has the option to renew for an additional five years at the annual rental adjusted to reflect the percentage increase in the Consumer Price Index for the preceding 60-month period.

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, 2012:

Years	Total
2013	\$ 188,974
2014	73,284
2015	70,974
2016	72,648
2017	76,136
Thereafter	<u>357,381</u>
Total minimum payments required	<u>\$ 839,397</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

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received during 2011. The amount recognized as revenue during 2012 was \$115,992, with \$347,977 reported as deferred revenue on the statement of net position. Deferred revenue will be recognized into revenue in the amount of \$115,992 each year in accordance with the lease agreement. As acceptable gas is extracted from the property, the County will receive an 18% royalty of the proceeds received for all gas produced, metered and sold, less the lessor's pro-rata share of any severance or excise tax imposed by any governmental body.

12. COMMITMENTS AND CONTINGENCIES

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

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

The County is insured for various types of insurance including the following: general liability, business, auto, crime, law enforcement liability, public officials' liability, and property insurance. Deductibles range from \$1,000 to \$25,000 per claim or occurrence. Maximum limits for general liability, auto, public officials, 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 \$350 million limit per occurrence and equipment breakdown is insured at \$100 million per accident.

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

Guaranteed Loan

As part of a local retail department store's (store) bankruptcy reorganization, the County closed on a Section 108 loan on behalf of the store in the amount of \$5.8

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million in May 2009. The store is responsible for repayment of this loan, but the County was required to pledge future Community Development Block Grant allocations for the life of the loan to be used in the event of default by the local retail department store. The loan is required to be repaid over the next 20 years.

Health Choices Reinvestment

The County, along with Armstrong, Indiana, Lawrence, Washington and Westmoreland Counties (SW-6 Counties), are the contractors with the Pennsylvania Department of Public Welfare (DPW) for providing services under the HealthChoices Program. HealthChoices is Pennsylvania's managed care program for adults and children on Medical Assistance. Value Behavioral Health of Pennsylvania (VBH-PA) was selected as the Behavioral Health Managed Care Organization (BHMCO) for the SW-6 Counties. In addition, the SW-6 Counties formed a private non-profit, Southwest Behavioral Health Management, Inc. (Corporation) for the purpose of monitoring the behavioral health services of the HealthChoices Program

During 2012, the SW-6 Counties entered into an intergovernmental agreement for the purpose of authorizing the transfer of funds designated for risk and contingency and for medical funding to the Corporation. The County currently has a receivable recorded in the amount of \$2,749,706 in the HealthChoices Reinvestment fund. The receivable represents the amount of cash held by the Corporation on behalf of the County at December 31, 2012. In the agreement effective January 1, 2012 between the SW-6 Counties and VBH-PA, the Counties retained the right to meet the full DPW contractual risk requirements, including insolvency and equity, however the 2012 SW-6 Counties and VBH-PA agreement allowed for risk sharing and that option was exercised for 2012. Under this option, the SW-6 Counties were at risk for total medical funds plus 9.50% over the medical funds, then VBH-PA assumed the aggregate risk. Effective January 1, 2013, the SW-6 Counties met the equity and insolvency requirements imposed by DPW using risk and contingency dollars held by the Corporation and allowable financial instruments. This change resulted in VBH-PA moving to an administrative services relationship with the SW-6 Counties from the 2012 risk sharing relationship.

13. SUBSEQUENT EVENTS

The County Commissioners approved a \$195.8 million budget for 2013 with an increase in the property tax rate to 24.628 mills.

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In January 2013, the County issued a tax anticipation note in the amount of \$7 million. It is intended that the note will be repaid during 2013.

B. BUTLER COUNTY COMMUNITY COLLEGE

1. ORGANIZATION

The Butler County Community College (BCCC), chartered in 1965, was the first community college in Western Pennsylvania. On September 26, 1966, BCCC opened its doors to 242 day and 190 evening students. During the current fiscal year, 5,666 students were enrolled in credit programs and another 9,922 people took part in the many other educational opportunities available on the BCCC main campus, and the Cranberry, Lawrence, and Mercer sites. BCCC is dedicated to providing quality and comprehensive educational opportunities accessible to all that can benefit.

Reporting Entity

BCCC is a component unit of the County of Butler (County), Pennsylvania. The Commissioners of the County appoint all members of the governing Board of Trustees (Board) of BCCC. As sponsor of BCCC, the County provides funding for 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. In determining financial accountability in a given situation, BCCC reviews the applicability of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

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2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or have the ability otherwise access, are significant to that primary government.

Following is a brief description of the component unit meeting the above criteria, which is included within the financial reporting entity:

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 sixteen-member Board of Directors governs the Foundation. The President of BCCC is a member of the Board of Directors and the Executive Director of the Foundation is an employee of BCCC. Separate financial statements of the Foundation are prepared and can be obtained through the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The financial statements of BCCC have been prepared on the accrual basis. Accordingly, revenues are recorded when earned and expenses are recognized when the liability is incurred. BCCC records student receivables at the time of registration for classes. As of June 30, 2012, 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 deferred revenue.

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

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

Financial Reporting

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

Classification of Net Position

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

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net position consists of restricted assets reduced by liabilities related to those assets. Two categories are used to further describe restricted net position:

Expendable – can be expended in compliance with the external restriction

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

Expendable restricted net position at June 30, 2012 of BCCC consisted of \$4,942,801 related to the support agreement receivable.

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

- Unrestricted – This component of net position is the net amount of the assets and liabilities 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 \$123,045 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

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

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

Refunding Transactions

The excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a reduction to long-term debt on the statement of net position and amortized over the shorter of the term of the refunding issue or refunded bonds.

Adopted Pronouncements

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The Statement codifies into the GASB standards guidance located in FASB and AICPA pronouncements.

GASB issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This Statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The primary impact of this Statement on the BCCC's 2012 financial statements related to reporting the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources as net "position," rather than net "assets." As of June 30, 2012, BCCC had no items that qualified for reporting in the deferred inflow of resources or deferred outflow of resources categories.

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Pending Pronouncements

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

GASB has issued Statement No. 61, "*The Financial Reporting Entity: Omnibus.*" The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement will become effective for the June 30, 2013 year-end.

GASB has issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. This Statement will become effective for the June 30, 2013 year-end.

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

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

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NOTES TO FINANCIAL STATEMENTS

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3. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

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

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

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 \$9,392,059 and the related bank balances totaled \$9,898,319, of which \$1,384,451 was covered by FDIC. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution's name.

Additionally, at year-end, the carrying amount of the Foundation's cash and deposits was \$784,640 and the related bank balance totaled \$786,375, \$344,498 of which was

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on deposit with bank institutions and covered under FDIC insurance. \$116,691 was in excess of FDIC limits, and was collateralized by pledged assets in a coverage ratio of 1.11%. For every one dollar in excess of FDIC insurance, the financial institution has pledged \$1.11 in assets. The remaining \$325,186 balance was invested in “sweep” repurchase agreement accounts, which are not FDIC insured. The financial institution holding the Foundation’s “sweep” balances has pledged assets in a coverage ratio of 1.05%. For every one dollar in uninsured “sweep” funds, the financial institution has pledged \$1.05 in assets. Cash and cash equivalents include funds being held in highly liquid money market mutual funds that are invested in debt securities, with maturities from the date of purchase of three months or less.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of BCCC’s investments was \$3,271,541.

BCCC’s investments at June 30, 2012 are composed of the following:

Government and agency securities	\$ 1,351,969
Corporate bonds	1,151,578
Cash equivalent investments	<u>767,994</u>
	<u><u>\$ 3,271,541</u></u>

At year-end, \$243,028 of the cash equivalent investments was covered by federal depository insurance. The remaining \$3,028,513 of BCCC’s investments are not insured or registered and are held by the financial institution’s trust department or agent, but are not in BCCC’s name.

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

The Foundation’s investments at December 31, 2012 are composed of the following:

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Cash and cash equivalents	\$ 687,114
Mutual funds	741,660
Municipal bonds	141,035
Common stock	<u>1,277,046</u>
	<u><u>\$ 2,846,855</u></u>

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

4. BONDS PAYABLE

Long-term debt consists of the following:

	Balance at June 30, 2011	Issuance	Payments	Accretion	Balance at June 30, 2012	Due within one year
General obligation bonds:						
Series D of 2000	\$ 1,443,326	\$ -	\$ (235,000)	\$ 59,956	\$ 1,268,282	\$ 255,000
Series G of 2000	3,860,732	-	-	232,460	4,093,192	-
Series A of 2001	12,935,000	-	(12,935,000)	-	-	-
Series A & B of 2008	8,120,000	-	(265,000)	-	7,855,000	275,000
Series A & B of 2011	-	13,635,000	(70,000)	-	13,565,000	885,000
	<u>\$ 26,359,058</u>	<u>\$ 13,635,000</u>	<u>\$ (13,505,000)</u>	<u>\$ 292,416</u>	<u>26,781,474</u>	<u>\$ 1,415,000</u>
			Unaccrued interest		<u>5,238,526</u>	
					<u><u>\$ 32,020,000</u></u>	

Amounts above do not reflect an original issue discount in the amount of \$291,783 for the bonds and a deferred refunding loss of \$1,019,423. These amounts are amortized using the straight-line method.

In March 2000, the State Public School Building Authority (SPSBA) undertook the financing of a project on behalf of BCCC with the proceeds of bonds in the amount of \$16,533,643. The proceeds of Series D of 2000 (Series D) Bonds were used to finance the construction of a new science/technology building which includes

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classrooms, labs, theatre, cultural center, and other capital projects such as campus-wide networking, paving, HVAC, roofing projects, and various other projects. In addition, a Fire Science Training Center was constructed including classrooms, training tower, controlled-burn building, and training pad. Approximately, \$2,470,000 of the proceeds was used to defease the 1992 Series L Bonds. The interest rates on the bonds range from 4.0% to 5.50% with the final bonds maturing June 15, 2016.

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

In March of 2001, the SPSBA and BCCC issued Series A Bonds in the amount of \$13,925,000. These Series A Bonds were issued to refund a portion of the Series D and Series G Bonds. The interest rates on the bonds range from 3.25% to 5.0% with the bonds maturing from 2001 until 2029. Proceeds of the issuance of approximately \$200,000 were used to cover additional costs associated with the construction of the science/technology building. BCCC incurred a deferred refunding loss that was being amortized over the life of the issue using the straight-line method. During fiscal 2012, BCCC refunded the remaining balance of \$12,935,000 of the Series A of 2001 Bonds by issuing the Series of 2011 A & B Bonds as described below.

In February 2008, the SPSBA and BCCC issued Series A and B bonds in the amount of \$8,875,000. The Series A Bonds and the Series B Bonds are being issued on behalf of BCCC to pay all or a portion of the costs of: (1) constructing and furnishing a new Student Services Building on BCCC's campus; (2) various other capital improvements to BCCC's facilities; and (3) certain costs of issuing the Bonds. The interest rates on the bonds range from 3.00% to 4.57% with the bonds maturing in 2037. During the year, BCCC paid interest of \$329,875 along with principal payments of \$265,000.

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

COUNTY OF BUTLER, PENNSYLVANIA

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expenditures of BCCC; and (3) pay certain costs of issuing the Series B Bonds. The refunding resulted in an economic gain of approximately \$902,000 and a decrease of \$1,050,000 in future debt service payments. The interest rates on the Series A Bonds range from 0.75% to 4.45% with the bonds maturing from 2012 until 2029. The interest rates on the Series B Bonds range from 0.50% to 3.25% with the bonds maturing from 2012 until 2020. During the year, BCCC paid interest of \$163,400 along with principal payments of \$70,000.

The scheduled retirement of bonds is as follows:

	Principal	Interest	Total
2013	\$ 1,415,000	\$ 722,728	\$ 2,137,728
2014	1,320,000	697,448	2,017,448
2015	1,335,000	677,321	2,012,321
2016	1,365,000	657,074	2,022,074
2017	1,385,000	633,100	2,018,100
2018 to 2022	7,655,000	2,552,004	10,207,004
2023 to 2027	9,475,000	1,538,770	11,013,770
2028 to 2032	6,870,000	536,820	7,406,820
2033 to 2037	<u>1,200,000</u>	<u>162,800</u>	<u>1,362,800</u>
	32,020,000	<u>\$ 8,178,065</u>	<u>\$ 40,198,065</u>
Less unaccrued interest	<u>(5,238,526)</u>		
	<u>\$ 26,781,474</u>		

In February of 2010, the Foundation authorized the Mortgage Revenue Drawdown Note, Series of 2010 in the aggregate principal amount of \$2,940,000, to assist with the construction costs of the LindenPointe expansion project. The 2010 Note bears an interest rate of the Federal Home Loan Bank (FHLB) rate plus 2.50%, fixed for the first five years, then reset to the current FHLB rate plus 2.50% for the next five years, with a final one-year reset to the then-existing FHLB rate plus 2.50%. The Note is secured by property of the Foundation and matures in 2021. The interest rate at June 30, 2012 approximated 3.80%. Interest-only payments were made for the first twelve months during the completion of the project. Upon completion of the project, draw downs ceased and principal payments became due. At June 30, 2012, \$2,806,262 remains outstanding.

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NOTES TO FINANCIAL STATEMENTS

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

Year ended June 30,	
2013	\$ 105,296
2014	109,367
2015	113,597
2016	117,989
2017	122,552
Thereafter	<u>2,237,461</u>
Total	<u><u>\$ 2,806,262</u></u>

In February 2010, the Foundation was given land valued at \$113,883 to be used as a parking facility for the BCCC's LindenPointe campus. An interest-free Mortgage Note was attached to the land to be repaid only in the event that the Foundation 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, 2012, the value of the contingent obligation on the Note is \$91,106 and is reported in the deferred revenue on the statement of net position.

5. PENSION AND RETIREMENT PLANS

Plan Description

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

COUNTY OF BUTLER, PENNSYLVANIA

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information for the Plan. That report may be obtained by writing to the Bureau of Fiscal Control, PSERS, P.O. Box 125, Harrisburg, PA 17108-0125.

Funding Policy

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

BCCC's contribution shall be at a rate determined annually by PSERS. BCCC's contribution rate for the fiscal year ended December 31, 2012 was 4.325% and the Commonwealth of Pennsylvania contributed an additional 4.325% of covered payroll. This aggregate rate of 8.65% is composed of a pension contribution rate of 8% for pension benefits and 0.65% for healthcare insurance premium assistance. These rates are expected to increase in future years.

BCCC contributed \$185,262, \$118,664, and \$94,743 for the years ended June 30, 2012, 2011, and 2010, respectively, which was equal to 100% of its required contributions for each year. In accordance with Act 29, the Commonwealth of Pennsylvania also contributes an amount equal to that contributed by BCCC.

Teachers Insurance and Annuity Association/College Retirement Equities Fund

All regular BCCC employees who are classified as staff-exempt, faculty, or other academic may enroll in an optional retirement plan through the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). This is in lieu of participation in the PSERS Board plan as detailed above. Employees electing TIAA-CREF contributed 5.25% of their regular monthly compensation if they began participation in the plan prior to July 22, 1983, or 6.25% if their participation began after July 22, 1983. BCCC's contribution rate for the fiscal year ended December 31, 2012 was 10%.

During fiscal year 2012, BCCC contributed \$815,289 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-

COUNTY OF BUTLER, PENNSYLVANIA

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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.

6. ACCUMULATED COMPENSATED ABSENCES

Accumulated compensated absences were comprised of the following at June 30, 2012:

Early Retirement	Accumulated Sick Leave	Unused Vacation Pay	Total
<u>\$ 20,000</u>	<u>\$ 717,268</u>	<u>\$ 228,157</u>	<u>\$ 965,425</u>

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

7. CAPITAL ASSETS

BCCC's capital asset balances at June 30, 2012 consisted of the following:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Capital assets, not being depreciated/amortized:				
Land and improvements	\$ 4,567,597	\$ 54,750	\$ -	\$ 4,622,347
Total capital assets, not being depreciated/amortized	<u>4,567,597</u>	<u>54,750</u>	<u>-</u>	<u>4,622,347</u>
Capital assets, being depreciated/amortized:				
Buildings	45,815,878	295,250	-	46,111,128
Vehicles	132,313	-	-	132,313
Equipment, furniture, and fixtures	11,148,257	716,305	(55,130)	11,809,432
Bookstore	<u>31,741</u>	<u>-</u>	<u>-</u>	<u>31,741</u>
Total capital assets, being depreciated/amortized	<u>57,128,189</u>	<u>1,011,555</u>	<u>(55,130)</u>	<u>58,084,614</u>
Less total accumulated depreciation/amortization	<u>(27,505,430)</u>	<u>(2,067,161)</u>	<u>54,996</u>	<u>(29,517,595)</u>
Net capital assets, being depreciated/amortized	<u>29,622,759</u>	<u>(1,055,606)</u>	<u>(134)</u>	<u>28,567,019</u>
Net capital assets	<u>\$ 34,190,356</u>	<u>\$ (1,000,856)</u>	<u>\$ (134)</u>	<u>\$ 33,189,366</u>

The Foundation's capital asset balances at June 30, 2012 consisted of the following:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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	Balance at June 30, 2011	Additions	Deletions	Transfer Succop Conservancy to ASWP	Balance at June 30, 2012
Capital assets, not being depreciated:					
Land	\$ 715,991	\$ -	\$ -	\$ (260,000)	\$ 455,991
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>715,991</u>	<u>-</u>	<u>-</u>	<u>(260,000)</u>	<u>455,991</u>
Capital assets, being depreciated:					
Roadways	435,461	-	-	(435,461)	-
Buildings	3,811,715	-	-	(991,020)	2,820,695
Equipment	7,232	-	-	(6,032)	1,200
Total capital assets, being depreciated	<u>4,254,408</u>	<u>-</u>	<u>-</u>	<u>(1,432,513)</u>	<u>2,821,895</u>
Less total accumulated depreciation	<u>(600,855)</u>	<u>(112,820)</u>	<u>-</u>	<u>520,250</u>	<u>(193,425)</u>
Net capital assets, being depreciated	<u>3,653,553</u>	<u>(112,820)</u>	<u>-</u>	<u>(912,263)</u>	<u>2,628,470</u>
Net capital assets	<u>\$ 4,369,544</u>	<u>\$ (112,820)</u>	<u>\$ -</u>	<u>\$ (1,172,263)</u>	<u>\$ 3,084,461</u>

As further discussed in Note 9, during the year ended June 30, 2012, the Foundation transferred the possession and control of Succop Conservancy (Conservancy) to the Audubon Society of Western Pennsylvania (ASWP). The transfer is included on the statement of revenue, expenses and changes in net position as a loss on disposition of asset equal to the value of the Conservancy's capital assets, net of accumulated depreciation that had been recorded by the Foundation at the date of transfer.

Depreciation expense is included in rental expense on the statement of activities, as the entire amount for the year ended June 30, 2012 relates to a building the Foundation rents to the College.

8. INSURANCE

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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9. BUTLER COUNTY COMMUNITY COLLEGE EDUCATION FOUNDATION

The Foundation is a non-profit Pennsylvania corporation. It is organized and operated exclusively for educational and cultural purposes to assist in developing and fostering scholarship and charitable activities. A sixteen-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.

	Available for educational and related purposes (Expendable)	Held in perpetuity as designated by donor (Nonexpendable)	Total
Foundation Net Position at June 30, 2012:			
Net investment in capital assets	\$ 278,199	\$ -	\$ 278,199
Restricted:			
Expendable	1,114,827	-	1,114,827
Nonexpendable	-	1,541,830	1,541,830
Unrestricted	782,193	-	782,193
Total Net Position	<u>\$ 2,175,219</u>	<u>\$ 1,541,830</u>	<u>\$3,717,049</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:

COUNTY OF BUTLER, PENNSYLVANIA

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Fiscal Year	Amount
2013	\$ 122,200
2014	127,000
2015	127,000
2016	127,000
2017	127,000
Thereafter	<u>10,659,700</u>
	<u><u>\$ 11,289,900</u></u>

As a result of the support agreement, BCCC has recorded a receivable at net present value in the amount of \$4,942,801.

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

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

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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The value of the investment and payable is recorded at June 30, 2012 in the amount of \$4,942,801. The expected rate of return on the investment is approximately 7%.

Unrecorded Assets

The Foundation transferred the land and buildings at the Conservancy to 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.

The Foundation also owns shares of donated stock of a non-publicly traded company. The stock is not recorded on the financial statements because market valuation is not readily determinable. At June 30, 2012, the Foundation held 68,220 shares of stock in the entity. The stock was purported to have a value of \$5.37 per share as of June 30, 2012.

10. LEASES

Capital Leases

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

Capital leases consist of the following:

	Balance at July 1, 2011	Issuance	Payments	Balance at June 30, 2012
Laurel Capital: Lease	\$ 50,504	\$ -	\$ (33,040)	\$ 17,464

The future rental payments under this lease at December 31, 2012 are \$17,464 in 2013.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Operating Leases

Additionally, BCCC has entered into various leases for buildings and miscellaneous equipment. It is expected that in the normal course of business, such leases will continue to be required. Net expenditures for rentals under leases for the year ended June 30, 2012 amounted to approximately \$1,519,307.

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

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

Future minimum lease payments on the leases are as follows:

Fiscal Year	Amount
2013	\$ 629,394
2014	629,394
2015	629,394
2016	629,394
2017	629,394
Thereafter	<u>1,429,394</u>
	<u>\$ 4,576,364</u>

11. LINE OF CREDIT

Line of credit consists of the following at June 30, 2012:

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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	Balance at June 30, 2011	Proceeds	Payments	Balance at June 30, 2012
State Public School Building Authority:				
Line of credit	\$ 465,363	\$ -	\$ (291,749)	\$ 173,614

During 2009, BCCC obtained a line of credit with the State Public School Building Authority for capital purchases. At December 31, 2012, BCCC had an outstanding balance of \$173,614 relating to this line of credit. The line of credit has a maximum borrowing amount of \$1,435,000 with an interest rate of 1.61%, and matures in January of 2014.

12. 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.

13. COMMITMENTS

After year-end, BCCC has entered into various construction contracts that are material to BCCC's financial statements. BCCC entered into a contract for the Shaffer Walking Trail Construction in the amount of \$517,392 to be paid with funds from the Foundation (Shaffer bequest) and proceeds from the bond refinance. BCCC also entered into a contract for the Main Campus Door Replacement project in the amount of \$552,455. Prior to year-end, BCCC received \$315,000 from the Commonwealth of Pennsylvania for this project and BCCC is required to pay the remaining portion.

14. SUBSEQUENT EVENTS

In September 2012, the SPSBA and BCCC issued Series A and B Bonds in the amount of \$4,610,000 and \$4,165,000, respectively. The Series A Bonds were issued

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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to (1) refund, on a current basis, BCCC's outstanding College Revenue Bonds, Series A of 2008; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series A Bonds. The Series B Bonds were issued to (1) refund, on a current basis, BCCC's outstanding College Revenue Bonds, Series B of 2008; (2) provide funds for various capital expenditures of BCCC; and (3) pay certain costs of issuing the Series B Bonds. The interest rates on the Series A and B Bonds range from 1.00% to 3.00% with the bonds maturing from 2013 until 2024.

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 criteria specified in the Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* is used to determine the scope of the Authority's entity for financial reporting purposes. 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 all bonded debt is guaranteed by 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.

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

Bad Debts

The Authority uses the direct write-off method of accounting for bad debts, which recognizes the expense in the period in which the accounts are determined to be uncollectible. No reserve for doubtful accounts is included in accounts receivable at December 31, 2012, as such amounts are immaterial.

Capital Assets

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

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

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 Authority has adopted GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The Statement codifies into the GASB standards guidance located in FASB and AICPA pronouncements.

The Authority has adopted GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This Statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. The primary impact of this Statement on the Authority's 2012 financial statements related to reporting the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources as net "position," rather than net "assets." As of December 31, 2012, the Authority had no items that qualified for reporting in the deferred inflow of resources or deferred outflow of resources categories.

Pending Pronouncements

GASB has issued Statement No. 61, "*The Financial Reporting Entity,*" effective for periods beginning after June 15, 2012 (the Authority's December 31, 2013 financial statements). The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB has issued Statement No. 65, "*Items Previously Reporting as Assets and Liabilities,*" effective for periods beginning after December 15, 2012 (the Authority's December 31, 2013 financial statements). This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items

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currently being reported as assets and liabilities as outflows of resources and inflows of resources.

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

3. DEPOSITS

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

GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk.

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, 2012, \$1,040,237 of the Authority's bank balance of \$1,599,066 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$1,596,961 as of December 31, 2012, which are reported as cash and cash equivalents in the statement of net position.

4. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2012 consist of government grants receivable of \$275,114 and \$35,866 of accounts receivable for operating revenues.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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5. LAND, BUILDINGS, AND EQUIPMENT

A summary of changes in fixed assets is as follows for 2012:

	December 31, 2011	Increase	Decrease	December 31, 2012
Capital assets, not being depreciated:				
Land, not depreciated	\$ 1,275,901	\$ -	\$ -	\$ 1,275,901
Construction in progress	172,277	375,139	-	547,416
Total capital assets, not be depreciated	<u>1,448,178</u>	<u>375,139</u>	<u>-</u>	<u>1,823,317</u>
Capital assets, being depreciated:				
Equipment	420,688	-	-	420,688
Buildings	3,321,932	-	-	3,321,932
Runway and taxiway	14,049,410	-	-	14,049,410
Land improvements	638,271	-	-	638,271
Total capital assets, being depreciated	<u>18,430,301</u>	<u>-</u>	<u>-</u>	<u>18,430,301</u>
Accumulated depreciation	<u>(7,592,516)</u>	<u>(657,907)</u>	<u>-</u>	<u>(8,250,423)</u>
Total capital assets being depreciated, net	<u>10,837,785</u>	<u>(657,907)</u>	<u>-</u>	<u>10,179,878</u>
Total capital assets, net	<u>\$ 12,285,963</u>	<u>\$ (282,768)</u>	<u>\$ -</u>	<u>\$ 12,003,195</u>

Construction in progress as of December 31, 2012 represents capitalized costs to the Airport Master Plan Project, C-5 Rehabilitation, Brownsdale Easement, administration building renovations, and new T-hangar. No depreciation has been charged to construction in progress.

6. DEBT

In October 2010, the Authority obtained a Pennsylvania Infrastructure Bank loan in the amount of \$500,000 to finance the construction of two steel 10-unit nested T-hangers. The loan has a stated interest rate of 1.625% with monthly principal and interest payments of \$4,517, and a maturity of 10 years beginning on October 18, 2010. During 2011, the Authority made an additional principal payment of \$71,284. As a result of the reduction, the loan is now payable through May 2019. The outstanding balance at December 31, 2012 was \$327,165. Interest paid during 2012 was \$6,892.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

The future annual payments required to amortize all debt outstanding as of December 31, 2012 are as follows:

	Principal	Interest	Total
2013	\$ 49,219	\$ 4,987	\$ 54,206
2014	50,012	4,194	54,206
2015	50,830	3,376	54,206
2016	51,661	2,545	54,206
2017	52,506	1,700	54,206
2018-2019	72,937	931	73,868
	<u>\$ 327,165</u>	<u>\$ 17,733</u>	<u>\$ 344,898</u>

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

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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

Restaurant Lease Agreement

On October 1, 2010, the Authority entered into an agreement with the Runway Restaurant Sports Bar & Grille, LLC (Restaurant) for the lease of the second floor of its terminal building. The terms of the lease are for a four-year period commencing on October 1, 2010 and ending on September 30, 2014. The annual rent began at \$500 per month, and will increase at a rate of \$500 per month each year.

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

2013	\$ 111,035
2014	108,163
2015	88,243
2016	88,243
2017	88,243
Thereafter	<u>131,920</u>
	<u><u>\$ 615,847</u></u>

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

8. OIL AND GAS LEASE AGREEMENT

The Authority entered into an agreement for the lease of land for oil and gas drilling. The terms of the lease are for a five-year period commencing on May 9, 2011 and ending May 9, 2016, and as long thereafter as oil or gas is produced. The lease called for an up-front payment of the full lease amount of \$1,068,856 and a one-time bonus of \$213,784 totaling \$1,282,640, which the Authority received during 2011. The amount recognized as revenue during 2012 was \$213,771, with \$641,314 reported as deferred revenue on the statement of net position. During the term of the lease, the Authority will receive royalties of 18% of the proceeds received for all gas produced, metered and sold.

COUNTY OF BUTLER, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 OR JUNE 30, 2012

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 2012. Contributions to the Plan during 2012 were \$3,233. Employees currently are not eligible to individually contribute to the Plan.

10. RISK MANAGEMENT

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

11. CONTINGENT LIABILITIES

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

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/2007	\$ 94,282,077	\$ 124,861,364	\$ (30,579,287)	75.51%	\$ 29,360,062	(104.15%)
1/1/2008	106,174,910	134,672,189	(28,497,279)	78.84%	29,936,923	(95.19%)
1/1/2009	102,163,256	145,148,259	(42,985,003)	70.39%	30,575,991	(140.58%)
1/1/2010	111,030,976	148,852,958	(37,821,982)	74.59%	31,576,155	(119.78%)
1/1/2011	120,338,204	160,325,187	(39,986,983)	75.06%	33,098,062	(120.81%)
1/1/2012	131,446,907	172,292,041	(40,845,134)	76.29%	34,891,445	(117.06%)

See accompanying note to supplemental schedules.

COUNTY OF BUTLER, PENNSYLVANIA

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

DECEMBER 31, 2012

Calendar Year	Annual Required Contributions	Percentage Contributed
2007	\$ 4,804,224	100%
2008	4,712,669	100%
2009	6,486,486	100%
2010	6,095,561	100%
2011	6,564,903	100%
2012	6,860,358	100%

See accompanying note to supplemental schedules.

COUNTY OF BUTLER, PENNSYLVANIA

NOTE TO SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2012

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

Actuarial valuation date	1/1/2012
Actuarial cost method	Entry Age Normal
Asset valuation method	Greater of Market Value and Actuarial Value
Amortization method	Level Percentage of Projected Payroll - Closed
Amortization period	9 years
Actuarial assumptions:	
Investment rate of return *	7.5%
Projected salary increases *	3.5%
Cost of living adjustments	100% change in C.P.I.

* Includes inflation at 3%.

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

Debt Service Fund

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

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

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2012

	Special Revenue										Shared Ride Transportation Funds
	Hotel Tax Fund	Marcellus Shale Fund	Act 13 Bridge Improvement Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels Fund	Council on Drug and Alcohol	Path Transitions Project Fund	Area Agency on Aging Program	Tobacco Fund	Independent Living Grant	
Assets											
Cash and cash equivalents	\$ 91,562	\$ 897,498	\$ -	\$ 1	\$ 455,175	\$ 3,433	\$ -	\$ 595,507	\$ -	\$ -	\$ -
Advances receivable	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	108,029	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	1,064	-	3,601	-	-	2,257
Due from other funds	-	-	-	52,506	-	58,960	290	21,033	-	8,095	79,430
Due from other governments	-	925,000	260,725	20,296	51,168	158,086	41,003	198,667	42,054	16,829	92,216
Prepays	-	-	-	-	-	1,120	-	7,278	-	-	-
Total Assets	\$ 199,591	\$ 1,822,498	\$ 260,725	\$ 72,803	\$ 506,343	\$ 222,663	\$ 41,293	\$ 826,086	\$ 42,054	\$ 24,924	\$ 173,903
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ 195,348	\$ -	\$ -	\$ 19,973	\$ 53,861	\$ 91,308	\$ 38,445	\$ 205,161	\$ 9,083	\$ 9,292	\$ 38,683
Accrued payroll and payroll taxes	-	-	-	12,814	-	19,348	-	53,595	-	-	-
Deferred revenue	-	925,000	-	-	-	47,181	-	3,941	-	-	57,123
Due to other funds	4,243	-	-	40,016	4,210	64,826	2,848	198,086	32,971	12,523	78,097
Due to other governments	-	-	-	-	-	-	-	71,534	-	3,109	-
Total Liabilities	199,591	925,000	-	72,803	58,071	222,663	41,293	532,317	42,054	24,924	173,903
Fund Balance:											
Nonspendable - prepaid items	-	-	-	-	-	1,120	-	7,278	-	-	-
Restricted for:											
Act 13	-	897,498	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	260,725	-	448,272	-	-	-	-	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	160,497	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Area Agency on Aging program	-	-	-	-	-	-	-	125,994	-	-	-
Conservation District	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(1,120)	-	-	-	-	-
Total Fund Balance	-	897,498	260,725	-	448,272	-	-	293,769	-	-	-
Total Liabilities and Fund Balance	\$ 199,591	\$ 1,822,498	\$ 260,725	\$ 72,803	\$ 506,343	\$ 222,663	\$ 41,293	\$ 826,086	\$ 42,054	\$ 24,924	\$ 173,903

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2012
(Continued)

	Special Revenue										
	Medical Assistance Transportation Grant	Community Services Block Grant	State Food Program	Homeless Assistance Program	Welfare to Work Transportation Grant	Project Hope Program	Senior Aide Program	Domestic Relations Operating Fund	Conservation District Fund	Dirt and Gravel Roads Fund	Grant Fund
Assets											
Cash and cash equivalents	\$ 449,555	\$ -	\$ 54,226	\$ -	\$ 428	\$ 4	\$ 600	\$ 503	\$ 341,369	\$ 100,624	\$ 9,318
Advances receivable	250,000	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	1,282	99	53	10,846
Due from other governments	385	145,093	5,267	-	9,636	38,702	27,456	511,395	7,707	-	30,150
Prepays	-	-	-	-	-	-	-	1,080	-	-	-
Total Assets	\$ 699,940	\$ 145,093	\$ 59,493	\$ -	\$ 10,064	\$ 38,706	\$ 28,056	\$ 514,260	\$ 349,175	\$ 100,677	\$ 50,314
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ 126,114	\$ 112,671	\$ 1,080	\$ -	\$ 9,637	\$ 36,332	\$ 6,951	\$ 7,223	\$ 8,140	\$ -	\$ 6
Accrued payroll and payroll taxes	-	-	-	-	-	-	7,057	58,647	7,512	-	1,770
Deferred revenue	549,699	2,318	40,005	-	427	27	2	-	116,422	100,677	4,910
Due to other funds	24,127	30,104	18,408	-	-	2,347	14,046	448,390	50,177	-	43,628
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 699,940	\$ 145,093	\$ 59,493	\$ -	\$ 10,064	\$ 38,706	\$ 28,056	\$ 514,260	\$ 182,251	\$ 100,677	\$ 50,314
Fund Balance:											
Nonspendable - prepaid items	-	-	-	-	-	-	-	1,080	-	-	-
Restricted for:											
Act 13	-	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-	-
Conservation District	-	-	-	-	-	-	-	-	166,924	-	-
Unassigned	-	-	-	-	-	-	-	(1,080)	-	-	-
Total Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,924	\$ -	\$ -
Total Liabilities and Fund Balance	\$ 699,940	\$ 145,093	\$ 59,493	\$ -	\$ 10,064	\$ 38,706	\$ 28,056	\$ 514,260	\$ 349,175	\$ 100,677	\$ 50,314

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(Continued)

	Special Revenue												HPRP Grant Fund	Emergency Shelter Reno Grant Fund	Recreation Fund
	Landfill Closure Fund	HAZMAT Emergency Response Fund	Waste Management Fund	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Central Booking Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund					
Assets															
Cash and cash equivalents	\$ 343,447	\$ 68,010	\$ 22	\$ 377,059	\$ 81,694	\$ 162,027	\$ 6,927	\$ 20,230	\$ 75,828	\$ 58,258	\$ 25	\$ 38,260	\$ 20,825		
Advances receivable	-	-	-	-	-	-	-	-	-	-	-	-	-		
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-		
Accounts receivable	-	1,673	29,289	-	-	-	-	-	-	-	-	-	-		
Due from other funds	-	41,804	-	-	-	-	-	-	-	-	-	-			323,255
Due from other governments	-	3,039	124,011	-	-	-	-	-	-	-	-	-	78,523		49,211
Prepays	-	9,805	-	-	30,945	-	-	-	-	-	-	-	-		-
Total Assets	\$ 343,447	\$ 124,331	\$ 153,322	\$ 377,059	\$ 112,639	\$ 162,027	\$ 6,927	\$ 20,230	\$ 75,828	\$ 58,258	\$ 25	\$ 116,783	\$ 393,291		
Liabilities and Fund Balance															
Liabilities:															
Accounts payable	\$ -	\$ 1,228	\$ (95)	\$ 10,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,260	\$ 44,193	
Accrued payroll and payroll taxes	-	1,986	-	-	-	1,735	-	-	-	-	-	-	-		5,677
Deferred revenue	312,837	115,158	-	-	-	-	-	-	-	-	-	-	25	2,350	78,965
Due to other funds	30,610	5,959	153,417	-	-	1,169	-	-	-	-	-	-	-	1,173	16,383
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	343,447	124,331	153,322	10,693	-	2,904	-	-	-	10,250	-	25	116,783	145,218	
Fund Balance:															
Nonspendable - prepaid items	-	9,805	-	-	30,945	-	-	-	-	-	-	-	-	-	-
Restricted for:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Act 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Records improvement/automation	-	-	-	366,366	81,694	-	-	20,230	75,828	48,008	-	-	-	-	-
Central booking/court restitution	-	-	-	-	-	159,123	6,927	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,073
Assigned:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Area Agency on Aging program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservation District	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(9,805)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	366,366	112,639	159,123	6,927	20,230	75,828	48,008	-	-	-	-	248,073
Total Liabilities and Fund Balance	\$ 343,447	\$ 124,331	\$ 153,322	\$ 377,059	\$ 112,639	\$ 162,027	\$ 6,927	\$ 20,230	\$ 75,828	\$ 58,258	\$ 25	\$ 116,783	\$ 393,291		

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(Continued)

	Special Revenue				Capital Projects					Debt Service		Total Other Governmental Funds
	General Fund	Total Special Revenue	Capital Reserve Fund	HOME Grant Fund	Communities Development Block Grant Fund	Affordable Housing Program Fund	Shared Ride Capital Grant	16-B Capital Grant	Total Capital Projects	Sinking Fund		
Assets												
Cash and cash equivalents	\$ -	\$ 4,252,415	\$ -	\$ 1,860	\$ 4,975	\$ 1,390,248	\$ 6,055	\$ 149	\$ 1,403,287	\$ -	\$ -	\$ 5,655,702
Advances receivable		250,000										250,000
Taxes receivable		108,029										108,029
Accounts receivable	19,419	57,303	72,383			240,158			312,541			369,844
Due from other funds	12,779	610,432	141,291						141,291			751,723
Due from other governments	143,742	2,980,361	-	80,703	103,854		3,934		188,491			3,168,852
Prepays		50,228										50,228
Total Assets	\$ 175,940	\$ 8,308,768	\$ 213,674	\$ 82,563	\$ 108,829	\$ 1,630,406	\$ 9,989	\$ 149	\$ 2,045,610	\$ -	\$ -	\$ 10,354,378
Liabilities and Fund Balance												
Liabilities:												
Accounts payable	\$ 19,245	\$ 1,168,082	\$ 79,645	\$ 80,703	\$ 81,844	\$ 11,207	\$ 3,934	\$ -	\$ 257,333	\$ -	\$ -	\$ 1,425,415
Accrued payroll and payroll taxes	8,326	178,467	1,957	-	-	-	-		1,957			180,424
Deferred revenue	29,426	2,386,493	-	1,860	2,859	1,609,988	6,055	149	1,620,911			4,007,404
Due to other funds	118,943	1,396,701	12,036	-	24,126	9,211	-		45,373			1,442,074
Due to other governments	-	74,643	-	-	-	-	-		-			74,643
Total Liabilities	\$ 175,940	5,204,386	93,638	82,563	108,829	\$ 1,630,406	\$ 9,989	\$ 149	\$ 1,925,574	\$ -	\$ -	\$ 7,129,960
Fund Balance:												
Nonspendable - prepaid items	-	50,228	-	-	-	-	-	-	-	-	-	50,228
Restricted for:												
Act 13	-	897,498	-	-	-	-	-	-	-	-	-	897,498
Roads and bridges	-	708,997	-	-	-	-	-	-	-	-	-	708,997
Records improvement/automation	-	592,126	-	-	-	-	-	-	-	-	-	592,126
Central booking/court restitution	-	166,050	-	-	-	-	-	-	-	-	-	166,050
Area Agency on Aging program	-	160,497	-	-	-	-	-	-	-	-	-	160,497
Capital purchases	-	248,073	120,036	-	-	-	-	-	120,036	-	-	368,109
Assigned:												
Area Agency on Aging program	-	125,994	-	-	-	-	-	-	-	-	-	125,994
Conservation District	-	166,924	-	-	-	-	-	-	-	-	-	166,924
Unassigned	-	(12,005)	-	-	-	-	-	-	-	-	-	(12,005)
Total Fund Balance	-	3,104,382	120,036	-	-	-	-	-	120,036	\$ -	\$ -	\$ 3,224,418
Total Liabilities and Fund Balance	\$ 175,940	\$ 8,308,768	\$ 213,674	\$ 82,563	\$ 108,829	\$ 1,630,406	\$ 9,989	\$ 149	\$ 2,045,610	\$ -	\$ -	\$ 10,354,378

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue										
	Hotel Tax Fund	Marcellus Shale Fund	Act 13 Bridge Improvement Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels Fund	Council on Drug and Alcohol	Path Transitions Project Fund	Area Agency on Aging Program	Tobacco Fund	Independent Living Grant	Shared Ride Transportation Funds
Revenues:											
Taxes	\$ 1,259,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	897,340	260,725	463,276	314,193	1,225,762	233,417	3,653,381	125,387	130,428	519,892
Charges for services	-	-	-	-	-	31,867	-	229,902	-	-	7,398
Interest	-	158	-	2	36	10	-	820	-	-	-
Other	-	-	-	1,129	-	37,299	-	236,171	-	-	-
Total revenues	1,259,592	897,498	260,725	464,407	314,229	1,294,938	233,417	4,120,274	125,387	130,428	527,290
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	520,046	4,196	-	-	-	-	-	-
Human services	-	-	-	-	-	1,955,118	233,417	4,244,742	125,387	143,226	607,531
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	1,233,509	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	39,902	227,035	-	-	-	-	-	-
Total expenditures	1,233,509	-	-	559,948	231,231	1,955,118	233,417	4,244,742	125,387	143,226	607,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,083	897,498	260,725	(95,541)	82,998	(660,180)	-	(124,468)	-	(12,798)	(80,241)
Other Financing Sources (Uses):											
Sale of capital assets	-	-	-	2,609	-	-	-	-	-	-	-
Transfers in	-	-	-	92,932	4,196	660,180	-	125,994	-	12,798	80,241
Transfers out	(26,083)	-	-	-	-	-	-	(1,099)	-	-	-
Total other financing sources (uses)	(26,083)	-	-	95,541	4,196	660,180	-	124,895	-	12,798	80,241
Net Change in Fund Balance	-	897,498	260,725	-	87,194	-	-	427	-	-	-
Fund Balance:											
Beginning of year	-	-	-	-	361,078	-	-	293,342	-	-	-
End of year	\$ -	\$ 897,498	\$ 260,725	\$ -	\$ 448,272	\$ -	\$ -	\$ 293,769	\$ -	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Continued)

	Special Revenue										
	Medical Assistance Transportation Grant	Community Services Block Grant	State Food Program	Homeless Assistance Program	Welfare to Work Transportation Grant	Project Hope Program	Senior Aide Program	Domestic Relations Operating Fund	Conservation District Fund	Dirt and Gravel Roads Fund	
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,931,177	352,926	203,715	80,815	15,724	167,244	187,009	1,473,811	65,481	80,947	43,571
Charges for services	-	-	-	-	-	-	-	50,948	228,779	-	-
Interest	-	-	-	23	-	-	-	-	-	-	-
Other	-	-	9,011	-	-	-	-	1,944	6,576	-	-
Total revenues	1,931,177	352,926	212,726	80,838	15,724	167,244	187,009	1,526,703	300,836	80,947	43,571
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	2,280,776	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	-
Human services	1,931,177	352,926	212,726	80,838	15,724	167,244	187,009	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	339,215	80,947	57,447	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,931,177	352,926	212,726	80,838	15,724	167,244	187,009	2,280,776	339,215	80,947	57,447
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	(754,073)	(38,379)	-	(13,876)
Other Financing Sources (Uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	754,073	150,000	-	13,876
Transfers out	-	-	-	-	-	-	-	-	(10,801)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	754,073	139,199	-	13,876
Net Change in Fund Balance	-	-	-	-	-	-	-	-	100,820	-	-
Fund Balance:											
Beginning of year	-	-	-	-	-	-	-	-	66,104	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,924	\$ -	\$ -

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Continued)

Special Revenue													
	Landfill Closure Fund	HAZMAT Emergency Response	Waste Management Fund	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Central Booking Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	HPRP Grant Fund	Emergency Shelter Reno Grant Fund	Recreation Fund
Revenues:													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental		42,153	111,713								44,463	114,433	194,319
Charges for services	30,756	60,908	380,191	75,004	112,506	135,346	6,497	11,799	11,925	26,382	-	-	395,732
Interest	-	-	732	1,521	10	-	-	-	-	-	-	-	-
Other	-	44	-	-	-	-	-	-	-	-	-	-	45,000
Total revenues	30,756	103,105	492,636	76,525	112,516	135,346	6,497	11,799	11,925	26,382	44,463	114,433	635,051
Expenditures:													
General government - administration	-	-	-	108,744	56,669	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	125,830	11,306	-	9,655	17,227	-	-	-
Public safety	-	144,859	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	-	44,463	1,173	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	368,719
Conservation and development	146	-	113,051	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	113,260	341,371
Total expenditures	146	144,859	113,051	108,744	56,669	125,830	11,306	-	9,655	17,227	44,463	114,433	710,090
Excess (Deficiency) of Revenues Over (Under) Expenditures													
	30,610	(41,754)	379,585	(32,219)	55,847	9,516	(4,809)	11,799	2,270	9,155	-	-	(75,039)
Other Financing Sources (Uses):													
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	41,754	-	-	2,106	-	-	-	-	-	-	-	323,112
Transfers out	(30,610)	-	(379,585)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(30,610)	41,754	(379,585)	-	2,106	-	-	-	-	-	-	-	323,112
Net Change in Fund Balance													
Beginning of year	-	-	-	(32,219)	57,953	9,516	(4,809)	11,799	2,270	9,155	-	-	248,073
End of year	\$ -	\$ -	\$ -	\$ 398,585	\$ 54,686	\$ 149,607	\$ 11,736	\$ 8,431	\$ 73,558	\$ 38,853	\$ -	\$ -	\$ 248,073

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Continued)

	Special Revenue		Capital Projects						Debt Service		Total Other Governmental Funds
	General Fund Grant Fund	Total Special Revenue	Capital Reserve Fund	HOME Grant Fund	Communities Development Block Grant Fund	Affordable Housing Program Fund	Shared Ride Capital Grant	16-B Capital Grant	Total Capital Projects	Sinking Fund	
Revenues:											
Taxes	\$ -	\$ 1,259,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,259,592
Intergovernmental	696,346	13,629,648	117,397	113,394	627,623	-	89,934	130,205	1,078,553	-	14,708,201
Charges for services	33,295	1,829,235	-	-	-	56,461	-	-	56,461	-	1,885,696
Interest	-	3,312	-	-	-	4,943	-	-	4,943	-	8,255
Other	36,457	373,631	58,739	-	-	-	-	-	58,739	-	432,370
Total revenues	766,098	17,095,418	176,136	113,394	627,623	61,404	89,934	130,205	1,198,696	-	18,294,114
Expenditures:											
General government - administration	-	165,413	-	-	-	-	-	-	-	-	165,413
General government - judicial	305,722	2,750,516	-	-	-	-	-	-	-	-	2,750,516
Public safety	204,698	349,557	-	-	-	-	-	-	-	-	349,557
Public works and enterprises	-	524,242	-	-	34,805	-	-	-	34,805	-	559,047
Human services	60,993	10,363,694	-	-	-	-	-	-	-	-	10,363,694
Culture and recreation	-	368,719	-	-	-	-	-	-	-	-	368,719
Conservation and development	-	1,824,315	-	12,600	86,452	20,825	-	-	119,877	-	1,944,192
Debt service	-	-	2,457	-	-	-	-	-	2,457	-	2,457
Capital projects	-	721,568	727,334	100,794	506,366	31,368	89,949	130,205	1,586,016	-	2,307,584
Total expenditures	571,413	17,068,024	729,791	113,394	627,623	52,193	89,949	130,205	1,743,155	-	18,811,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	194,685	27,394	(553,655)	-	-	9,211	(15)	-	(544,459)	-	(517,065)
Other Financing Sources (Uses):											
Sale of capital assets	-	2,609	4,600	-	-	-	15	-	4,615	-	7,224
Transfers in	35,228	2,296,490	659,110	-	-	-	-	-	659,110	-	2,955,600
Transfers out	(229,913)	(678,091)	(6,280)	-	-	(9,211)	-	-	(15,491)	-	(693,582)
Total other financing sources (uses)	(194,685)	1,621,008	657,430	-	-	(9,211)	15	-	648,234	-	2,269,242
Net Change in Fund Balance	-	1,648,402	103,775	-	-	-	-	-	103,775	-	1,752,177
Fund Balance:											
Beginning of year	-	1,455,980	16,261	-	-	-	-	-	16,261	-	1,472,241
End of year	\$ -	\$ 3,104,382	\$ 120,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,036	\$ -	\$ 3,224,418

(Concluded)

AGENCY FUNDS

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

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING BALANCE SHEET

ALL AGENCY FUNDS

DECEMBER 31, 2012

	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	\$ 185,429	\$ 2,263	\$ 265,734	\$ 145,635	\$ 236,452	\$ 1,053,544	\$ 465,671	\$ 171,010	\$ 456,249	\$ 2,981,987
Total Assets	\$ 185,429	\$ 2,263	\$ 265,734	\$ 145,635	\$ 236,452	\$ 1,053,544	\$ 465,671	\$ 171,010	\$ 456,249	\$ 2,981,987
Liabilities										
Due to other governments	\$ 56,311	\$ 2,263	\$ 4,751	\$ 57,322	\$ 64,155	\$ 1,005,540	\$ 12,955	\$ -	\$ -	\$ 1,203,297
Due to others/unreconciled amounts	-	-	-	-	-	-	452,716	-	-	452,716
Escrow liability	129,118	-	260,983	88,313	172,297	48,004	-	171,010	456,249	1,325,974
Total Liabilities	\$ 185,429	\$ 2,263	\$ 265,734	\$ 145,635	\$ 236,452	\$ 1,053,544	\$ 465,671	\$ 171,010	\$ 456,249	\$ 2,981,987

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Treasurer's Office				
Assets				
Cash and cash equivalents	<u>\$ 300,617</u>	<u>\$ 694,825</u>	<u>\$ 810,013</u>	<u>\$ 185,429</u>
Liabilities				
Due to other governments	<u>\$ 100,216</u>	<u>\$ 495,614</u>	<u>\$ 539,519</u>	<u>\$ 56,311</u>
Escrow liability	<u>200,401</u>	<u>199,211</u>	<u>270,494</u>	<u>129,118</u>
Total Liabilities	<u>\$ 300,617</u>	<u>\$ 694,825</u>	<u>\$ 810,013</u>	<u>\$ 185,429</u>
Register of Wills				
Assets				
Cash and cash equivalents	<u>\$ 2,189</u>	<u>\$ 37,308</u>	<u>\$ 37,234</u>	<u>\$ 2,263</u>
Liabilities				
Due to other governments	<u>\$ 2,189</u>	<u>\$ 37,308</u>	<u>\$ 37,234</u>	<u>\$ 2,263</u>

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Continued)

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Prothonotary				
Assets				
Cash and cash equivalents	\$ 241,413	\$ 518,988	\$ 494,667	\$ 265,734
Liabilities				
Due to other governments	\$ 5,389	\$ 82,531	\$ 83,169	\$ 4,751
Escrow liability	<u>236,024</u>	<u>436,457</u>	<u>411,498</u>	<u>260,983</u>
Total Liabilities	\$ 241,413	\$ 518,988	\$ 494,667	\$ 265,734
District Justice Courts				
Assets				
Cash and cash equivalents	\$ 153,038	\$ 3,169,799	\$ 3,177,202	\$ 145,635
Liabilities				
Due to other governments	\$ 54,660	\$ 2,758,430	\$ 2,755,768	\$ 57,322
Escrow liability	<u>98,378</u>	<u>411,369</u>	<u>421,434</u>	<u>88,313</u>
Total Liabilities	\$ 153,038	\$ 3,169,799	\$ 3,177,202	\$ 145,635
Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 259,355	\$ 1,979,894	\$ 2,002,797	\$ 236,452
Liabilities				
Due to other governments	\$ 81,129	\$ 1,033,712	\$ 1,050,686	\$ 64,155
Escrow liability	<u>178,226</u>	<u>946,182</u>	<u>952,111</u>	<u>172,297</u>
Total Liabilities	\$ 259,355	\$ 1,979,894	\$ 2,002,797	\$ 236,452

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Continued)

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Recorder of Deeds				
Assets				
Cash and cash equivalents	<u>\$ 555,235</u>	<u>\$ 8,776,717</u>	<u>\$ 8,278,408</u>	<u>\$ 1,053,544</u>
Liabilities				
Due to other governments	\$ 513,083	\$ 8,347,166	\$ 7,854,709	\$ 1,005,540
Escrow liability	<u>42,152</u>	<u>429,551</u>	<u>423,699</u>	<u>48,004</u>
Total Liabilities	<u>\$ 555,235</u>	<u>\$ 8,776,717</u>	<u>\$ 8,278,408</u>	<u>\$ 1,053,544</u>
Sheriff				
Assets				
Cash and cash equivalents	<u>\$ 948,935</u>	<u>\$ 1,157,260</u>	<u>\$ 1,640,524</u>	<u>\$ 465,671</u>
Liabilities				
Due to other governments	\$ 13,611	\$ 47,817	\$ 48,473	\$ 12,955
Due to others/unreconciled amounts	<u>935,324</u>	<u>1,109,443</u>	<u>1,592,051</u>	<u>452,716</u>
Total Liabilities	<u>\$ 948,935</u>	<u>\$ 1,157,260</u>	<u>\$ 1,640,524</u>	<u>\$ 465,671</u>
Domestic Relations				
Assets				
Cash and cash equivalents	<u>\$ 198,356</u>	<u>\$ 424,082</u>	<u>\$ 451,428</u>	<u>\$ 171,010</u>
Liabilities				
Escrow liability	<u>\$ 198,356</u>	<u>\$ 424,082</u>	<u>\$ 451,428</u>	<u>\$ 171,010</u>
Prison Commissary				
Assets				
Cash and cash equivalents	<u>\$ 331,024</u>	<u>\$ 943,784</u>	<u>\$ 818,559</u>	<u>\$ 456,249</u>
Liabilities				
Escrow liability	<u>\$ 331,024</u>	<u>\$ 943,784</u>	<u>\$ 818,559</u>	<u>\$ 456,249</u>

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Total all Agency Funds				
Assets				
<hr/>				
Cash and cash equivalents	<u>\$ 2,990,162</u>	<u>\$ 17,702,657</u>	<u>\$ 17,710,832</u>	<u>\$ 2,981,987</u>
Liabilities				
Due to other governments	\$ 770,277	\$ 12,802,578	\$ 12,369,558	\$ 1,203,297
Due to others/unreconciled amounts	935,324	1,109,443	1,592,051	452,716
Escrow liability	<u>1,284,561</u>	<u>3,790,636</u>	<u>3,749,223</u>	<u>1,325,974</u>
Total Liabilities	<u>\$ 2,990,162</u>	<u>\$ 17,702,657</u>	<u>\$ 17,710,832</u>	<u>\$ 2,981,987</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.

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<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	VI - 1
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	VI - 7
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	VI - 16
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	VI - 22
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	VI - 24
<u>Miscellaneous Statistics</u> These schedules contain a list of vendors receiving over \$250,000, miscellaneous geographic and historical information, historical population and county maps.	VI - 30

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

COUNTY OF BUTLER, PENNSYLVANIA

NET POSITION BY COMPONENT - LAST TEN YEARS

(Accrual basis of accounting)

(Unaudited)

	Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Net investment in capital assets	\$ 23,599,674	\$ 23,913,294	\$ 22,906,434	\$ 19,903,350	\$ 20,552,185	\$ 17,872,091	\$ 8,246,137	\$ 6,218,750	\$ 3,751,092	\$ 1,742,187
Restricted	5,051,507	2,750,339	1,122,420	1,544,172	-	-	-	-	-	1,481,945
Unrestricted	10,608,198	12,877,634	15,856,395	14,719,099	13,569,202	12,547,834	14,634,988	15,506,489	16,888,758	15,640,874
Total governmental activities net position	<u>\$ 39,259,379</u>	<u>\$ 39,541,267</u>	<u>\$ 39,885,249</u>	<u>\$ 36,166,621</u>	<u>\$ 34,121,387</u>	<u>\$ 30,419,925</u>	<u>\$ 22,881,125</u>	<u>\$ 21,725,239</u>	<u>\$ 20,639,850</u>	<u>\$ 18,865,006</u>
Business-type activities:										
Net investment in capital assets	\$ 6,409,688	\$ 6,884,377	\$ 7,188,717	\$ 7,262,937	\$ 7,557,840	\$ 6,545,017	\$ 3,288,059	\$ 374,570	\$ 1,076,705	\$ 919,589
Restricted	916,288	878,330	968,288	1,100,703	-	-	-	-	-	-
Unrestricted	(270,331)	(338,882)	(408,454)	(283,442)	1,012,451	1,086,844	893,186	1,170,094	(76,705)	81,289
Total business-type activities net position	<u>\$ 7,055,645</u>	<u>\$ 7,423,825</u>	<u>\$ 7,748,551</u>	<u>\$ 8,080,198</u>	<u>\$ 8,570,291</u>	<u>\$ 7,631,861</u>	<u>\$ 4,181,245</u>	<u>\$ 1,544,664</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,878</u>
Primary government:										
Net investment in capital assets	\$ 30,009,362	\$ 30,797,671	\$ 30,095,151	\$ 27,166,287	\$ 28,110,025	\$ 24,417,108	\$ 11,534,196	\$ 6,593,320	\$ 4,827,797	\$ 2,661,776
Restricted	5,967,795	3,628,669	2,090,708	2,644,875	-	-	-	-	-	1,481,945
Unrestricted	10,337,867	12,538,752	15,447,941	14,435,657	14,581,653	13,634,678	15,528,174	16,676,583	16,812,053	15,722,163
Total primary government net position	<u>\$ 46,315,024</u>	<u>\$ 46,965,092</u>	<u>\$ 47,633,800</u>	<u>\$ 44,246,819</u>	<u>\$ 42,691,678</u>	<u>\$ 38,051,786</u>	<u>\$ 27,062,370</u>	<u>\$ 23,269,903</u>	<u>\$ 21,639,850</u>	<u>\$ 19,865,884</u>

COUNTY OF BUTLER, PENNSYLVANIA

CHANGES IN NET POSITION - LAST TEN YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government - administration	\$ 10,998,572	\$ 10,722,578	\$ 11,108,263	\$ 9,788,320	\$ 10,150,095	\$ 9,431,972	\$ 9,570,928	\$ 8,428,972	\$ 8,864,607	\$ 9,076,409
General government - judicial	14,675,698	14,286,291	13,792,135	13,232,171	12,952,026	12,135,032	11,972,550	10,350,385	9,320,467	9,623,538
Public safety	15,280,500	14,529,189	13,771,241	13,447,206	10,771,217	11,354,240	10,258,214	9,040,857	9,157,098	8,381,168
Public works and enterprises	1,706,037	1,671,912	1,709,646	1,522,381	1,333,339	2,287,600	1,953,986	1,528,915	1,307,271	1,381,809
Human services	70,340,797	71,619,452	70,739,280	73,338,982	76,291,713	71,907,923	69,661,248	64,549,767	60,217,953	56,595,178
Culture and recreation	1,495,817	1,204,152	1,191,478	1,230,785	1,172,551	1,219,942	1,285,463	1,036,720	866,539	905,041
Conservation and development	3,029,481	2,618,891	2,395,196	2,357,970	3,207,103	2,505,202	2,585,833	2,366,187	3,409,269	2,416,236
Interest, premiums, and discounts	2,286,154	2,395,659	2,540,990	2,730,254	2,921,467	2,933,652	2,786,843	2,847,114	2,416,915	1,805,912
Total governmental activities expenses	119,813,056	119,048,124	117,248,229	117,648,069	118,799,511	113,775,563	110,075,065	100,148,917	95,560,119	90,185,291
Business-type activities:										
Healthcare services	19,337,991	19,160,115	19,216,562	19,255,723	18,338,855	17,349,436	16,634,111	15,796,147	15,158,812	14,907,713
Emergency communications	2,961,617	2,943,513	2,807,231	2,758,190	2,698,741	2,616,421	2,457,547	2,380,727	2,245,345	1,545,356
Total business-type activities expenses	22,299,608	22,103,628	22,023,793	22,013,913	21,037,596	19,965,857	19,091,658	18,176,874	17,404,157	16,453,069
Total primary government expenses	\$142,112,664	\$141,151,752	\$139,272,022	\$139,661,982	\$139,837,107	\$133,741,420	\$129,166,723	\$118,325,791	\$112,964,276	\$106,638,360
Program Revenues:										
Governmental activities:										
Charges for services:										
General government - administration	\$ 2,694,515	\$ 2,466,045	\$ 2,398,778	\$ 2,321,407	\$ 2,227,674	\$ 2,479,217	\$ 2,357,857	\$ 2,491,710	\$ 2,284,137	\$ 2,851,533
General government - judicial	3,455,255	3,284,336	4,377,350	3,886,069	4,462,094	3,869,381	4,468,499	3,087,800	3,088,152	2,713,497
Public safety	1,988,196	1,290,786	1,147,825	616,346	778,879	672,265	679,512	505,383	367,271	323,611
Human services	798,755	880,404	844,195	981,785	977,349	1,014,690	980,389	1,057,275	912,155	1,101,009
Culture and recreation	598,583	293,984	272,882	219,503	243,264	247,633	210,544	229,223	195,932	196,420
Conservation and development	708,076	290,125	219,626	291,048	709,854	264,155	215,975	297,715	739,586	957,036
Operating grants and contributions	65,305,946	66,053,392	64,498,232	68,740,013	70,535,956	66,515,249	63,337,337	57,302,453	55,065,414	51,549,660
Capital grants and contributions	2,150,141	2,597,010	2,491,940	2,020,299	2,181,416	2,031,345	3,627,461	2,832,680	4,623,973	2,375,512
Total governmental activities program revenues	77,699,467	77,156,082	76,250,828	79,076,470	82,116,486	77,093,935	75,877,574	67,804,239	67,276,620	62,068,278
Business-type activities:										
Healthcare services	18,113,511	18,371,188	19,045,208	18,336,806	17,832,911	19,469,134	18,187,661	15,503,378	14,353,557	13,247,493
Emergency communications	2,004,218	2,238,568	2,227,432	1,927,388	1,793,365	1,736,185	1,918,474	1,923,665	1,431,391	1,490,498
Total business-type activities revenues	20,117,729	20,609,756	21,272,640	20,264,194	19,626,276	21,205,319	20,106,135	17,427,043	15,784,948	14,737,991
Total primary government revenues	\$ 97,817,196	\$ 97,765,838	\$ 97,523,468	\$ 99,340,664	\$ 101,742,762	\$ 98,299,254	\$ 95,983,709	\$ 85,231,282	\$ 83,061,568	\$ 76,806,269
Net (Expenses)/Revenues:										
Governmental activities	\$ (42,113,589)	\$ (41,892,042)	\$ (40,997,401)	\$ (38,571,599)	\$ (36,683,025)	\$ (36,681,628)	\$ (34,197,491)	\$ (32,344,678)	\$ (28,283,499)	\$ (28,117,013)
Business-type activities	(2,181,879)	(1,493,872)	(751,153)	(1,749,719)	(1,411,320)	1,239,462	1,014,477	(749,831)	(1,619,209)	(1,715,078)
Total primary government net (expenses) revenues	\$ (44,295,468)	\$ (43,385,914)	\$ (41,748,554)	\$ (40,321,318)	\$ (38,094,345)	\$ (35,442,166)	\$ (33,183,014)	\$ (33,094,509)	\$ (29,902,708)	\$ (29,832,091)
General Revenues and other Changes in Net Position:										
Governmental activities:										
Real estate taxes	\$ 39,375,548	\$ 38,828,772	\$ 38,250,524	\$ 37,739,278	\$ 35,623,077	\$ 31,875,883	\$ 31,275,498	\$ 30,530,941	\$ 26,681,111	\$ 25,795,059
Hotel tax	1,259,592	1,062,312	958,332	837,505	899,444	834,392	776,761	685,624	663,435	534,868
Interest and investment income	99,018	163,821	255,534	382,023	1,490,566	2,402,654	3,002,264	1,788,055	1,075,811	755,863
Other income	2,910,391	2,660,106	3,058,032	2,904,651	4,464,064	2,474,697	2,514,595	1,662,458	3,211,483	2,467,497
Transfers	(1,812,848)	(1,166,951)	(413,465)	(1,246,624)	(2,092,664)	(2,189,063)	(1,564,289)	(1,237,011)	(1,573,497)	(1,701,867)
Total governmental activities	41,831,701	41,548,060	42,558,957	40,616,833	40,384,487	35,398,563	36,004,829	33,430,067	30,058,343	27,851,420
Business-type activities:										
Interest and investment income	851	2,195	6,041	13,002	257,086	22,091	57,815	57,484	44,834	6,210
Other income	-	-	-	-	-	-	-	-	-	5,060
Transfers	1,812,848	1,166,951	413,465	1,246,624	2,092,664	2,189,063	1,564,289	1,237,011	1,573,497	1,701,867
Total business-type activities	1,813,699	1,169,146	419,506	1,259,626	2,349,750	2,211,154	1,622,104	1,294,495	1,618,331	1,713,137
Total primary government	\$ 43,645,400	\$ 42,717,206	\$ 42,978,463	\$ 41,876,459	\$ 42,734,237	\$ 37,609,717	\$ 37,626,933	\$ 34,724,562	\$ 31,676,674	\$ 29,564,557
Change in Net Position:										
Governmental activities	\$ (281,888)	\$ (343,982)	\$ 1,561,556	\$ 2,045,234	\$ 3,701,462	\$ (1,283,065)	\$ 1,807,338	\$ 1,085,389	\$ 1,774,844	\$ (265,593)
Business-type activities	(368,180)	(324,726)	(331,647)	(490,093)	938,430	3,450,616	2,636,581	544,664	(878)	(1,941)
Total primary government change in net position	\$ (650,068)	\$ (668,708)	\$ 1,229,909	\$ 1,555,141	\$ 4,639,892	\$ 2,167,551	\$ 4,443,919	\$ 1,630,053	\$ 1,773,966	\$ (267,534)

COUNTY OF BUTLER, PENNSYLVANIA

FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2012 (1)	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Nonspendable	\$ 285,458	\$ 580,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,233,230	1,456,636	- -	- -	- -	- -	- -	- -	- -	- -
Committed	726,339	743,638	- -	- -	- -	- -	- -	- -	- -	- -
Assigned	6,492,677	8,181,467	- -	- -	- -	- -	- -	- -	- -	- -
Unassigned	- 708,364	- -	- -	- -	- -	- -	- -	- -	- -	- -
Reserved	- -	1,309,634	1,272,799	1,590,766	1,573,459	1,492,505	1,332,732	1,559,244	3,559,945	
Unreserved:										
Designated	- -	7,486,591	7,063,656	4,923,942	6,367,321	7,046,617	8,585,001	2,175,473	280,388	
Undesignated	- -	2,751,493	1,592,807	775,322	(578,009)	1,617,087	1,147,329	7,508,893	9,482,290	
Total General Fund	\$ 8,737,704	\$ 11,671,021	\$ 11,547,718	\$ 9,929,262	\$ 7,290,030	\$ 7,362,771	\$ 10,156,209	\$ 11,065,062	\$ 11,243,610	\$ 13,322,623
All Other Governmental Funds:										
Nonspendable	\$ 51,508	\$ 24,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,893,277	1,293,703	- -	- -	- -	- -	- -	- -	- -	- -
Committed	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Assigned	292,918	166,463	- -	- -	- -	- -	- -	- -	- -	- -
Unassigned	(13,285)	(12,196)	- -	- -	- -	- -	- -	- -	- -	- -
Reserved	- -	7,289	628,621	4,995,690	8,448,566	26,113,466	32,948,366	38,982,535	41,071,365	
Unreserved:										
Designated:										
Special Revenue Funds	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Capital Project Funds	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Undesignated:										
Special Revenue Funds	- -	- -	2,679,370	1,796,417	2,023,929	1,902,625	1,740,087	1,426,196	2,590,847	2,537,358
Capital Project Funds	- -	- -	156,014	592,947	568,263	331,622	336,462	278,407	662,257	1,094,523
Total all Other Governmental Funds	\$ 3,224,418	\$ 1,472,241	\$ 2,842,673	\$ 3,017,985	\$ 7,587,882	\$ 10,682,813	\$ 28,190,015	\$ 34,652,969	\$ 42,235,639	\$ 44,703,246

(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Taxes	\$ 40,566,799	\$ 39,952,764	\$ 39,315,897	\$ 38,309,296	\$ 36,168,622	\$ 32,597,320	\$ 31,947,356	\$ 30,967,970	\$ 27,017,394	\$ 26,187,117
Intergovernmental	66,531,089	68,650,401	66,990,169	70,760,310	72,717,368	68,546,593	66,964,792	60,135,133	59,689,387	53,925,172
Charges for services	8,935,969	7,322,284	8,050,587	7,092,574	7,580,391	6,820,189	7,025,913	6,555,525	6,579,364	6,742,531
Fines and forfeits	1,129,708	1,229,275	1,287,501	1,207,144	1,457,985	1,387,881	1,347,582	983,256	614,011	930,481
Interest	99,018	163,821	255,534	382,023	1,490,566	2,402,654	3,002,263	1,788,055	1,075,811	755,863
Other	2,903,167	2,650,298	3,366,705	2,524,259	2,392,325	2,469,704	2,513,831	2,626,065	3,009,084	2,502,020
Total revenues	120,165,750	119,968,843	119,266,393	120,275,606	121,807,257	114,224,341	112,801,737	103,056,004	97,985,051	91,043,184
Expenditures:										
General government - administration	9,765,746	9,628,864	9,577,124	9,185,444	8,945,812	8,345,064	8,187,018	7,290,140	7,271,682	7,141,795
General government - judicial	14,447,016	14,104,122	13,603,720	13,074,794	12,736,487	12,040,802	11,828,928	10,520,447	10,084,658	9,253,667
Public safety	13,820,772	13,161,066	12,369,990	11,603,819	10,680,528	11,200,898	9,950,489	8,693,253	7,894,220	7,725,740
Public works and enterprises	566,429	613,325	708,423	599,460	527,661	615,268	551,664	568,626	2,487,518	1,345,912
Human services	69,607,032	71,371,882	70,491,659	72,945,280	75,957,257	71,649,804	69,022,843	62,690,286	60,439,421	56,311,227
Culture and recreation	1,021,363	913,424	883,232	816,616	784,312	778,129	751,216	728,378	804,749	699,715
Conservation and development	2,836,419	2,170,014	2,026,229	1,964,053	2,246,618	2,227,851	2,039,961	1,781,537	2,364,119	1,557,133
Other	587,001	303,191	296,884	387,773	428,056	420,792	772,858	2,706,202	1,216,983	1,378,153
Debt service:										
Principal	2,375,029	2,223,607	1,601,536	1,694,447	1,704,082	1,604,165	1,819,677	1,670,600	1,826,917	1,198,609
Interest	2,256,239	2,362,026	2,493,227	2,682,660	2,872,461	2,886,760	2,750,625	2,735,494	1,906,766	999,626
Capital projects	2,307,584	3,341,176	3,510,937	6,392,472	8,080,323	20,581,380	16,674,616	10,226,398	5,678,338	3,089,203
Total expenditures	119,590,630	120,192,697	117,562,961	121,346,818	124,963,597	132,350,913	124,349,895	109,611,361	101,975,371	90,700,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	575,120	(223,854)	1,703,432	(1,071,212)	(3,156,340)	(18,126,572)	(11,548,158)	(6,555,357)	(3,990,320)	342,404
Other Financing Sources (Uses):										
Transfers in	5,926,326	5,341,563	8,607,172	7,367,803	7,198,397	6,125,573	9,755,032	6,998,998	5,542,129	6,632,946
Transfers out	(7,739,174)	(6,508,514)	(9,020,637)	(8,614,427)	(9,291,061)	(8,314,636)	(11,319,321)	(8,236,009)	(7,115,626)	(8,334,813)
Issuance of capital lease	49,364	115,621	-	-	-	-	9,590,000	-	46,825,000	42,011,198
Payment to refunded bond escrow agent	-	-	-	-	-	-	(4,684,447)	-	(45,824,680)	-
Sale of capital assets	7,224	28,055	13,080	17,330	57,012	14,995	16,040	31,150	16,877	5,891
Other	-	-	140,097	369,841	2,024,320	-	-	-	-	-
Total other financing sources (uses)	(1,756,260)	(1,023,275)	(260,288)	(859,453)	(11,332)	(2,174,068)	3,357,304	(1,205,861)	(556,300)	40,315,222
Net change in fund balance	\$ (1,181,140)	\$ (1,247,129)	\$ 1,443,144	\$ (1,930,665)	\$ (3,167,672)	\$ (20,300,640)	\$ (8,190,854)	\$ (7,761,218)	\$ (4,546,620)	\$ 40,657,626
Debt service as a percentage of noncapital expenditures	3.91%	3.89%	3.55%	3.75%	3.86%	3.96%	4.17%	4.38%	3.90%	2.45%

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2003-2012

(Unaudited)

Fiscal Year	General Government Administration	General Government Judicial	Public Safety	Public Works and Enterprises (1)	Human Services	Culture and Recreation	Conservation and Development	Other	Debt Service	Capital Projects	Total
2003	\$ 7,141,795	\$ 9,253,667	\$ 7,725,740	\$ 1,345,912	\$ 56,311,227	\$ 699,715	\$ 1,557,133	\$ 1,378,153	\$ 2,198,235	\$ 3,089,203	\$ 90,700,780
2004	7,271,682	10,084,658	7,894,220	2,487,518	60,439,421	804,749	2,364,119	1,216,983	3,733,683	5,678,338	101,975,371
2005	7,290,140	10,520,447	8,693,253	568,626	62,690,286	728,378	1,781,537	2,706,202	4,406,094	10,226,398	109,611,361
2006	8,187,018	11,828,928	9,950,489	551,664	69,022,843	751,216	2,039,961	772,858	4,570,302	16,674,616	124,349,895
2007	8,345,064	12,040,802	11,200,898	615,268	71,649,804	778,129	2,227,851	420,792	4,490,925	20,581,380	132,350,913
2008	8,945,812	12,736,487	10,680,528	527,661	75,957,257	784,312	2,246,618	428,056	4,576,543	8,080,323	124,963,597
2009	9,185,444	13,074,794	11,603,819	599,460	72,945,280	816,616	1,964,053	387,773	4,377,107	6,392,472	121,346,818
2010	9,577,124	13,603,720	12,369,990	708,423	70,491,659	883,232	2,026,229	296,884	4,094,763	3,510,937	117,562,961
2011	9,628,864	14,104,122	13,161,066	613,325	71,371,882	913,424	2,170,014	303,191	4,585,633	3,341,176	120,192,697
2012	9,765,746	14,447,016	13,820,772	566,429	69,607,032	1,021,363	2,836,419	587,001	4,631,268	2,307,584	119,590,630

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

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

COUNTY OF BUTLER, PENNSYLVANIA

GENERAL GOVERNMENTAL REVENUES BY SOURCE - LAST TEN YEARS

ALL GOVERNMENTAL FUND TYPES 2003-2012

(Unaudited)

Fiscal Year	Property Taxes	Inter-governmental	Charges for Services	Fines and Forfeits	Interest	Other	Total
2003	\$ 26,187,117	\$ 53,925,172	\$ 6,742,531	\$ 930,481	\$ 755,863	\$ 2,502,020	\$ 91,043,184
2004	27,017,394	59,689,387	6,579,364	614,011	1,075,811	3,009,084	97,985,051
2005	30,967,970 (1)	60,135,133	6,555,525	983,256	1,788,055	2,626,065	103,056,004
2006	31,947,356	66,964,792	7,025,913	1,347,582	3,002,263	2,513,831	112,801,737
2007	32,597,320	68,546,593	6,820,189	1,387,881	2,402,654	2,469,704	114,224,341
2008	36,168,622 (2)	72,717,368	7,580,391	1,457,985	1,490,566	2,392,325	121,807,257
2009	38,309,296 (3)	70,760,310	7,092,574	1,207,144	382,023	2,524,259	120,275,606
2010	39,315,897	66,990,169	8,050,587	1,287,501	255,534	3,366,705	119,266,393
2011	39,952,764	68,650,401	7,322,284	1,229,275	163,821	2,650,298	119,968,843
2012	40,566,799	66,531,089	8,935,969	1,129,708	99,018	2,903,167	120,165,750

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

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

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

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

COUNTY OF BUTLER, PENNSYLVANIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS 2003-2012

(Unaudited)

Fiscal Year	A		C (A+B)	D		E	F	
	(1) Taxes Levied for the Fiscal Year (Original Levy)	B (2) Adjustments		Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		(D+E) Total Collections to Date	(F/C) Percentage of Adjusted Levy
2003	\$ 26,041,096	\$ (16,413)	\$ 26,024,683	\$ 25,124,364	96.48%	\$ 874,327	\$25,998,691	99.90%
2004	26,742,000	(41,408)	26,700,592	25,817,918	96.54%	850,709	26,668,627	99.88%
2005 (3)	30,721,009	(13,237)	30,707,772	29,696,619	96.67%	963,328	30,659,947	99.84%
2006 (3)	31,589,822	(13,339)	31,576,483	30,498,217	96.54%	1,003,212	31,501,429	99.76%
2007 (3)	32,204,090	(52,391)	32,151,699	31,098,052	96.57%	617,180	31,715,232	98.64%
2008 (3)	35,921,402	(13,428)	35,907,974	34,648,173	96.46%	729,334	35,377,507	98.52%
2009 (3)	38,150,318	(52,952)	38,097,366	36,722,850	96.26%	831,777	37,554,627	98.58%
2010 (3)	38,623,639	(69,053)	38,554,586	37,400,349	96.83%	674,988	38,075,337	98.76%
2011 (3)	39,284,071	(9,438)	39,274,633	38,125,369	97.05%	-	38,125,369	97.07%
2012 (3)	39,794,128	(13,874)	39,780,254	38,636,151	97.09%	-	38,636,151	97.12%

NOTES:

(1) Includes interims beginning in year 2005

(2) Includes additions and exonerations.

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

(3) Interim county tax levy commenced in 2005.

SOURCES:

Annual Reports of Butler County Controller

Butler County Tax Claim Bureau

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

Fiscal Year	A Residential Property	B Commercial Property	C Industrial Property	D Other Property	E Less Tax-Exempt Property	F (A+B+C+D-E) Total Taxable Assessed Value (1) (2)	G 1969 Estimated Actual Value (3)	(F/G) Taxable Assessed Value As a Percentage of 1969 Estimated Actual Value			Total Direct Millage Rate (5)
								Current Year Estimated Actual Value (4)	Estimated Actual Value (4)	Total Assessed Value Actual Value	
2003	\$ 592,436,615	\$ 209,533,220	\$ 132,400,650	\$ 259,335,746	\$129,813,646	\$ 1,063,892,585	\$ 1,417,190,113	\$ 9,576,419,685	75%	24.50	
2004	598,634,500	210,330,850	131,900,560	283,634,025	132,999,087	1,091,500,848	1,455,334,464	10,391,088,073	75%	24.50	
2005	610,528,900	215,360,900	135,900,550	301,160,032	149,991,550	1,112,958,832	1,483,945,109	11,018,292,436	75%	27.50	
2006	624,500,000	216,660,300	136,203,509	314,514,926	151,972,979	1,139,905,756	1,519,874,341	11,631,691,388	75%	27.50	
2007	628,886,597	220,000,000	137,560,000	333,628,693	156,271,571	1,163,803,719	1,551,738,292	12,126,834,572	75%	27.50	
2008	632,500,000	223,000,000	138,650,000	351,618,281	158,015,269	1,187,753,012	1,583,670,683	12,768,344,879	75%	30.00	
2009	851,759,801	323,600,300	174,005,250	474,532,386	213,991,636	1,609,906,101	1,609,906,101	10,061,913,131	100%	23.63	
2010	855,950,000	328,000,000	176,500,000	516,003,547	247,708,450	1,628,745,097	1,628,745,097	11,889,839,208	100%	23.63	
2011	876,500,000	330,000,000	177,200,000	516,441,289	244,202,456	1,655,938,833	1,655,938,833	8,677,119,485	100%	23.63	
2012	893,619,450	331,682,750	177,716,050	523,830,486	248,472,873	1,678,375,863	1,678,375,863	9,868,850,074	100%	23.63	

NOTES:

- (1) Prior to 2009, assessed values were computed at 75% of the estimated 1969 actual value. Effective 1/1/2009, assessed values are now 100% of the 1969 actual value.
- (2) Does not include Exempt and Utility assessments.
- (3) Effective 1/1/2009, the assessed property value was changed to 100% so the Total Taxable Assessed Value is now equal to the 1969 Estimated Actual Value.
- (4) Current year estimated actual value is calculated as the total taxable assessed value multiplied by the current year common level ratio which is 5.24. The common level ratio is set annually on July 1st of each year by the Commonwealth of Pennsylvania.
- (5) Direct tax rates are expressed in millage. The tax rate is applied per every \$1000 of the 1969 estimated actual values. The millage rate did not include any portion for debt service prior to 2001. The millage rate includes 2 mills for debt service for the years 2002, 2003, and 2004, and 5 mills for debt service for the years 2005, 2006, 2007, and 2008. For 2009, 2010, 2011, and 2012 the millage rate includes 3.94 mills for debt service.

SOURCES:

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

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
BUTLER COUNTY										
Operating Millage	19.69	19.69	19.69	19.69	25.00	22.50	22.50	22.50	22.50	22.50
Debt Service Millage	3.94	3.94	3.94	3.94	5.00	5.00	5.00	5.00	2.00	2.00
Total County Millage	23.63	23.63	23.63	23.63	30.00	27.50	27.50	27.50	24.50	24.50
County real estate millage is uniform for all cities, boroughs, and townships.										
Adams Township										
Municipal	3.75	3.75	3.75	3.75	5.00	5.00	5.00	5.00	5.00	5.00
Mars Area School S.D.	99.00	99.00	99.00	99.00	132.00	132.00	128.00	124.00	119.00	117.00
Allegheny Township										
Municipal	7.13	7.13	7.13	7.13	9.50	9.50	9.50	7.50	7.50	7.50
Allegheny-Clarion Valley S.D.	89.15	55.34	73.88	76.53	97.54	91.22	91.20	91.90	88.30	91.20
Brady Township										
Municipal	3.15	3.15	3.15	3.15	4.20	4.20	4.20	4.20	4.20	4.20
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Bruin Borough										
Municipal (3)	13.88	13.88	13.88	13.88	18.50	18.50	18.50	18.50	18.50	18.50
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Buffalo Township										
Municipal	3.38	3.38	3.38	3.38	4.50	4.50	4.50	4.50	4.50	4.50
Freeport Area S.D.	122.10	121.60	119.00	118.00	161.00	159.00	158.00	152.00	145.00	135.00
Butler City (2)										
Municipal (3)	38.75	41.50	41.50	37.50	37.50	37.50	36.50	34.50	34.50	34.50
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Butler Township										
Municipal (3)	11.25	8.25	8.25	8.25	11.00	11.00	11.00	13.00	13.00	13.00
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Callery Borough										
Municipal (3)	24.63	24.63	17.63	17.63	23.50	17.00	17.00	17.00	17.00	17.00
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Center Township										
Municipal (3)	1.05	4.41	4.41	1.88	2.50	2.50	2.50	2.50	2.50	2.50
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Cherry Township										
Municipal	6.00	6.00	6.00	6.00	8.00	8.00	8.00	8.00	8.00	6.00
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Cherry Valley Borough										
Municipal	1.05	1.05	1.05	1.05	1.40	1.40	1.40	1.40	1.40	1.40
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Chicora Borough										
Municipal (3)	6.75	6.75	6.75	6.75	9.00	9.00	9.00	9.00	9.00	9.00
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Clay Township										
Municipal (3)	5.62	5.62	5.62	5.62	7.48	7.48	7.48	7.48	5.23	5.23
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Clearfield Township										
Municipal	2.45	2.45	2.45	2.45	3.27	3.27	3.27	3.27	3.27	3.27
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Clinton Township										
Municipal	4.13	4.13	4.13	4.13	5.50	5.50	5.50	5.50	5.50	5.50
South Butler S.D.	93.28	91.28	89.68	87.68	116.90	114.90	112.00	107.00	103.00	103.00
Concord Township										
Municipal (3)	8.50	7.00	5.00	3.55	4.50	4.50	4.50	4.50	4.50	4.50
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Connoquenessing Borough										
Municipal (3)	3.15	3.15	3.15	3.15	4.00	4.00	4.00	4.00	4.00	4.00
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Connoquenessing Township										
Municipal (3)	2.25	2.25	2.25	2.25	2.83	2.83	2.83	2.83	2.83	2.83
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Cranberry Township										
Municipal (3)	13.00	10.65	10.65	10.65	14.20	14.20	14.20	14.20	14.20	12.75
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34
Donegal Township										
Municipal (3)	2.25	2.25	2.25	2.25	3.00	3.00	3.00	3.00	3.00	3.00
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
East Butler Borough										
Municipal (3)	12.75	12.75	12.75	12.75	17.00	17.00	17.00	17.00	15.53	15.53
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Eau Claire Borough										
Municipal (3)	9.30	9.30	9.30	9.30	11.00	11.00	11.00	11.00	11.00	11.00
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Evans City Borough										
Municipal	19.88	19.88	19.88	19.88	26.50	26.50	26.50	26.50	26.50	21.00
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34
Fairview Borough										
Municipal	9.00	9.00	9.00	9.00	12.00	12.00	12.00	12.00	12.00	12.00
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Fairview Township										
Municipal	4.75	4.75	4.75	3.75	5.00	5.00	5.00	5.00	5.00	4.00
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Forward Township										
Municipal	2.78	2.78	2.78	2.78	3.70	3.70	3.70	3.70	3.70	3.70
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Franklin Township										
Municipal (3)	3.75	3.75	3.75	3.75	5.00	8.00	5.00	5.00	5.00	5.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Harmony Borough										
Municipal	12.21	12.21	12.21	12.21	15.50	14.00	14.00	14.00	13.00	13.00
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34
Harrisville Borough										
Municipal (3)	10.50	10.50	10.50	10.50	14.00	14.00	14.00	14.00	14.00	14.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Jackson Township										
Municipal (3)	7.88	7.88	7.88	7.88	10.50	10.50	10.50	10.50	10.50	10.50
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34
Jefferson Township										
Municipal	1.00	1.00	1.00	1.00	1.33	1.33	1.33	1.33	1.33	1.33
South Butler S.D.	93.28	91.28	89.68	87.68	116.90	114.90	112.00	107.00	103.00	103.00
Karns City Borough										
Municipal (3)	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06	9.06
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Lancaster Township										
Municipal	8.72	8.72	8.72	8.72	11.62	11.62	10.00	10.00	10.00	10.00
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34
Marion Township										
Municipal	7.13	7.13	7.13	7.13	9.50	9.50	9.50	9.50	9.50	9.50
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Mars Borough										
Municipal (3)	16.88	16.88	16.88	16.88	22.50	22.50	22.50	22.50	22.50	22.50
Mars Area School S.D.	99.00	99.00	99.00	99.00	132.00	132.00	128.00	124.00	119.00	117.00

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Mercer Township										
Municipal	6.60	6.60	6.60	6.60	8.80	8.80	8.80	5.00	5.00	5.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Middlesex Township										
Municipal (3)	12.00	12.00	12.00	12.00	16.50	17.00	18.00	18.00	18.00	15.00
Mars Area School S.D.	99.00	99.00	99.00	99.00	132.00	132.00	128.00	124.00	119.00	117.00
Muddy creek Township										
Municipal	5.00	5.00	3.00	3.00	4.00	4.00	4.00	4.00	2.00	2.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Oakland Township										
Municipal (3)	6.75	6.75	6.75	6.75	9.00	9.00	9.00	9.00	9.00	9.00
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Parker Township										
Municipal	7.13	7.13	7.13	7.13	9.50	9.50	9.50	8.50	8.50	8.50
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Penn Township										
Municipal (3)	8.00	6.47	6.47	5.47	7.00	7.00	7.00	7.00	7.00	5.00
South Butler S.D.	93.28	91.28	89.68	87.68	116.90	114.90	112.00	107.00	103.00	103.00
Petrolia Borough										
Municipal	9.50	9.50	9.50	9.50	12.00	12.00	12.00	12.00	12.00	12.00
Karns City Area S.D.	80.80	77.24	77.26	77.10	102.79	100.71	96.53	84.95	83.95	83.93
Portersville Borough										
Municipal (3)	4.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00	3.70	3.70
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Prospect Borough										
Municipal (3)	7.50	1.69	1.69	1.69	2.25	2.25	2.25	2.25	2.25	2.25
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Saxonburg Borough										
Municipal	18.66	18.66	18.66	16.68	21.00	21.00	21.00	21.00	19.00	19.00
South Butler S.D.	93.28	91.28	89.68	87.68	116.90	114.90	112.00	107.00	103.00	103.00
Seven Fields Borough										
Municipal	7.00	6.00	6.00	6.00	7.00	8.00	6.00	6.00	5.00	5.00
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34
Slippery Rock Borough										
Municipal (3)	19.88	19.88	19.88	19.88	26.50	26.50	26.50	26.50	26.50	25.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Slippery Rock Township										
Municipal	2.25	2.25	2.25	2.25	3.00	3.00	3.00	3.00	3.00	3.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Summit Township										
Municipal (3)	6.13	6.13	5.63	5.63	7.50	5.50	5.50	5.50	4.00	4.00
Butler Area S.D.	91.80	89.80	88.13	85.13	113.50	113.50	111.50	107.00	103.00	97.50
Valencia Borough										
Municipal (3)	7.75	7.75	7.50	7.50	9.00	9.00	9.00	9.00	9.00	9.00
Mars Area School S.D.	99.00	99.00	99.00	99.00	132.00	132.00	128.00	124.00	119.00	117.00
Venango Township										
Municipal (3)	7.40	7.40	7.40	7.40	9.60	9.60	9.60	9.60	7.60	7.60
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Washington Township										
Municipal (3)	1.75	1.75	1.75	1.75	2.33	2.33	2.33	2.33	2.33	2.33
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
West Liberty Borough										
Municipal	7.50	7.50	7.50	7.50	10.00	10.00	10.00	10.00	10.00	10.00
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60

COUNTY OF BUTLER, PENNSYLVANIA

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

2003-2012
(Unaudited)

REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
West Sunbury Borough										
Municipal (3)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Moniteau S.D.	83.64	81.60	81.60	80.27	107.03	104.03	101.55	100.00	100.00	100.00
Winfield Township										
Municipal	3.00	2.00	2.00	1.58	2.00	2.00	2.00	2.00	2.00	2.00
South Butler S.D.	93.28	91.28	89.68	87.68	116.90	114.90	112.00	107.00	103.00	103.00
Worth Township										
Municipal	3.80	3.80	3.80	2.80	3.73	3.73	3.73	3.73	3.73	3.73
Slippery Rock Area S.D.	89.15	89.15	86.72	85.22	113.62	107.94	103.30	101.00	97.10	93.60
Zelienople Borough										
Municipal (3)	4.56	4.56	4.56	4.56	5.80	5.80	5.80	5.80	5.80	5.80
Seneca Valley S.D.	110.00	105.60	100.00	97.24	129.65	129.65	125.39	120.39	117.59	113.34

N/A - Not applicable, no municipality millage.

(1) Source: The Butler County Assessment Office

(2) 100% valuation

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

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

2003-2012
 (Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities		(1)	(2) Percentage of Personal Income	(2) Per Capita
	General Obligation Bonds	Capital Reserve Note	Capital Lease	General Obligation Bonds	Total Primary Government			
2003	\$ 53,450,000	\$ 1,351,424	\$ -	\$ 9,000,000	\$ 63,801,424		1.18%	355
2004	57,015,000	1,159,507	-	8,650,000	66,824,507		1.17%	370
2005	55,545,000	958,907	-	8,135,000	64,638,907		1.07%	356
2006	59,095,000	749,230	-	6,820,000	66,664,230		1.03%	364
2007	57,710,000	530,065	-	6,225,000	64,465,065		0.93%	355
2008	56,235,000	300,983	-	5,610,000	62,145,983		0.83%	340
2009	54,780,000	61,536	-	4,875,000	59,716,536		0.79%	325
2010	53,240,000	-	-	4,115,000	57,355,000		0.75%	312
2011	51,055,000	-	77,014	3,635,000	54,767,014		0.68%	296
2012	48,735,000	-	71,350	3,155,000	51,961,350	*		281

* 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

2003-2012
 (Unaudited)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS AMOUNTS AVAILABLE IN DEBT SERVICE			ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	(1) PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	(2) PER CAPITA
		FUND	TOTAL				
2003	\$ 62,450,000	\$ 68,355	\$ 62,381,645		0.65%		368
2004	65,665,000	-	65,665,000		0.63%		388
2005	63,680,000	-	63,680,000		0.58%		376
2006	65,915,000	-	65,915,000		0.57%		389
2007	63,935,000	-	63,935,000		0.53%		352
2008	61,845,000	-	61,845,000		0.48%		338
2009	59,655,000	-	59,655,000		0.59%		325
2010	57,355,000	-	57,355,000		0.46%		312
2011	54,690,000	-	54,690,000		0.63%		296
2012	51,890,000	-	51,890,000		0.53%		281

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, 2012
(Unaudited)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts: (2)			
Allegheny-Clarion	\$ 4,070,000	11.14%	\$ 453,398
Butler Area	97,130,908	100.00%	97,130,908
Butler County Area Vo-Tech	29,813	100.00%	29,813
Freeport Area	14,900,000	62.16%	9,261,840
Karns City Area	4,716,877	64.88%	3,060,310
Mars Area	82,277,852	100.00%	82,277,852
Moniteau	14,734,101	100.00%	14,734,101
Seneca Valley	80,520,000	100.00%	80,520,000
Slippery Rock Area	10,530,912	100.00%	10,530,912
South Butler County	21,924,418	100.00%	21,924,418
Total School Districts	<u>\$ 330,834,881</u>		<u>\$ 319,923,552</u>
Cities: (3)			
Butler	\$ 2,925,114	100.00%	\$ 2,925,114
Total Cities	<u>\$ 2,925,114</u>		<u>\$ 2,925,114</u>
Townships: (3)			
Adams Township	\$ -	100.00%	\$ -
Allegheny Township	-	100.00%	-
Brady Township	13,913	100.00%	13,913
Buffalo Township	533,144	100.00%	533,144
Butler Township	3,535,000	100.00%	3,535,000
Center Township	1,900,000	100.00%	1,900,000
Cherry Township	81,422	100.00%	81,422
Clay Township	-	100.00%	-
Clearfield Township	10,457	100.00%	10,457
Clinton Township	28,493	100.00%	28,493
Concord Township	-	100.00%	-
Connoquenessing Township	-	100.00%	-
Cranberry Township	50,184,976	100.00%	50,184,976
Donegal Township	-	100.00%	-
Fairview Township	-	100.00%	-
Forward Township	-	100.00%	-
Franklin Township	-	100.00%	-
Jackson Township	192,600	100.00%	192,600
Jefferson Township	-	100.00%	-
Lancaster Township	384	100.00%	384
Marion Township	6,401	100.00%	6,401
Mercer Township	-	100.00%	-
Middlesex Township	16,763,246	100.00%	16,763,246

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

DECEMBER 31, 2012

(Unaudited)

(Continued)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Muddycreek Township	11,786	100.00%	11,786
Oakland Township	-	100.00%	-
Parker Township	32,000	100.00%	32,000
Penn Township	16,182,309	100.00%	16,182,309
Slippery Rock Township	-	100.00%	-
Summit Township	-	100.00%	-
Venango Township	22,954	100.00%	22,954
Washington Township	-	100.00%	-
Winfield Township	637,051	100.00%	637,051
Worth Township	-	100.00%	-
Total Townships	<u>\$ 90,136,136</u>		<u>\$ 90,136,136</u>
Boroughs: (3)			
Bruin Borough	\$ 34,980	100.00%	\$ 34,980
Callery Borough	-	100.00%	-
Cherry Valley Borough	-	100.00%	-
Chicora Borough	-	100.00%	-
Connoquenessing Borough	587,350	100.00%	587,350
East Butler Borough	-	100.00%	-
Eau Claire Borough	-	100.00%	-
Evans City Borough	42,910	100.00%	42,910
Fairview Borough	-	100.00%	-
Harmony Borough	29,443	100.00%	29,443
Harrisville Borough	79,160	100.00%	79,160
Karns City Borough	-	100.00%	-
Mars Borough	393,023	100.00%	393,023
Petrolia Borough	-	100.00%	-
Portersville Borough	-	100.00%	-
Prospect Borough	1,331,635	100.00%	1,331,635
Saxonburg Borough	-	100.00%	-
Seven Fields Borough	1,975,000	100.00%	1,975,000
Slippery Rock Borough	427,520	100.00%	427,520
Valencia Borough	-	100.00%	-
West Liberty Borough	-	100.00%	-
West Sunbury Borough	-	100.00%	-
Zelienople Borough	<u>7,055,475</u>	100.00%	<u>7,055,475</u>
Total Boroughs	<u>\$ 11,956,496</u>		<u>\$ 11,956,496</u>

(Continued)

COUNTY OF BUTLER, PENNSYLVANIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2012
 (Unaudited)
 (Continued)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Airport and College Districts: (4)			
Butler County Airport Authority	\$ 327,165	100.00%	\$ 327,165
Butler County Community College	32,020,000	100.00%	32,020,000
Total Airport and College Districts	<u>\$ 32,347,165</u>		<u>\$ 32,347,165</u>
Subtotal, Overlapping Debt			\$ 457,288,463
Total Direct Debt			<u>51,961,350</u>
Total Direct and Overlapping Debt			<u>\$ 509,249,813</u>

NOTES:

- (1) Overlapping governments are those that coincide with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Butler County. This process recognizes that, when considering the County's ability to repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Percentages were estimated by determining the portion of another governmental unit's population that is within the County's boundaries and dividing it by the County's total population. (Allegheny Township is located within Allegheny-Clarion School District of Clarion County. Buffalo Township is located within Freeport Area School District of Armstrong County. Residents of Armstrong and Clarion Counties living in the Karns City School District were deducted from the total of that school district's population).
- (2) School District Debt is as of June 30, 2012
- (3) Municipal Debt is as of December 31, 2010, 2011, and 2012 amounts were unavailable.
- (4) Butler County Airport Authority and Butler County Community College are component units of Butler County. Butler County Community College debt is as of June 30, 2012.

SOURCES:

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

(Concluded)

COUNTY OF BUTLER, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION - LAST TEN YEARS

2003-2012
(Unaudited)

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Borrowing Base Revenues:										
Two years prior	\$ 29,913,495	\$ 34,415,581	\$ 36,528,503	\$ 37,440,500	\$ 41,290,924	\$ 45,434,794	\$ 42,802,182	\$ 46,849,506	\$ 48,293,150	\$ 50,314,237
Prior year	34,415,581	36,528,503	37,440,500	41,290,924	45,434,794	42,802,182	46,849,506	48,293,150	50,314,237	50,793,601
Current year	36,528,503	37,440,500	41,290,924	45,434,794	42,802,182	46,849,506	48,293,150	50,314,237	50,793,601	51,806,554
Total Borrowing Base Revenues	\$ 100,857,579	\$ 108,384,584	\$ 115,259,927	\$ 124,166,218	\$ 129,527,900	\$ 135,086,482	\$ 137,944,838	\$ 145,456,893	\$ 149,400,988	\$ 152,914,392
Average Borrowing Base Revenues	\$ 33,619,193	\$ 36,128,195	\$ 38,419,976	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464
Limit for Non-Electoral Debt:										
Average Borrowing Base Revenues	\$ 33,619,193	\$ 36,128,195	\$ 38,419,976	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464
Debt Limit Percent	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	100,857,579	108,384,584	115,259,927	124,166,218	129,527,900	135,086,482	137,944,838	145,456,893	149,400,987	152,914,392
Total Amount of Debt Applicable to Debt Limit Percent	63,801,424	66,824,507	64,638,907	66,664,230	64,465,065	62,145,983	59,716,536	57,355,000	54,690,000	51,890,000
Legal Debt Margin	\$ 37,056,155	\$ 41,560,077	\$ 50,621,020	\$ 57,501,988	\$ 65,062,835	\$ 72,940,499	\$ 78,228,302	\$ 88,101,893	\$ 94,710,987	\$ 101,024,392
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	63.26%	61.65%	56.08%	53.69%	49.77%	46.00%	43.29%	39.43%	36.61%	33.93%
Limit for Non-Electoral and Lease Rental Debt:										
Average Borrowing Base Revenues	\$ 33,619,193	\$ 36,128,195	\$ 38,419,976	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827	\$ 45,981,613	\$ 48,485,631	\$ 49,800,329	\$ 50,971,464
Debt Limit Percent	400%	400%	400%	400%	400%	400%	400%	400%	400%	400%
Debt Limit	134,476,772	144,512,779	153,679,903	165,554,957	172,703,867	180,115,309	183,926,451	193,942,524	199,201,316	203,885,855
Total Amount of Debt Applicable to Debt Limit Percent	63,801,424	66,824,507	64,638,907	66,664,230	64,465,065	62,145,983	59,716,536	57,355,000	54,767,014	51,961,350
Legal Debt Margin	\$ 70,675,348	\$ 77,688,272	\$ 89,040,996	\$ 98,890,727	\$ 108,238,802	\$ 117,969,326	\$ 124,209,915	\$ 193,942,524	\$ 144,434,302	\$ 151,924,505
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	47%	46%	42%	40%	37%	35%	32%	30%	27%	25%

SOURCES:

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

NOTES:

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

Under the finance laws of the Commonwealth of Pennsylvania, with the exception of Philadelphia, the County's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent Funds' revenue. The outstanding non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent Funds' revenue.

COUNTY OF BUTLER, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

2003-2012
(Unaudited)

Fiscal Year	(1) Population	(2) (5) Total Personal Income (thousands of dollars)	(2) (5) Per Capita Income (\$)	(7) Higher Education Enrollment	(3) Public School Enrollment	(3) Private School Enrollment	(4) (6) Unemployment Rate	
2003	178,617	\$ 5,409,119	\$ 30,283	11,520	27,988	1,842	5.4%	
2004	179,343	5,748,373	32,052	11,651	27,958	1,882	5.6%	
2005	179,990	6,003,242	33,353	11,914	27,916	1,831	4.7%	
2006	181,070	6,471,286	35,739	11,806	27,568	1,867	4.5%	
2007	181,734	6,919,566	38,075	11,981	27,277	1,916	4.0%	
2008	182,902	7,489,799	40,780	12,294	26,789	2,101	4.7%	
2009	183,663	7,515,554	40,692	13,031	26,645	2,693	7.1%	
2010	183,862	7,677,026	41,715	12,080	26,216	1,923	7.7%	
2011	184,848	8,110,383	43,876	12,876	26,218	1,909	6.4%	
2012	184,970	*	*	*	*	*	6.8%	

* Information not yet available.

SOURCES:

- (1) Pennsylvania State Data Center
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Pennsylvania Department of Education/CollegeProwler.com
- (4) Pennsylvania Department of Labor & Industry/Bureau of Labor Statistics
- (7) CollegeProwler.com

NOTES:

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

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer:	Employees	Ranking (1)	
	2012	2012	2000*
Westinghouse Electric Company, LLC (2)	5,600	1	-
Butler Health Systems (3)	1,807	2	3
Iron Mountain Underground Storage (3)	1,782	3	-
Cellco Partnership (Verizon Wireless) (3)	1,600	4	-
AK Steel (formerly Armco Steel) (3)	1,500	5	1
Butler County Community College (3)	1,225	6	-
Traco (3)	1,180	7	5
Butler Area School District (3)	1,141	8	4
Wal-Mart Associates, Inc (3)	1,050	9	-
Giant Eagle (3)	953	10	-
State System of Higher Education			6
Lutheran Affiliated Services			9
Spang & Company			10
Federal Government			2
Seneca Valley School District			7
County of Butler			8

NOTE:

* Data not available for 2001-2005

SOURCES:

- (1) Pennsylvania Department of Labor and Industry - State Center for Workforce Information and Analysis (The Department of Labor and Industry no longer provides specific company employment statistics. Where such information is available from another reliable source, it is shown.)
- (2) Pittsburgh Business Times 2012 Book of Lists
- (3) Butler Eagle 2012 Answer Book of Butler County

COUNTY OF BUTLER, PENNSYLVANIA
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN YEARS
 (Unaudited)

	Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government - Administration:										
Commissioners	10.00	10.00	10.00	10.00	11.75	11.75	11.75	11.75	11.75	11.75
Election	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Controller	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.50
Property and revenue	15.00	15.00	15.00	15.00	16.00	17.00	17.00	17.00	17.00	17.00
Treasurer	6.00	6.00	6.00	5.50	6.00	6.00	6.00	6.00	6.00	6.00
Purchasing	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Public defender	7.50	7.50	7.50	7.50	8.50	8.50	8.50	8.50	8.00	8.00
Recorder of Deeds	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	7.50
Personnel	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information technology	7.00	7.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Planning commission	6.00	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00
Facilities and operation	24.50	25.50	25.00	23.00	23.00	23.00	23.00	24.00	24.00	23.50
Mailroom	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Motor Pool	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
General Government Administration Sub-total	108.00	108.00	106.50	104.00	109.25	111.25	110.25	112.25	111.75	109.75
General Government - Judicial:										
Court administration	35.50	35.00	34.00	34.00	34.00	34.00	34.00	32.50	31.50	30.50
Jury commissioners	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
District Justices	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	22.00
Law library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of Courts	13.50	13.50	13.50	13.50	13.50	13.50	13.50	16.50	14.50	12.50
Coroner	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
District Attorney	21.75	22.25	21.25	22.25	20.75	20.75	20.75	20.50	20.50	20.50
Prothonotary	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Register of Wills	7.50	7.50	8.50	7.50	7.50	8.50	8.50	8.50	8.50	8.50
Sheriff	30.50	25.50	23.25	27.25	27.50	28.60	29.60	30.50	34.33	24.33
Domestic relations	36.00	36.00	35.00	35.00	35.25	35.25	35.25	34.25	33.25	33.25
General Government - Judicial Sub-total	188.75	182.75	178.50	182.50	181.50	182.60	184.60	185.75	185.58	167.58
Public Safety:										
Prison	114.00	106.00	98.50	61.00	61.00	61.00	61.00	61.00	61.00	58.00
Adult probation	29.50	28.50	26.50	26.00	25.00	25.00	22.00	20.00	20.00	20.00
Juvenile probation	20.50	20.50	20.50	20.00	20.00	20.00	20.00	20.00	19.00	19.00
Emergency communication	29.50	29.50	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00
Public Safety Sub-total	193.50	184.50	173.50	135.00	135.00	134.00	134.00	131.00	129.00	125.00
Public Works:										
Liquid Fuel	8.00	8.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Works Sub-total	8.00	8.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Human Services:										
Human services administration	12.00	6.00	6.00	6.00	6.00	3.00	3.00	3.00	3.00	3.00
MH/ID, Drug, and Alcohol	20.00	23.00	23.00	23.00	23.00	26.00	26.00	25.00	25.00	27.00
Area Agency on Aging	28.00	27.00	27.00	27.00	27.00	27.00	28.00	29.00	26.50	26.50
Children and Youth	45.00	48.00	46.00	42.00	42.00	42.00	42.00	41.00	42.00	41.00
Sunnyview Nursing and Rehabilitation Center	277.20	275.75	283.30	278.80	291.00	291.00	292.00	294.00	289.00	289.00
Veterans Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Human Services Sub-total	384.20	381.75	387.30	378.80	391.00	391.00	393.00	394.00	387.50	388.50
Culture and Recreation:										
Alameda park/pool	11.50	10.00	9.50	9.50	9.50	9.80	9.80	10.00	10.00	10.00
Culture & Recreation Sub-total	11.50	10.00	9.50	9.50	9.50	9.80	9.80	10.00	10.00	10.00
Conservation and Development:										
Community Action	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Conservation District	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Waste Management	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Conservation and Development Sub-total	8.00	8.00	8.00	8.00	9.00	9.00	9.00	10.00	10.00	10.00
TOTAL	901.95	883.00	870.30	824.80	843.25	845.65	848.65	851.00	841.83	818.83

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

Method: Using 1.0 for each full-time employee

Employees working 12hrs = .25

Employees working 16 hrs to 24hrs= .50

Employees working 32 hrs = .75

Part time, on call, substitute employees = .50

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

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

Court Administrators are excluded from this list.

Tax Collectors are excluded from this list.

COUNTY OF BUTLER, PENNSYLVANIA

OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government - Administration: (3)										
General election information:										
Registered voters	122,762	117,986	118,198	115,991	121,730	113,481	113,022	111,110	112,948	102,080
Votes cast	90,278	29,643	66,102	30,752	91,529	34,273	64,313	32,956	86,410	33,984
Percent of votes cast	73.54%	25.12%	55.92%	26.51%	75.19%	30.20%	56.90%	29.66%	76.50%	33.30%
Instruments recorded	37,650	32,689	31,183	30,380	26,421	32,692	32,811	37,275	40,838	56,901
General Government - Judicial: (4)										
Cases reported to coroner	1200	1000	850	843	767	884	705	687	492	528
Autopsies performed	71	65	56	57	49	74	93	70	88	69
Civil cases filed	1419	1603	2200	2391	2552	2,188	1,947	1,584	1,533	1,364
Judgments	2385	2827	2790	3597	3237	2,602	2,563	2,438	1,790	1,672
Executions (1)	410	442	480	570	619	598	544	477	452	386
Miscellaneous civil cases	338	317	358	387	376	390	366	419	529	432
Federal tax liens	215	349	363	283	221	231	247	176	187	166
No lien agreements	195	244	204	205	310	311	458	485	603	688
Municipal liens	143	194	142	174	182	106	72	67	93	111
Family court cases	829	913	871	878	843	869	818	840	844	838
Adoptions/parental terminations (2)	74	113	105	123	77	90	76	101	116	84
Adoptions/petitions (2)	52	51	83	64	54	80	78	85	103	93
Court accounts (2)	104	68	104	115	66	117	149	138	192	202
Estates (2)	907	1002	995	978	959	912	900	945	947	861
Guardianships (2)	45	45	60	44	42	43	49	49	43	52
Marriage licenses issued (2)	890	861	942	917	961	971	882	913	1,018	898
Marriage licenses filed (2)	871	861	942	917	865	956	854	905	955	880
Public Safety: (5)										
Prison inmates	2514	2516	2423	2312	2468	2,272	2,030	2,119	2,136	2,324
Prison average daily population	358	358	317	299	179	294	234	265	227	262
Public Works: (6)										
Tons of salt purchased for snow removal	100	100	67	192	266	141	110	223	182	66
Tons of asphalt purchased for road maintenance	9	9	15	6	21	16	19	15	33	17
Human Services: (7)										
Sunnyview Nursing and Rehabilitation Center:										
Days of care	78,955	77,749	78,236	78,165	77,503	87,600	78,192	78,942	77,659	73,647
Occupancy percentage	98%	97%	97%	97%	93%	86%	89%	90%	88%	84%
Culture & Recreation: (8)										
Pool usage by person	30,809	30,613	30,809	21,208	26,757	28,324	40,000	44,000	32,000	35,000
Park reservations	429	446	402	328	336	299	317	288	294	264
Conservation & Development: (9)										
Tons of waste produced	286,112	132,953	126,202	122,810	145,942	153,119	249,919	232,943	219,635	206,855
Tons of waste recycled	140,773	132,393	130,174	113,638	104,550	79,122	101,173	78,744	63,778	61,828
Veterans: (10)										
Death Benefits	500	515	455	438	461	514	432	444	0	0

Notes:

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

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

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

Sources:

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

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

(5) Butler County Prison Warden

(6) Butler County Planning Department

(7) Butler County Sunnyview Nursing and Rehabilitation Center

(8) Butler County Parks and Recreation Department

(9) Butler County Waste Management Department

(10) Butler County Veterans Services

COUNTY OF BUTLER, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government - Administration:										
Buildings (3)	7	7	7	7	7	7	7	7	7	7
Departmental vehicles (1)										
	12	12	12	12	12	12	13	14	14	12
General Government - Judicial:										
Buildings (3)	4	4	4	4	4	4	4	4	4	4
Sheriff vehicles (1)	11	10	10	10	10	10	10	10	8	10
Sheriff transport vehicles (1)	2	2	2	2	2	2	2	2	2	2
Sheriff K-9 Unit (1)	1	n/a	n/a	n/a	n/a	n/a	1	1	1	1
Coroner vehicles (1)	1	1	1	1	1	1	1	1	1	1
Other departmental vehicles (1)	12	10	10	10	10	10	13	11	10	11
Public Safety:										
Number of jails (3)	1	1	1	1	2	2	2	2	2	2
Number of beds at jail (4)	561	561	561	561	194	194	194	194	194	194
Jails - Under construction (3)	0	0	0	0	1	1	1	1	n/a	n/a
9-1-1 Call Center (3)	1	1	1	1	1	1	1	1	1	1
9-1-1 Towers & Buildings (3)	9	9	9	9	9	9	11	11	11	11
9-1-1 Antennas & Buildings (3)	9	9	9	9	9	9	4	4	4	4
Probation officer vehicles (1)	14	14	14	14	14	14	12	12	12	12
Emergency Management vehicles (1)	1	1	1	1	1	1	1	1	1	1
Hazmat vehicles (1)	3	3	3	3	3	3	2	2	2	1
Other departmental vehicles (1)	1	1	1	1	1	1	1	1	1	1
Hazmat/Emergency Trailers (1)	22	22	10	9	8	8	0	0	0	0
Public Works:										
Buildings (3)	1	1	1	1	1	1	1	1	1	1
Salt Shed (3)	1	1	1	1	1	1	1	1	1	1
Bridges (Less than 8 ft. in length) (2)	0	0	0	0	0	0	0	0	0	0
Bridges (Between 8 ft. and 20 ft.) (2)	7	7	7	7	7	7	7	7	7	7
Bridges (20 ft. and over) (2)	126	126	126	126	126	126	126	126	126	126
Streets paved (miles) (2)	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Streets unpaved (miles) (2)	0	0	0	0	0	0	0	0	0	0
Bridge department vehicles (2)	4	4	5	4	4	4	3	3	3	3
Human Services:										
Buildings (3)	1	1	1	1	1	1	1	1	1	1
Veteran's Administration Building (3)	1	1	1	1	1	1	1	n/a	n/a	n/a
Number of nursing homes (8)	1	1	1	1	1	1	1	1	1	1
Number of beds at nursing home (8)	240	240	240	240	240	240	240	240	240	240
Number of acres at nursing home (7)	39.42	39.42	39.42	39.42	39.42	39.42	39.42	39.42	39.42	39.42
Number of Group Homes (3)	3	3	3	3	3	3	3	3	3	3
Number of memorials (5)	5	5	5	5	5	5	4	4	3	3
Number of senior centers (6)	11	11	11	11	11	7	7	7	7	7
Culture & Recreation:										
Buildings (3)	8	8	8	8	8	8	8	8	8	8
Number of parks (1)	2	2	2	2	2	2	2	2	2	2
Number of acres in parks (1)	408.757	408.757	407.5	407.5	407.5	407.5	407.5	407.5	407.5	407.5
Number of swimming pools (3)	1	1	1	1	1	1	1	1	1	1
Number of shelters (3)	14	14	14	14	14	13	13	13	13	13
Conservation & Development:										
Buildings (3)	3	3	3	3	3	3	3	3	3	3
Number of BART buses (1)	18	16	18	17	15	15	16	15	16	19

SOURCES:

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

COUNTY OF BUTLER, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	December 31, 2012			December 31, 2003			Percentage of Total Assessed Valuation (1)
	Taxable Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation (1)	
Clearview Mall	\$ 6,496,000	1	0.39%	\$ 5,332,000	1	0.52%	
Oxford Development Co. Moraine	4,101,020	2	0.25%	3,316,689	2	0.32%	
Northwestern Mutual	3,294,580	3	0.20%	2,470,935	4	0.24%	
AK Steel (Armco Adv Materials Corp)	2,915,733	4	0.17%	2,186,800	6	0.21%	
Aldi Inc	2,856,090	5	0.17%	-	-	-	
OCG Slippery Rock LP	2,853,760	6	0.17%	-	-	-	
Mine Safety Appliances Co	2,666,876	7	0.16%	2,443,590	5	0.24%	
Gumberg Associates	2,524,250	8	0.15%	1,662,015	8	0.16%	
St Barnabas Land Trust Inc	2,444,260	9	0.15%	-	-	-	
Berkley Manor Apartments	2,179,250	10	0.13%	1,634,438	9	0.16%	
Butler Co. Industrial	-	-	-	2,793,750	3	0.27%	
Three Rivers Aluminum Co.	-	-	-	1,971,104	7	0.19%	
Lowes Home Centers Inc	-	-	-	1,475,693	10	0.0014	
	<u>\$ 32,331,819</u>		<u>1.94%</u>	<u>\$ 25,287,014</u>		<u>2.45%</u>	
Year-End Total Taxable Assessed Valuation	<u>\$ 1,677,395,077</u>			<u>\$ 1,062,892,585</u>			

SOURCE:

Butler County Assessment Office

NOTE:

(1) Assessed valuation based on the valuation of property for taxes collected in 2012 and 2003, respectively, and a review of the 10 largest taxpayers for the County. Assessed values are computed at 100% of estimated 1969 actual values.

COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM SELECTED DATA

LAST TEN YEARS 2003-2012 (Unaudited)

Year Ended December 31,	Number of Active Members and Vested Members	Contributions			Number of Retired Members and Beneficiaries	Retirement and Death Benefits Paid
		Members	County (1)	Total		
2003	772	\$ 2,266,611	\$ 1,139,141	\$ 3,405,752	298	\$ 2,355,394
2004	808	2,550,607	1,877,440	4,428,047	316	2,910,628
2005	791	2,593,649	4,293,595 (2)	6,887,244	330	3,761,462
2006	795	2,726,231	4,572,844	7,299,075	335	3,760,855
2007	782	2,832,902	4,804,224	7,637,126	352	5,612,002
2008	782	2,914,670	4,712,669	7,627,339	365	5,091,952
2009	811	(3) 3,006,000	6,486,486	9,492,486	381	6,388,013
2010	814	3,211,924	6,095,561	9,307,485	405	6,525,681
2011	835	3,371,565	6,564,903	9,936,468	419	5,975,115
2012	*	3,558,739	6,860,358	10,419,097	442	7,856,332

NOTE:

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

(2) The \$2.4 million increase in 2005 is the result of Act 43 of 2003 which amended the County Pension Law on December 16, 2003. Effective January 2, 2004, the Butler County Retirement Board authorized the County to increase the pension fund class basis to 1/40th, retroactive to an employee's date of hire.

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

* Subject to actuarial adjustment

SOURCE:

County Employees' Retirement System Actuarial Valuation Reports (2003-2012)

COUNTY OF BUTLER, PENNSYLVANIA

COUNTY EXPENDITURES 2012

\$250,000 OR MORE

(Unaudited)

ORGANIZATION	LOCATION	AMOUNT
Southwest Behavioral	New Castle	\$ 27,214,851
Butler County Community College	Butler	4,929,961
Center for Community Resources	Butler	2,540,232
Alliance for Non-profit Resources	Butler	2,364,847
Irene Stacy CMH Center	Butler	1,919,710
Value Options	Norfolk, VA	1,585,169
Butler County Tourism	Zelienople	1,187,568
Milestone Centers, Inc	Harrisburg	1,124,290
Advantage Care Rehabilitation, Inc	Pittsburgh	929,433
Family Pathways	Butler	895,891
Keystone Adolescent Center	Pittsburgh	847,555
Adelphoi Village, Inc	Latrobe	724,285
Lutheran Service Society of Western PA	Pittsburgh	665,720
Diamond Pharmacy	Indiana	614,015
U S Foodservice Inc	Pittsburgh	531,649
West Penn Power Company	Greensburg	513,731
Community Care Connections, Inc	Butler	488,715
Catholic Charities	Pittsburgh	462,854
Child & Adolescent Clinical Associates	Cranberry Twp	462,537
Wexford Health Sources	Pittsburgh	441,685
Francis J Palo Inc	Clarion	440,768
Totin Family Services	Worthington	410,016
Trinity Services LLC	Oldmar, FL	408,113
ARC - Butler County	Butler	386,039
Mars Home for Youth	Louisville, KY	373,239
Southwest Behavioral Health Management	New Castle	363,259
Residential Recovery Service, Inc.	New Castle	348,612
Voyager Fleet Systems Inc	Kansas City, MO	348,022
PCN	Irwin	338,518
Gulf South Medical Supply	Dallas, TX	328,365
Mental Health Association	Butler	322,575
Butler Healthcare Providers	Butler	320,062
United Telephone Company	Monroe, LA	314,295
PCORP	Harrisburg	307,177
Pediatric Therapy Professionals	New Castle	300,958
Grapevine Center	Butler	288,143
BPC Management Group Inc	Franklin	286,526
Pitney Bowes Credit Corporation	Gibsonia	285,713
Community Development Corp	Butler	275,000
Consolidated Communications	St Louis, MO	266,452
Positive Steps Therapy LLC	Gibsonia	264,112
Pennsylvania National Mutual Ins Co	Harrisburg	252,263

NOTE:

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

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS



December 31, 2012

Date Founded:	March 12, 1800														
Form of Government:	Elected Board of Commissioners 3 Members														
Local Government Units:	1 City 23 Boroughs 33 Townships														
Elections:	Number of Registered Voters, November, 2012 - 122,762 Number of Votes Cast, November 2012 - 90,278 Percentage of registered voters voting: November 2012 - 73.54%														
Population:	184,970 (2012 Estimate -The Pennsylvania State Data Center)														
Area:	(Center For Workforce Information) Land Area: 788.6 Square Miles Persons per Square Mile: 234.4 Percent Urban: 58% Percent Rural: 42%														
Population Change:	1960-2010 (2010 Census) <table><tr><td>1960</td><td>114,639</td></tr><tr><td>1970</td><td>127,941</td></tr><tr><td>1980</td><td>147,912</td></tr><tr><td>1990</td><td>152,013</td></tr><tr><td>1995</td><td>165,557</td></tr><tr><td>2000</td><td>174,083</td></tr><tr><td>2010</td><td>183,862</td></tr></table>	1960	114,639	1970	127,941	1980	147,912	1990	152,013	1995	165,557	2000	174,083	2010	183,862
1960	114,639														
1970	127,941														
1980	147,912														
1990	152,013														
1995	165,557														
2000	174,083														
2010	183,862														
	A photograph of a winter scene with tall, bare trees standing in a snowy field. In the background, there is a large, white, multi-story building, possibly a school or institutional building, surrounded by snow.														

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012



Households:

Family	49,440
Non-Family	<u>23,395</u>
Total (2010 Census)	<u>72,835</u>

Housing:

Median Value of Homes Sold - \$159,000 (2010 Census)
Housing Units - 78,167 (2010 Census Bureau)

Income:

Median Household - \$57,474 (quickfacts.census.gov 2012 est.)
Average Wage per Job - \$47,560
(2011 Bureau of Economic Analysis)

Time Zone:

Eastern Time Zone
Spring - Daylight Savings Time
Fall - Eastern Standard Time

Weather Conditions:

Average Annual Rain/Snow	40 Inches
Average Summer Temperature	70 Degrees F
Average Winter Temperature	25 Degrees F
Lowest Temperature Jan 1963	-22 Degrees F
Highest Temperature July 1988	102 Degrees F
Greatest Rainfall June 1956	11 Inches
Greatest Snowfall January 1977	32 Inches

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

Transportation:



Highways :

PA Turnpike (I-76)
Interstate Routes 79, 80
U. S. Routes 19, 422

Miles of Roads:

699 - State
4 - Turnpike
1,542 - Local

Airports:

Butler County Airport
Butler Farm Show Airport
LakeHill Airport, Mars
Zelienople Municipal Airport



Railroads:

Bessemer & Lake Erie
Buffalo & Pittsburgh
Norfolk Southern
CSX Transportation

Pipelines:

Columbia Gas Transmission
Dominion Transmission Inc.
EQT Midstream
Equitable Resources
National Fuel Gas Supply
Peoples TWP LLC
(National Pipeline Mapping System)

Hospitals:

Butler County Veterans Affairs Medical Center
Butler Memorial Hospital
UPMC-Cranberry

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

Libraries:



Butler County Community College - John A. Beck Jr. Library
Slippery Rock University of PA - Bailey Library
Butler County Law Library
Butler Area Public Library
Butler County Traveling Library
Cranberry Public Library
Evans City Public Library
Mars Area Public Library
Prospect Community Library
Saxonburg Area Public Library
Zelienople Area Public Library
Veterans Medical Library

Colleges/Universities:

Butler County Community College
Slippery Rock University of PA
Robert Morris University - Cranberry
Carlow College - Cranberry
Geneva College - Cranberry
Strayer University-Cranberry

State Parks/Game Lands:

Moraine State Park - 16,000 acres
Jennings Environmental Education Center - 290 acres
Game Lands and Glades Waterfowl Area - 9,360 acres
Glade Run Lake - 146 acres

County Parks:

Alameda Park - 408.757 acres
Diamond Park - .5 acres

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

Points of Interest:



Old Stone House (1822)

This historic site operated as a stage coach stop for 50 years in the 1800's. The reconstructed house is maintained by Slippery Rock University. Featured events include craft fairs, public tours, and 18th and 19th century military encampments and reenactments.



Lowrie-Shaw House (1823)

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

Little Red Schoolhouse (1838)

Butler's first public school was a "one-room" red brick classroom experience until 1874. It later served as Butler's first public library and also as the Red Cross Center during World War II.



Harmony Historic District

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



Cooper Cabin (1801)

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

Evans City Historical Society Museum

The museum features artifacts and memorabilia from the oil boom and railroad era.

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

Points of Interest: (continued)

Butler County Heritage Center

The center offers a 4500 square foot display of items made in Butler County. Exhibits include the Bantam jeep, hand-crafted pieces from early homesteads, and a museum gift shop.

Maridon Museum

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

Global Contributions:

Invention of steel cable

Design of the Brooklyn Bridge

Development & production of the military Bantam jeep

Agriculture:

Farm Product Sales - \$38,664,000 (2007)

Total Number of Farms - 1,116 (2007)

Personal Income:

Per Capita Personal Income was \$43,876 in 2011. It ranked 7th in the state, and was 104% of Pennsylvania's average of \$42,291. The national average was \$41,560. This represents a 5.5% increase in the county from 2010. (Bureau of Economic Analysis 2011)

Personal Income includes net earnings of persons employed; dividends, interest, and rent; and transfer payments. The civilian labor force from December 2012 was 101,600 with 95,200 employed and 6,400 unemployed. (paworkstats.state.pa.us)

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

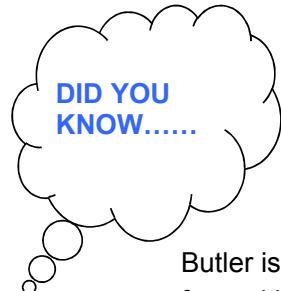
December 31, 2012

Community Events 2013:

(Butler County Tourism and Convention Bureau)

June 13-16	3rd Annual Bantam Jeep Heritage Festival
June 28 - July 6	Big Butler Fair and Agricultural Association
August 3-4	Regatta at Lake Arthur in Moraine State Park
August 5-10	Butler Farm Show
September 21	Butler Fall Festival
October 5	Butler County Farm Tour
December 31	Ring in the Arts Downtown Butler New Year's Eve Festival

COUNTY OF BUTLER, PENNSYLVANIA



MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

Butler is one of **67 counties in Pennsylvania**. When the county was formed in 1800, the population was 3,916 spread over the four townships of Connoquenessing, Buffalo, Middlesex, and Slippery Rock.

Butler County is the 19th largest populated county in Pennsylvania. It's population grew 20.95% from 152,013 in 1990 to 183,862 in 2010.

Cranberry Township in Butler County grew 89.74% from a population of 14,809 in 1990 to 28,098 in 2010.

The **Borough of Seven Fields** had the second fastest percentage growth in the state. It grew 256% from a population of 558 in 1990 to 1,986 in 2003.

Butler County's first **Commissioners** in 1803 were Matthew White, James Bovard and Jacob Mechling.

The first Butler County **Courthouse** was built in 1803. The second one was constructed in 1853, remodeled in 1877, and destroyed by fire in 1883. The current courthouse was erected in 1885-86 with improvements in 1907.

Butler's own Pullman Park opened in 1934 and is the site of **baseball** history. Whitey Ford, Joe Di Maggio, and Lou Gehrig were major league greats who played there.

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

Butler County was named after **Major General Richard Butler**. He was a native of Dublin, Ireland, born on April 1, 1743, and immigrated to the United States in 1748. He and his four brothers fought with George Washington at Valley Forge. After the Revolution, Richard Butler settled in Carlisle and helped negotiate treaties with the Indians. He received land grants from the state and federal government for his military service, and was active in the formation of Allegheny County. Butler County was formed when its 502,400 acres severed from Allegheny County. Butler was elected to the state's General Assembly to represent Allegheny and Westmoreland counties. In 1788 he was named a major general, led an expedition into Ohio to aid with an Indian uprising, and was killed in battle.

SOURCES:

2000 Census; weather.msn.com; weather.com; worldclimate.com
Familypedia; Butler County Board of Elections; Butler County Parks & Recreation Department
(Annual Report 2012); PA Department of Transportation; U.S. Department of Agriculture (2007);
U. S. Bureau of the Census (2010); Butler County Tourism and Convention Bureau (2013);
Bureau of Economic Analysis (2012); Pennsylvania Department of Labor and Industry.
U.S. Department of Commerce

COUNTY OF BUTLER, PENNSYLVANIA

MISCELLANEOUS STATISTICS (Continued)

December 31, 2012

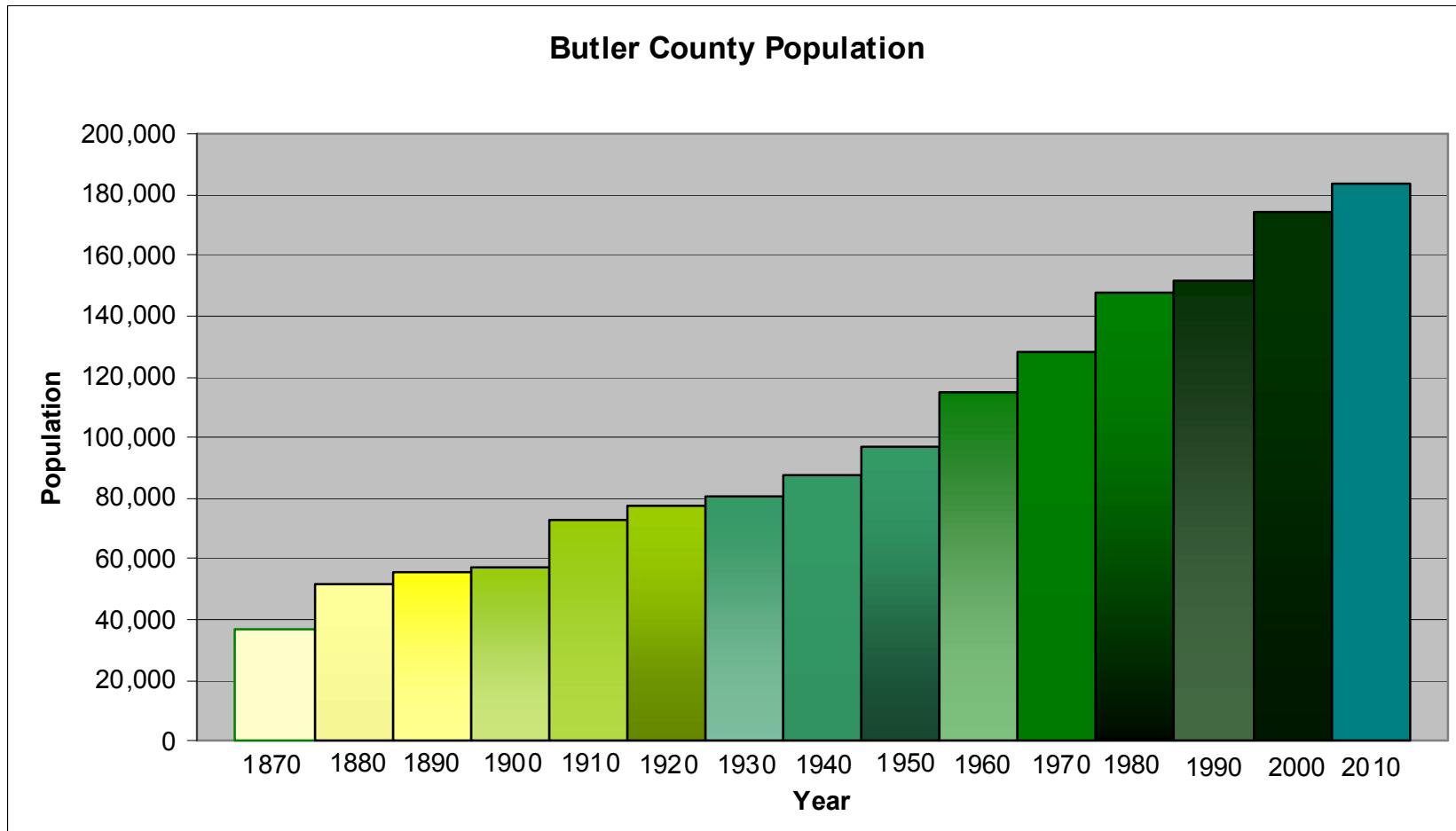
TRAFFIC COUNT - MAJOR ROUTES (Current Daily Estimates)

	TOTAL
ROUTE 8 <Both Directions/24 Hours>	
AK Steel	15,805
Airport Road	18,510
Route 8 South of 228 West	16,425
Intersection Route 228 East and 228 West	24,345
ROUTE 19 <Both Directions/24 Hours>	
Intersection I-79, I-76, and Rt.228-Freedom Rd.	35,709
Intersection Route 528	22,853
Rochester Road	33,881
ROUTE 228 <Both Directions/24 Hours>	
Mars	16,122
Myoma Road, Seven Fields	26,280
Cranberry Township	40,700

Source: Pennsylvania Department of Transportation, Butler Office.

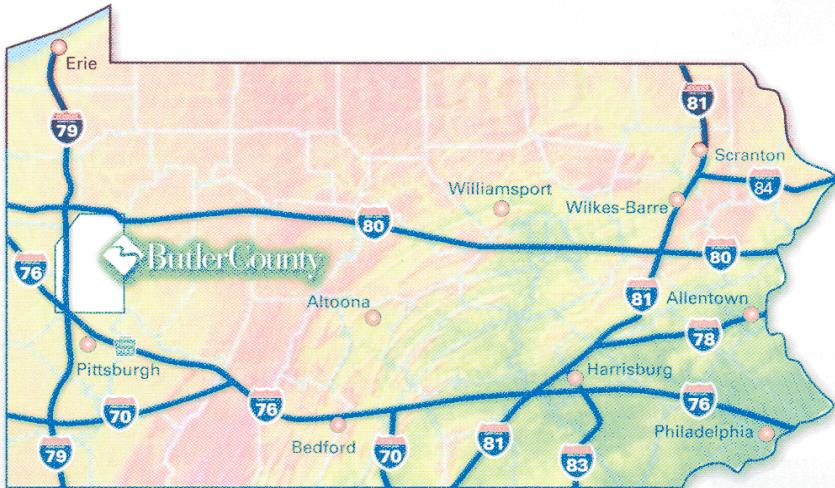
COUNTY OF BUTLER, PENNSYLVANIA

BUTLER COUNTY POPULATION



Source: Butler County Planning Commission 2010 census

Area Maps & Index



Points of Interest

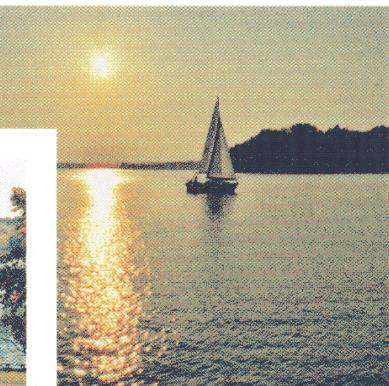
1. Butler County Airport
2. Butler County Heritage Center
3. Butler County Courthouse
4. Butler County Tourism & Convention Bureau
5. Butler Downtown Historic District
6. Harmony National Landmark District Harmony Museum
7. Jennings Environmental Center
8. North Country Trail
9. North Washington Rodeo Arena
10. Old Stone House
11. Passavant House
12. Penn's Colony Festival
13. Prime Outlets at Grove City
14. Saxonburg Historic District
15. Saxonburg/Roebling Museum
16. Slippery Rock University
17. Steamshow Grounds

Parks & Fairgrounds

18. Alameda Park
19. Butler County Fairgrounds
20. Butler Farm Show Grounds
21. Butler Memorial Park
22. Cranberry Municipal Park
23. Diamond Park
24. McConnell's Mill State Park
25. Moraine State Park
26. Pullman Park (Baseball Field)
27. Roebling Park

State Gamelands

28. State Gameland #164
29. State Gameland #304
30. State Gameland #95 Glades Waterfowl Area



Mileage Chart

Baltimore	270 miles
Buffalo	190 miles
Charleston, WV	260 miles
Cincinnati	320 miles
Cleveland	130 miles
Columbus	210 miles
Detroit	285 miles
Erie	100 miles
Harrisburg	225 miles
New York	380 miles
Philadelphia	325 miles
Pittsburgh	25 miles
Richmond	360 miles
Syracuse	330 miles
Toronto	290 miles
Washington	265 miles
Wheeling	80 miles
Youngstown	45 miles

