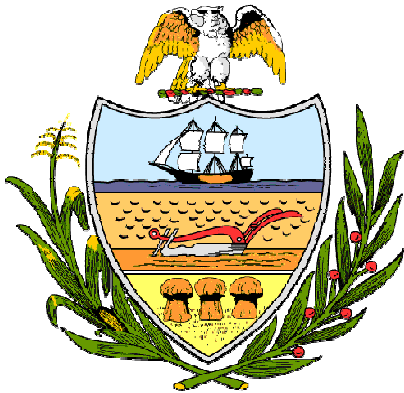


# COUNTY OF BUTLER, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED  
DECEMBER 31, 2008

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



# COUNTY OF BUTLER, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

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# INTRODUCTORY SECTION

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# COUNTY OF BUTLER, PENNSYLVANIA

## BUTLER COUNTY OFFICIALS

DECEMBER 31, 2008

### JUDICIARY

Thomas J. Doerr	President Judge
Marilyn J. Horan	Judge
Timothy F. McCune	Judge
William R. Shaffer	Judge
Kelley T. Streib	Judge
S. Michael Yeager	Judge
John H. Brydon	Senior Judge
Sue Haggerty	Magisterial Judge
Kevin O'Donnell	Magisterial Judge
Wayne Seibel	Magisterial Judge
Peter Shaffer	Magisterial Judge
Lewis Stoughton	Magisterial Judge
Clifford Woessner	Magisterial Judge

### ELECTED COUNTY OFFICIALS

A. Dale Pinkerton	County Commissioner, Chairperson
James L. Kennedy	County Commissioner
James C. Lokhaiser	County Commissioner
Richard A. Goldinger	District Attorney
Lisa Weiland Lotz	Clerk of Courts
Diane R. Marburger	Treasurer
John R. McMillin, Jr.	Controller
Judith G. Moser	Register of Wills and Clerk of Orphans' Court
Michele M. Mustello	Recorder of Deeds
Dennis C. Rickard	Sheriff
Glenna M. Walters	Prothonotary
William F. Young, III	Coroner
Clinton A. Bonetti	Jury Commissioner
Dorothy R. Bupp	Jury Commissioner

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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

Shari L. Miller  
Second Deputy

June 25, 2009

### ***To the Citizens and Taxpayers of Butler County:***

I am honored to present Butler County's (County) Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008.

The purpose of the County's Comprehensive Annual Financial Report (CAFR) is to provide a thorough, accurate, and understandable accounting of the financial resources entrusted to those serving you in County government.

The report is prepared under standards prescribed by the Government Finance Officers Association (GFOA). The report is submitted annually to the GFOA and subjected to an exhaustive review that determines if the report qualifies for that organization's prestigious *Certificate of Achievement for Excellence in Financial Reporting*.

Although recipients must re-qualify for the award each year, I am pleased to note the County's CAFR has been honored for seven years consecutively with the GFOA Certificate of Achievement. This accomplishment is the end product of those dedicated individuals responsible for the report's preparation.

In addition to the GFOA, the Commonwealth of Pennsylvania and the federal government review this report. The report also provides useful information to general obligation bondholders, bond rating agencies, and financial institutions.

The Office of the County Controller prepares the report with assistance from other County officials. 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 report's successful completion. Responsibility for the accuracy, reliability, and completeness of the presentation, including all disclosures, rests with the County.



**Photo provided by: Butler  
County Information Services**

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.

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, 2008.

The independent auditor also conducted an audit of those County programs receiving federal funding which were 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 fiscal provisions of the County Code of the Commonwealth of Pennsylvania.

The 2008 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 (2007 CAFR), and (4) the County's organizational chart, selected websites, maps, illustrations, and photographs.

II. *Financial Section* - (1) the Independent Auditor's Report, (2) Management's Discussion and Analysis (MD&A), (3) the basic financial statements, which include government-wide financial statements, fund financial statements, and notes to 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 2008 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 its 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 would include the court system, the prison, Sunnyview Nursing Home, 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 within the County's reporting entity: (1) the County's ability to impose its will on the organization and (2) the organization's ability 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 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 exceeding some 185,000 residents. There are 57 political subdivisions within the County, comprised of 23 boroughs, 33 townships, and a Third Class city (Butler).

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 or central government. This governing arrangement was brought by colonists to the New World and established along the eastern coast of North America. To this very day, the archaic term “shire” remains with us in its derivative form, “sheriff.”

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. 2010 census projections estimate the County’s population at 200,000 citizens-just 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.

The County’s elected officials are commonly referred to as row officers and act primarily in a ministerial capacity. Those row 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. There was one appointed senior judge serving the court during 2008.

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. There was one position vacant during 2008.

There are four principal boards having authority over County administrative and fiscal matters. As described, the Commissioners function as the primary governing body of the County. The three remaining Boards are the Salary Board, the Prison Board, and the Retirement Board.

The County Salary Board is made up 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 (elected official salaries are set by state statute). The chair of the 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. Salary Board meetings are scheduled, as needed, 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, the County Controller, the District Attorney, the Sheriff, and the President Judge or his representative. The Prison Board meets in regular public session the second Tuesday of each month.

The County Retirement Board oversees the County Employee Retirement Fund. The Retirement Board is made up of the three Commissioners, the County Controller, and the County Treasurer. The County Controller serves as secretary of the Retirement Board and is responsible for administration of the pension fund under Pennsylvania Act 96.

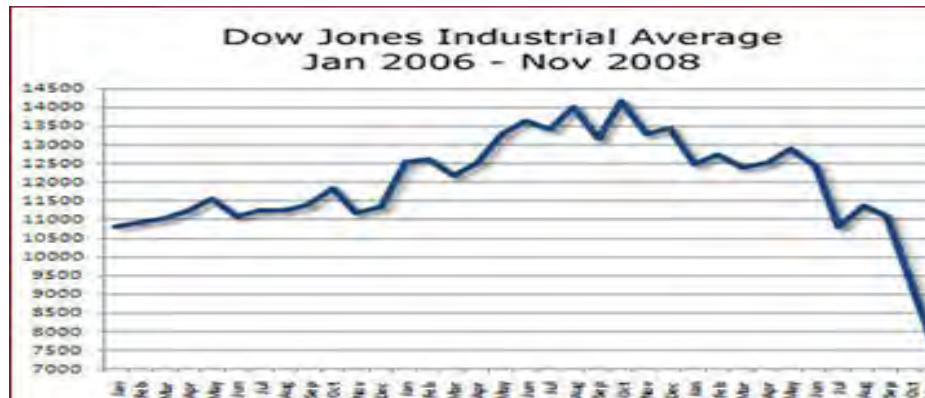


**Meeting of the Butler County Retirement Board**  
Photo provided by: Office of the Butler County Controller



The Pension Fund has over 750 County employee participants and over 350 retirees receiving monthly pension annuities. Pension Fund net assets totaled approximately \$84,000,000 at year-end.

### ECONOMIC CONDITION AND OUTLOOK



**The County was not immune to the worldwide financial crises. The County Pension Fund lost nearly a third of its value in 2008 and many residents experienced similar losses in their 401-K and other retirement plans.**

Source of Graph: Wikipedia

The County is the only county in southwestern Pennsylvania to gain population during the last decade. The County's population has grown by over twenty percent since 1990. The median age of a County resident is 37.6 years according to the U.S. 2000 Census data. The median ages of the residents of nearby counties are: Allegheny County (39.6), Armstrong County (40.4), Beaver County (40.7), and Lawrence County (40.5).

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 assessed value of County taxable property grew from \$933 million in 1999 to \$1.19 billion in 2008, according to County assessment records. During the same period, the market value of real property increased from an estimated \$7.1 billion to \$11.4 billion. The last County reassessment was completed in 1969.

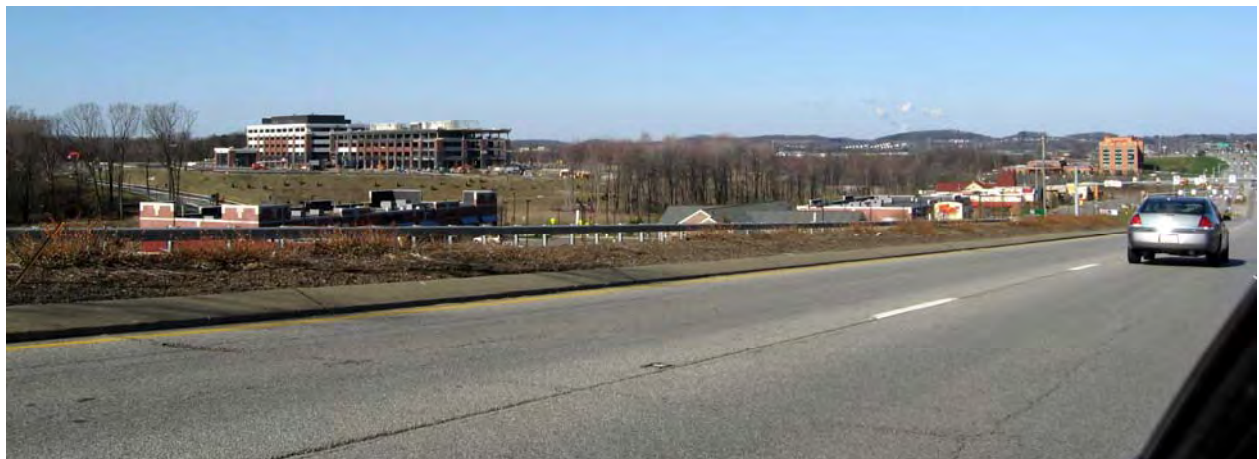
The amount of real estate tax on a parcel of property is determined by applying the County's millage rate to the property's assessed value. Changes

to the millage rate occur in December when the County's annual budget is acted on by the Commissioners. The County's millage rate had remained unchanged for five years prior to 2001. In 2001, the rate increased to 21.5 mills and subsequently increased to 24.5 mills in 2002. The millage rate remained at 24.5 mills through 2004. In 2005, the County's millage rate increased to 27.5 mills and in 2008 increased to 30 mills.

According to the Pennsylvania Department of Labor and Industry, the County's average unemployment rate was 4.7 percent in 2008. Consumer prices increased by 4.9 percent for County residents in 2008, according to the U.S. Department of Labor, Bureau of Labor Statistics.

In April of 2007, Westinghouse Electric Company (Westinghouse) announced it would re-locate its corporate headquarters to Cranberry Township. Westinghouse is the world leader in nuclear power plant technology and has benefited recently from several major nuclear plant construction contracts. The most notable of these was a multibillion-dollar contract to construct four electrical generating facilities in the Peoples Republic of China.

Westinghouse expects to hire several thousand scientists, engineers, and support staff over the next several years at its Cranberry headquarters. Construction of that facility began during 2007 in the MSA Park section of Cranberry Township.



**Westinghouse Corporate Headquarters along Route 228 nears Completion.**

In the distance, steam rises from the cooling tower of the world's first nuclear plant in Shippingport (see photo below).

Photos provided by: Office of the Butler County Controller



**Nuclear Cooling Towers,  
Shippingport, PA**

County officials are still ascertaining the full impact of the Westinghouse decision. Unquestionably, Westinghouse will have a positive impact on County employment, income, residential construction, and real estate values as well as heightened demand for educational, cultural, and recreational activities.

The County's largest private employer during 2008 continued to be Iron Mountain Underground Storage in Boyers, with approximately 1,800 employees. The record storage facility is located in what was previously a large underground limestone mine in northern Butler County. A number of major companies and federal agencies, including the Social Security Administration, contract with Iron Mountain for secured record storage services.



Source: Verizon Website

Verizon Wireless Corporation is now the second largest private employer in the County with 1,600 employees.

AK Steel, formerly known as ARMCO Specialty Steel Products, is the County's third largest private employer. The Butler Works of AK Steel is a recognized leader in the manufacture of electrical grade silicon steel and stainless steel products. The Butler Works of AK Steel produces the only high-permeability electrical steel manufactured in the United States.



**Butler Melt Shop Electric Arc Furnace**

Source: AK Steel Website

The Butler Works of AK Steel employs 1,500 locally and is the major supplier of steel used in the manufacture of domestic automobile exhaust and catalytic converter systems. AK Steel remains competitive in the world market and continues to invest capital in its County operation.

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

II-VI's office and manufacturing facility are located on a site long associated with technological innovation. The world's first commercial radio transmission tower was erected and placed in service some eighty-five years ago on the grounds now occupied by II-VI.

In 1920, the tower transmitted the world's first commercial radio broadcast by pioneer Pittsburgh radio station KDKA. A nuclear cyclotron was later constructed on the site and used in atomic research by physicists of Carnegie University of Technology (now Carnegie Mellon University).

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



Source: II-VI Website

high power industrial CO<sub>2</sub> (carbon dioxide) lasers. The firm has several products produced under contract with the Department of Defense and Department of Homeland Security.

Mine Safety Appliances (MSA) employs 675 at its Cranberry Township location. 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 (SCBA), and hearing and eye protection devices.

MSA is a major defense contractor. Several of its products are also in demand for Homeland Security applications. MSA's Callery manufacturing plant was sold in 2003 but it remains in service as the world's leading supplier of borane reagents and alkali metal strong bases. Since 1946, this plant has produced specialty chemicals used in pharmaceutical and industrial applications.

Near Saxonburg is Penn United Technology, a manufacturer of precision sub-micron tool and die equipment. Penn United Technology employs over 620 skilled machinists, technicians, and support staff.

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



Source: Ibis Tek Website

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.

**Arial view of INDESPEC  
Chemical Corporation, Petrolia**

Source: website



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

Butler Health System, which includes Butler Memorial Hospital, employs approximately 1,800 health care staff. The hospital is undergoing a major capital construction project at its primary location in the City of Butler. Other major employers include the Butler Area School District with 1,141 full-time employees, Slippery Rock University with 940 employees, and Seneca Valley School District with 912 employees.

The County's residential and commercial real estate market has suffered from the impact of the national sub-prime mortgage problem. However, the decline in real estate values has not been as pronounced as in other areas of the country. Some construction activity continued in the County during 2008, albeit at a level much reduced from that experienced earlier in the decade.

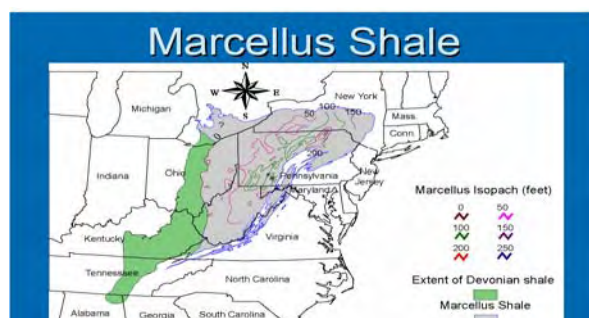
The influx of residents coming from neighboring Allegheny County and other areas continues and the adjacent communities of Middlesex, Clinton, and Winfield Townships are expecting accelerated growth as they add infrastructure in support of population growth. Westinghouse's decision to locate in Cranberry Township should increase demand for those County residential properties within commuting distance of the Westinghouse facility.



While growth may have slowed somewhat in 2007, it still continues to stimulate the local economy contributing to the County's already solid tax base. The economic outlook remains positive for the County's largest employers despite the 2008 stock market decline and economic downturn. The County continues to retain a skilled labor force due in part to its long association with the steel and railroad industries.

Over the past two years, many County property owners have begun benefiting from an enormous natural gas reservoir running through parts of Pennsylvania. The Marcellus Shale field runs from New York State through the Appalachian basin, including central and western portions of Pennsylvania. Several major natural gas exploration firms have begun acquiring gas-drilling rights from northern Butler County property owners.

Industry experts believe the Marcellus Shale field may contain one of the largest natural gas reserves ever discovered in this country. While much of this optimism still remains speculative in nature, any major natural gas discovery in the area would certainly have a positive economic impact on the County residents.



Source: U.S. Geological Survey

## 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.

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 8,400 students, is located in Slippery Rock Borough in the northwestern section of the County.

The Butler County Community College (College) opened in 1966. The College has some 4,000 combined full-time and part-time students enrolled in its two-year and post-secondary school programs.

Several major universities and colleges are within the region surrounding the County. These include Carnegie Mellon University, University of Pittsburgh, and Duquesne University.



**High school grads look to the next chapter in their lives.**

Photo provided by: Office of the County Controller

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. 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.

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.

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.



**Butler  
County  
Heritage  
Center**  
Source:  
Website

The County's historical preservation efforts have restored many original homes and businesses dating to the early 19<sup>th</sup> 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 19<sup>th</sup> 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 205-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.



**Washington  
historical marker  
(white on blue  
background signage)  
near Passavant  
House, South Main  
Street, Zelienople**

Photo provided by: Office of the  
County Controller

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. George Washington was under orders from Virginia Governor Dinwiddie to instruct the French to remove themselves from British territory in Western Pennsylvania.

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. The assault occurred near Evans City, Butler County and was one of several events in Western Pennsylvania leading up to the outbreak of the French and Indian War the following year.

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.

## **Veterans Services**

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.

### 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 \$235,000 to the Butler County Community Development Corporation.

The County is an active participant in the state's Farmland Preservation Program (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. This program preserved an additional 200 acres of farmland during 2008 and is expected to preserve an additional two farms in 2009 for a total of 38 family farms preserved since the program's inception.



### **County Emergency Operations Center**

Photo provided by:

9-1-1 Office

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.

Emergency Operations moved in to a new public safety facility in May 2006. The Center is located near the Sunnyview Nursing Home complex in Butler Township. The cost of the new facility totaled approximately \$2 million.

The County continues to upgrade its emergency services program. A new, more reliable high-band communication system was installed during 2004 and was made available to all emergency service personnel in 2005. This system upgrade improved communication between fire departments, police, and EMS services. The cost of the system was \$4.9 million and will be funded by the \$1.25 monthly phone line charge paid by all of the County's commercial and residential phone subscribers. Additional funding for this capital project came from the County's 2004 general obligation bond issue.

Approximately, 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 \$600,000 annually in cell phone fees. In March of 2007, the Center implemented Phase I technology that helps locate wireless 911 callers. Phase I gives the Center the telephone number of the caller and the location of the cell tower the call is coming from. Phase II of the wireless upgrade was completed in 2008. Phase II gives the actual location of the wireless 911 caller.



The County prison is at full capacity with a large number of inmates being housed in other county prisons. In December 2008, the County's inmate population was 230, which included some 73 inmates being housed under contract in other county prisons. The County expended \$1.5 million for the out-of-county inmate housing in 2008.



In 2001, a County prison study committee recommended the construction of a new 500-bed prison facility. A site selection committee was formed in May of 2002 for the purpose of providing a list of suitable sites for a new prison. In 2004, a site was selected on Washington Street in the City of Butler, near the County Government and Judicial Center.

The firm of L. Robert Kimball and Associates, of Ebensburg, Pennsylvania was chosen as the project's architect. Massaro Corporation of Pittsburgh was chosen as the project's construction manager. Site preparation work began in mid-2005. All contracts were awarded by early 2006. The Office of County Controller at that time estimated the cost of construction at \$39 million. Problems and issues arose during 2007 involving the project's general contractor, A.G. Cullen Construction of Pittsburgh, delaying the anticipated October 2007 completion date for the prison. A new general contractor, Rycon Corporation, took over the project in 2008. At year-end, the prison project was on schedule for completion by mid-2009. The project cost was expected to total \$42 million. The County received a surety bond settlement of \$2.0 million reducing the net cost of construction to approximately \$40 million.

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 totaled \$900,000 in 2008. 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 amounts of growth. Annual County property tax revenues typically grow by \$700,000 or more without any change in the millage rate.

Several County school districts have experienced a growth in tax revenues similar to that experienced by the County. However, the impact of the additional revenue has tended to be offset by the cost associated with additional student enrollments and other factors. Two factors which are expected to have a measurable impact on school district budgets over the next several years are: (1) funding of the shortfall in the Pennsylvania School Employee's Retirement System (PSERS) which has been deferred until the 2012-2013 school budget year and (2) funding of retiree health care benefits for those school districts providing such benefits.

GASB now requires municipal governments and school districts to calculate the liability and annual funding obligation they have for post-employment benefits such as health care. The combined effect of funding both a pension and a health care obligation could be dramatic for some school districts, intensifying the existing dissatisfaction with the present Pennsylvania property tax system.

The County's annual pension fund contribution is one of the largest components of the County budget. In 2008, the contribution totaled \$4.7 million before state reimbursement. The annual required pension contribution continues to be made by the County each year and consequentially the County has no net pension obligation at the end of 2008.

The County provides no retiree health care coverage and therefore has no liability or funding obligation for that benefit (see GASB Statement No. 45 note that follows).

#### 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 31<sup>st</sup> 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.

### GASB STATEMENT NO. 34

GASB Statement No. 34 has been described as the most significant change to governmental accounting procedures ever initiated. The County successfully implemented all of the applicable provisions of GASB Statement No. 34 in 2003. Under GASB Statement No. 34, the County is required to prepare government-wide financial statements, record financial activities on the full-accrual basis of accounting, record depreciation expense, and record infrastructure assets.

Beginning in 2003, additions to infrastructure assets were capitalized. All infrastructure assets have been recorded on the County's financial statements during 2007. For depreciation purposes, the County's capitalization threshold has been increased to \$5,000 for capital assets. An outside property appraisal firm completed a comprehensive valuation of all County capital assets in 2003.

### GASB STATEMENT NO. 45

The County provides no other post-employment benefits other than those established through the County Employees' Pension Plan under Pennsylvania Act 96. The County does not have any pre-existing or potential liability for any such benefits granted to employees in prior years.

### PENSION TRUST FUND

The County Employees 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 assets held in trust totaled \$84,394,076 as of December 31, 2008. The Pension Plan's net assets decreased by \$23,869,245 from the ending balance on December 31, 2007. The County was required to make an annual required contribution (ARC) in 2008 of \$4,712,669. The County had no net pension obligation (NPO) as of December 31, 2008. For additional information, see Note 7 to the basic financial statements.

### CASH MANAGEMENT

The County invests temporary excess cash in certificates of deposit, treasury bills, and other appropriate and legal investment instruments. Interest earnings of the government fund types were \$ 1,490,566 in 2008.

The County's Investment Policy requires all deposits be insured by federal depository insurance or be subject to collateral agreements in accordance with the provisions of Pennsylvania's Act 72. Act 72, (unrelated to Act 72 of 2003 mentioned earlier) obligates the institution to pool collateral for all



governmental deposits and have the collateral held in the institution's name by an approved custodian.

### RISK MANAGEMENT

The County is on a reimbursable basis with the Commonwealth of Pennsylvania for unemployment compensation. The County has also elected to self-insure itself for workers' compensation and for employee medical health coverage for the period ending December 2008. More detailed information on this subject can be found in Note 9 to the basic financial statements.

### THE 2008 FINANCIAL YEAR IN SUMMARY

The governmental funds within the County include the General Fund, thirty-seven Special Revenue Funds, ten Capital Project Funds, and a Debt Service Fund. The governmental funds' total revenues equal \$121,807,257 and total expenditures equal \$124,963,597 for the year. The County has three proprietary funds, one pension trust fund, and eight agency funds.

The General Fund had total revenues of \$44,842,711 and expenditures totaling \$40,651,067. The unreserved fund balance for the General Fund was approximately \$5.7 million, a decrease of approximately \$100,000. Sunnyview Nursing Home required a County contribution from the General Fund in the amount of \$1,024,717 in order to meet operating costs in 2008.

The County had \$5 million held at year-end in Capital Project accounts, most of which derived from the 2003, 2004, and 2006 general obligation bond issues. The County had a balance of over \$380,000 held in its Operating Reserve Fund at year-end for contingency purposes.

General Fund expenditures totaled approximately \$40.7 million in 2008. The schedule appearing on page I-25 displays 2008 General Fund expenditures and transfers by administrative category totaling approximately \$47.3 million. For the purposes of trend analysis, the schedule provides a comparison of 2008 expenditures to 2000 expenditures.

A comparative statement of the County's General Fund expenditures appears on the following page. 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.

# General Fund Expenditures by Office

For the Periods Ending December 31, 2000 and December 31, 2008

	<u>2000</u>	<u>2008</u>	<u>Change</u>	<u>Per Year %</u>
<u>Board of Commissioners:</u>				
Alameda Park & Pool	\$ 233,365	\$ 331,936	\$ 98,571	5%
Budget & Finance	37,786	88,769	50,983	17%
Central Phone	140,085	136,497	(3,588)	0%
Commissioners' Office	474,859	789,603	314,744	8%
County Solicitor	107,414	145,449	38,035	4%
Election Bureau	262,290	441,627	179,337	9%
Grants Management	163,372	182,567	19,195	1%
Information Technology	343,331	687,340	344,009	13%
Mail Room	265,964	307,218	41,254	2%
Maintenance/Construction	1,047,045	1,562,768	515,723	6%
Motor Pool	58,183	89,548	31,365	7%
Personnel	270,509	379,670	109,161	5%
Planning Commission	181,021	227,952	46,931	3%
Public Defender	372,054	648,146	276,092	9%
Purchasing	75,698	114,549	38,851	6%
Tax Assess /Mapping/Tax Claim	695,818	1,136,686	440,868	8%
Tax Collectors	258,348	336,177	77,829	4%
Veterans' Services	143,800	201,826	58,026	5%
Prison	3,359,406	6,688,114	3,328,708	12%
Subsidies-Other County Programs	2,518,234	6,050,269	3,532,035	18%
Debt Service	1,932,761	4,323,749	2,390,988	15%
Miscellaneous	966,500	1,136,680	170,180	2%
Contributions-Outside Organizations	4,549,673	5,433,908	884,235	2%
Total BOC	<u>\$ 18,457,516</u>	<u>\$ 31,441,048</u>	<u>\$ 12,983,532</u>	9%
<u>Court:</u>				
Com Pleas/Corrections/DR Subsidy	\$ 3,508,925	\$ 7,131,958	\$ 3,623,033	13%
Magisterial Judges	1,027,085	1,921,753	894,668	11%
Total Court	<u>\$ 4,536,010</u>	<u>\$ 9,053,711</u>	<u>\$ 4,517,701</u>	12%
<u>Row Offices:</u>				
Clerk of Courts	\$ 421,136	\$ 781,035	\$ 359,899	11%
Controller	433,710	605,884	172,174	5%
Coroner	151,173	292,939	141,766	12%
District Attorney	729,441	1,403,733	674,292	12%
Prothonotary	322,315	648,222	325,907	13%
Recorder of Deeds	304,678	437,765	133,087	5%
Reg.of Wills / Clerk of Orphans' Ct.	297,966	517,005	219,039	9%
Sheriff	800,995	1,777,651	976,656	15%
Treasurer	233,835	386,271	152,436	8%
Total Row Offices	<u>\$ 3,695,249</u>	<u>\$ 6,850,505</u>	<u>\$ 3,155,256</u>	11%
General Fund Total	<u>\$ 26,688,775</u>	<u>\$ 47,345,264</u>	<u>\$ 20,656,489</u>	10%

## AWARDS AND ACKNOWLEDGMENTS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended December 31, 2007. This represents the seventh consecutive year the County attained the achievement.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy accounting principles generally accepted in the United States of America and meet the applicable legal requirements set for it.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the requirements established by the Certificate of Achievement Program and we are submitting the report to the GFOA to determine its eligibility for another certificate.

This achievement would not be attainable without the support and cooperation of the many people who contributed to its preparation. Special appreciation is reserved for Deborah Huth, First Deputy Controller and the staff of the County Controller's Office. This award is the product of their dedication, hard work, and conscientious effort to provide the public with accurate and informative financial information.

It is also important to acknowledge the assistance of others who contributed to the successful completion of this year's report, including 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 extended to the row offices and departments supplying the statistical information appearing in this year's report.

Special appreciation is again expressed to the staff of Maher Duessel for their support and direction in the successful preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink, reading "John R. McMillin, Jr.", is written over a light blue circular stamp.

John R. McMillin, Jr.  
County Controller

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# 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, 2007

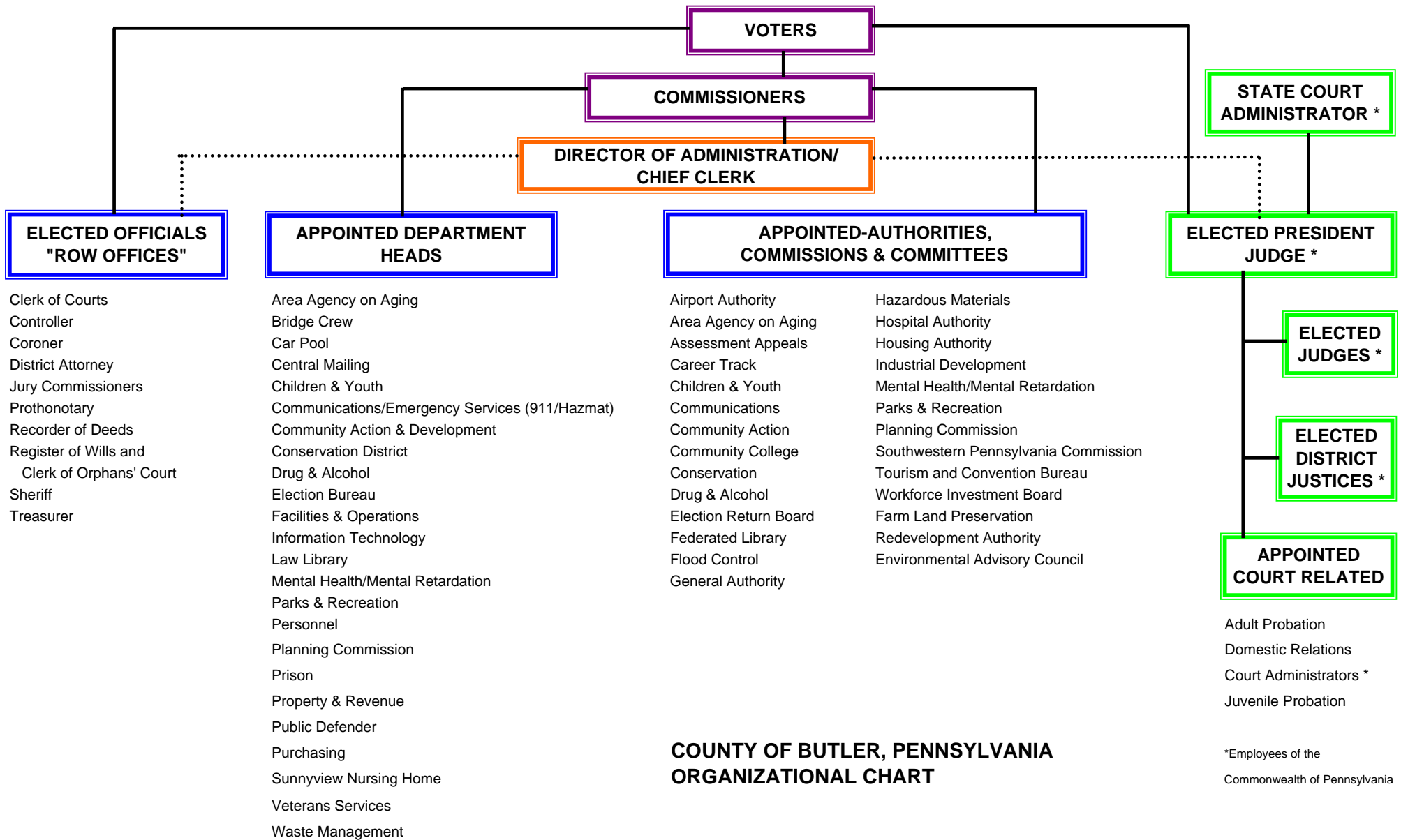
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

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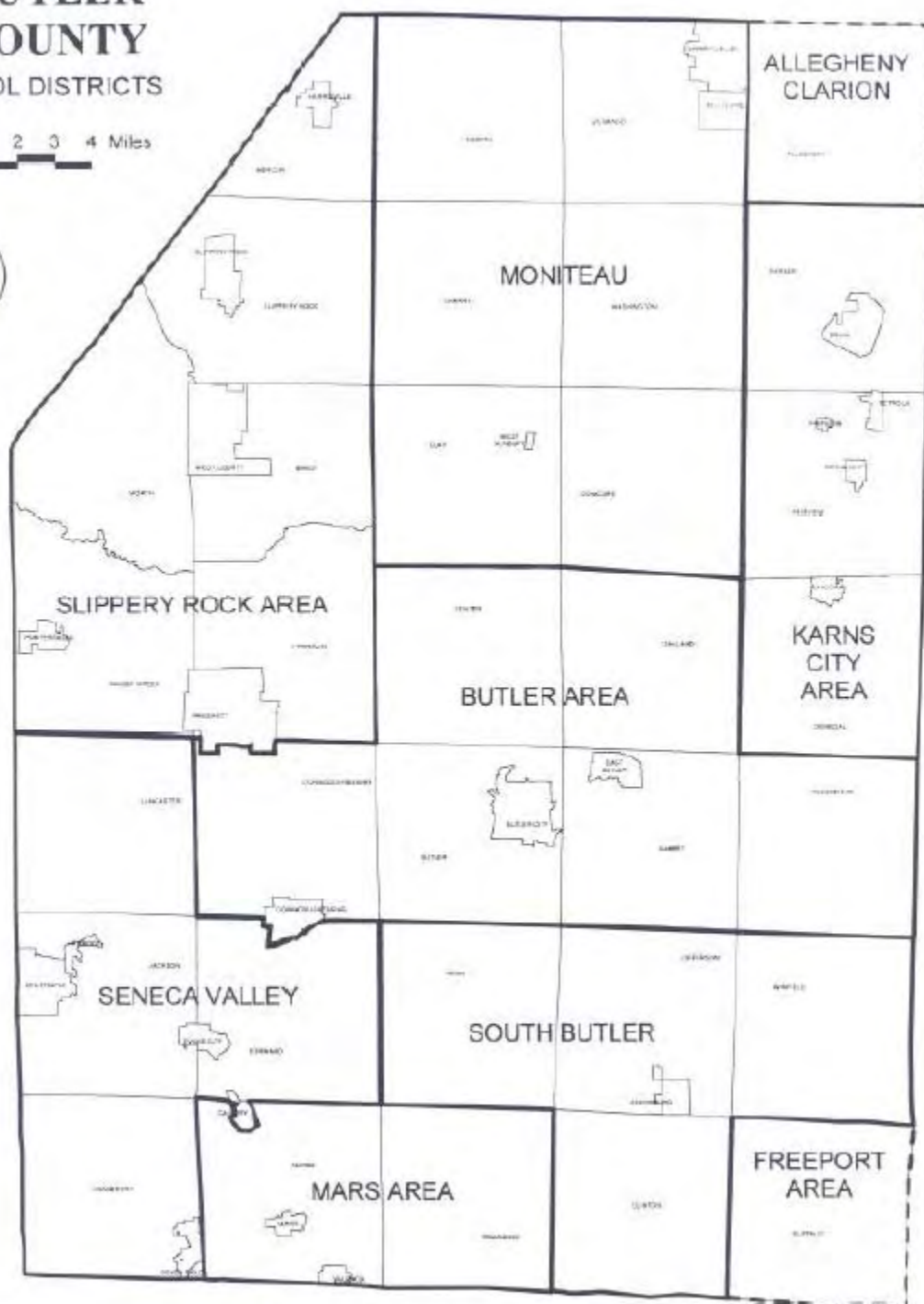
## COUNTY OF BUTLER, PENNSYLVANIA

### Website Information

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

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Source: Butler County Planning Commission Comprehensive Plan PH1 2000

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## FINANCIAL SECTION

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## 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages II-3 through II-25 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

The pension information presented on pages IV-1 through IV-3 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual other governmental 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 other governmental fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Maheer Duessel*

Pittsburgh, Pennsylvania  
June 25, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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### ***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, 2008. 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-78).

### ***FINANCIAL HIGHLIGHTS***

- The County's net assets increased \$4,639,892 to \$42,691,678 in 2008.
- Unrestricted net assets were \$14.6 million at December 31, 2008.
- The County's real estate property tax rate for general purpose was increased to 25 mills.
- The County's real estate property tax rate for debt service stayed consistent at five mills.
- The County maintained an A+ rating from Standard & Poor's.
- At December 31, 2008, the County had \$62.1 million of debt outstanding. This represents a net decrease of approximately \$2.4 million.
- The total fund balance of the General Fund at December 31, 2008 was \$7.3 million. The unreserved/undesignated portion of the fund balance was \$775,322. The unreserved/designated fund balance for the 2009 Budget is \$4.3 million which represents approximately 8% of the revenue projected for 2009.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### 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: (1) government-wide financial statements, (2) fund financial statements, and (3) 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 follow:

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

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation 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. The business-type activities of the County include the operation of the Sunnyview Nursing and Rehabilitation Center and the Emergency Communications 911 Center, including Wireless 911.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, *not the County as a whole*. 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: (1) governmental funds, (2) proprietary funds, and (3) 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

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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, MH/MR, Health Choices, Health Choices Reinvestment, Children & Youth Services, and Capital Bond Issue). 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, the Emergency Communications 911 Center, and Wireless 911.

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, the Emergency Communications 911 Center, and Wireless 911. 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 statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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



## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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➡ *Notes to Financial Statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages III-14 to III-78 of this report.

*Other 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.

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 assets 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**

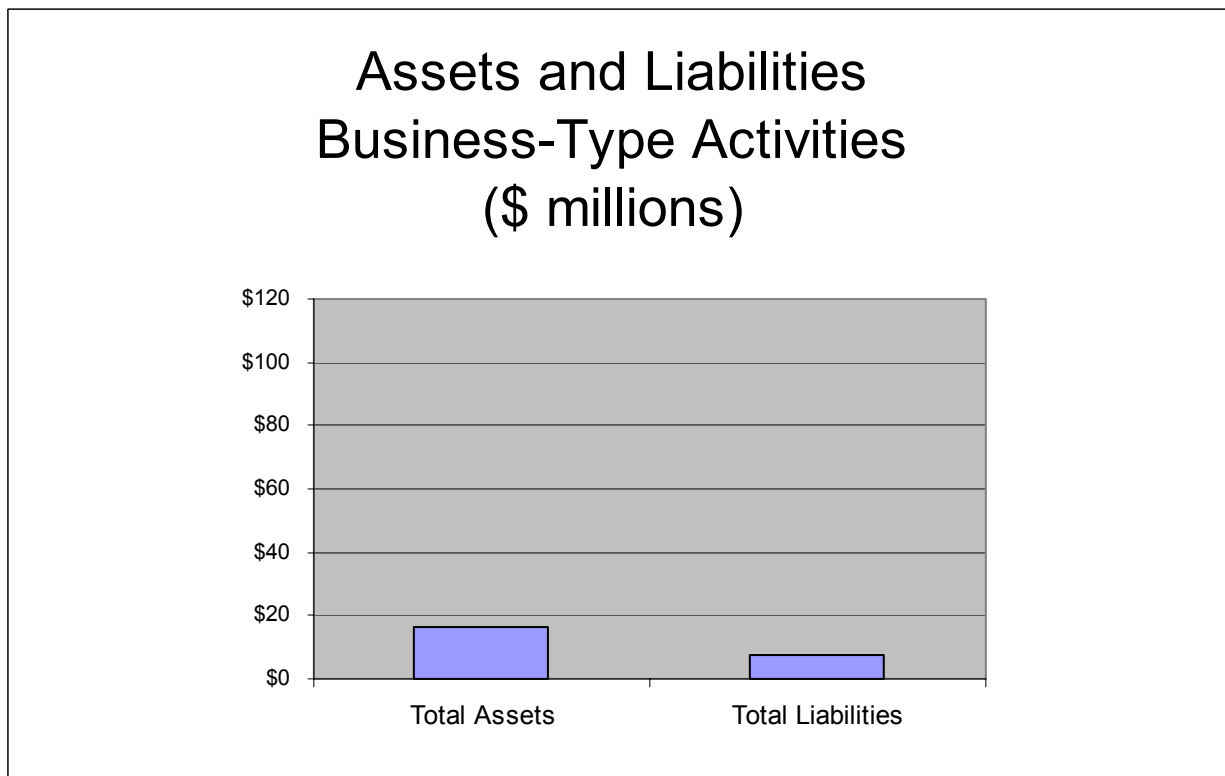
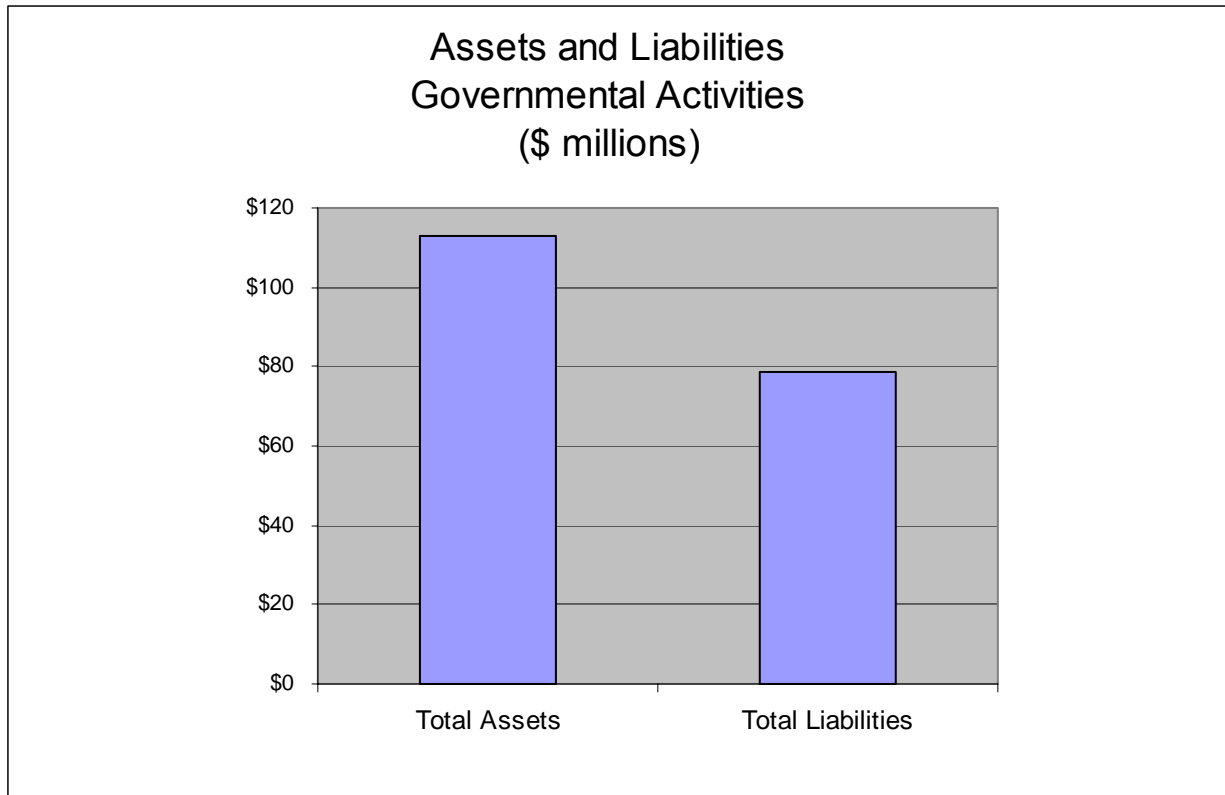
### **GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The County's net assets at December 31, 2008 and 2007 are presented below:

COUNTY OF BUTLER									
Summary of Statement of Net Assets									
December 31, 2008									
(With Comparative Totals at December 31, 2007)									
(in thousands)									
		Governmental activities			Business-type activities			Total	
		2008	2007		2008	2007		2008	2007
Current and other assets		\$41,056	\$45,210		\$2,855	\$3,634		\$43,911	\$48,844
Capital assets		71,701	67,223		13,310	12,824		85,011	80,047
<b>Total assets</b>		112,757	112,433		16,165	16,458		128,922	128,891
Current and other liabilities		22,708	24,159		2,329	2,812		25,037	26,971
Long-term liabilities outstanding		55,928	57,854		5,266	6,014		61,194	63,868
<b>Total liabilities</b>		78,636	82,013		7,595	8,826		86,231	90,839
Net assets:									
Invested in capital assets, net of related debt		20,552	17,872		7,558	6,545		28,110	24,417
Restricted		-	-		-	-		-	-
Unrestricted		13,569	12,548		1,012	1,087		14,581	13,635
<b>Total net assets</b>		\$34,121	\$30,420		\$8,570	\$7,632		\$42,691	\$38,052

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following graph depicts assets and liabilities at December 31, 2008 by activity type:



## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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### ***DISCUSSION OF SUMMARY OF NET ASSETS AND ASSETS IN GENERAL – GOVERNMENTAL ACTIVITIES:***

At the end of 2008, the County's total net assets related to governmental activities increased \$3,701,462. Cash and cash equivalents decreased from \$26 million (2007) to \$22.9 million at the end of 2008. At the end of 2008, the County's total current and other assets related to governmental activities decreased by \$4.1 million. The decrease in cash and cash equivalents of approximately \$3.1 million in 2008 is mainly attributed to the spend down of the remaining capital bond proceeds primarily for the new 512-bed County Prison scheduled to open in July 2009. The cash and cash equivalent balance in the capital bond issue decreased from \$12.3 million in 2007 to our ending balance of \$7.1 million in 2008. The General Fund cash and cash equivalents increased from \$1.8 million to \$2.4 million at 2008 year-end mainly as a result of recovering monies due back from other funds which also resulted in fewer amounts due back to the General Fund.

Capital assets increased to \$71.7 million at the end of 2008 compared to \$67.2 million at 2007 year-end. The increase in capital assets is attributed mainly to the final construction of the new \$40 million 512-bed County Prison. Other major capital projects completed in 2008 include renovations at the Alameda Park, a County-owned 400 acre recreation site, of approximately \$450,000, information system upgrade in the amount of \$280,000, bridge repairs in the amount of \$252,000, and vehicle replacement amounting to \$82,000.

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 assets, none are restricted for various purposes, \$13.6 million is unrestricted and is available to support operations or provide for the payment of long-term debt at the government-wide level. \$20.5 million is invested in capital assets, net of related debt.

### ***DISCUSSION OF SUMMARY OF NET ASSETS AND ASSETS IN GENERAL – BUSINESS-TYPE ACTIVITIES:***

During 2008, the net assets of the County's business-type activities increased from \$7,631,861 to \$8,570,921 with \$1,012,451 being unrestricted. The increase in net assets of the County's business-type activities is attributed to upgrades at the County Communications Center (911 Center) along with upgrades to the 911 wireless equipment. These upgrades amounted to approximately \$300,000 in 2008. The remaining increase in net assets in the business-type activities was the completion of the renovation project at the County-owned 220-bed nursing home (Sunnyview Nursing and Rehabilitation Center).

Cash and cash equivalents decreased by approximately \$1.4 million, accounts receivable and due from other governments were down by approximately \$722,000, the reduction of internal balances decreased by approximately \$1.4 million, and capital assets increased by approximately \$485,000. Liabilities decreased by approximately \$1.2 million.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

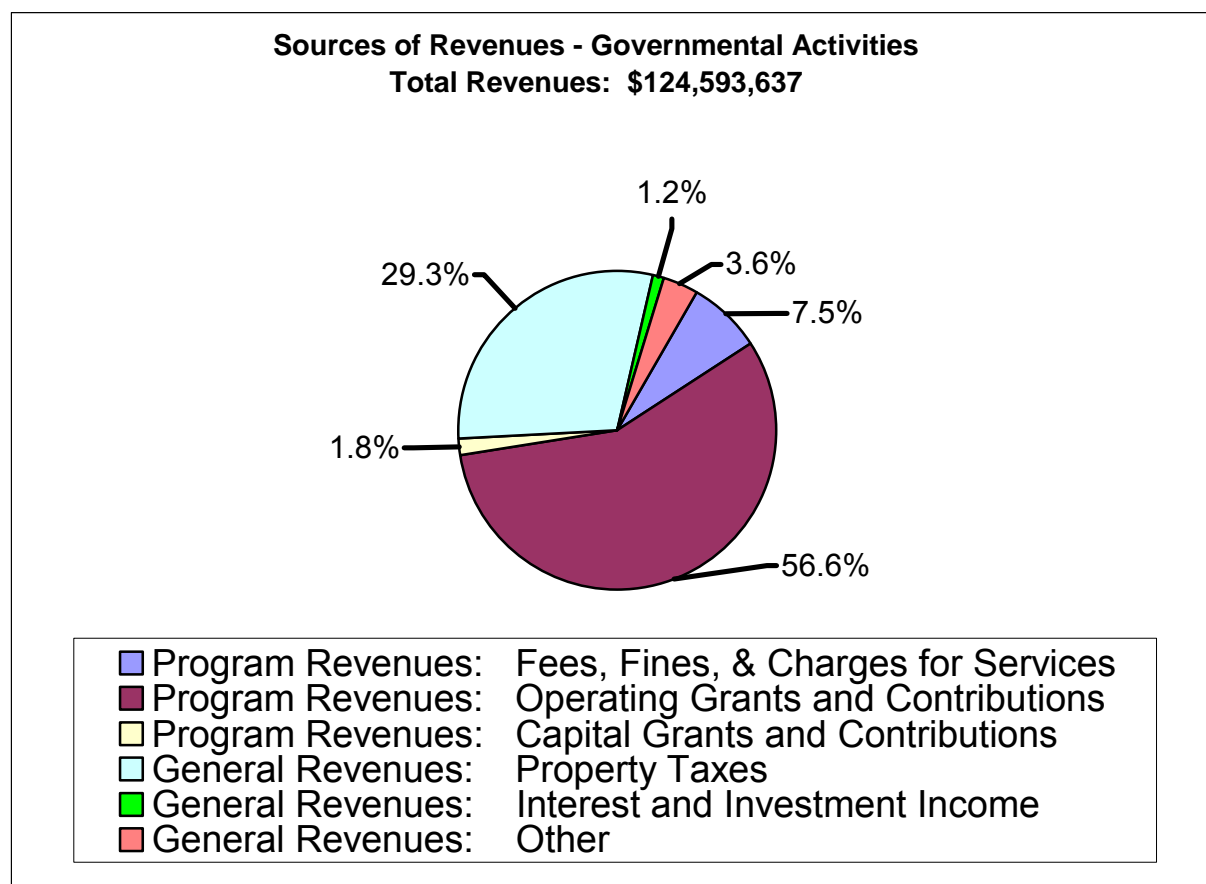
The following table presents the change in net assets for the years ended December 31, 2008 and 2007:

<b>County of Butler</b> <b>Change in Net Assets</b> <b>Year Ended December 31, 2008</b> <b>(With Comparative Totals for the Year Ended December 31, 2007)</b> <b>(in thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenues:</b>						
Program revenues:						
Fees, fines, and charges for services	\$ 9,399	\$ 8,547	\$ 6,644	\$ 5,804	\$ 16,043	\$ 14,351
Operating grants and contributions	70,536	66,515	11,986	11,833	82,522	78,348
Capital grants and contributions	2,181	2,031	996	3,568	3,177	5,599
General revenues:						
Taxes	36,522	32,710	-	-	36,522	32,710
Interest and investment income	1,491	2,403	257	22	1,748	2,425
Other	4,464	2,475	-	-	4,464	2,475
<b>Total revenues</b>	<b>124,593</b>	<b>114,681</b>	<b>19,883</b>	<b>21,227</b>	<b>144,476</b>	<b>135,908</b>
<b>Program expenses:</b>						
General government - administration	10,150	9,432	-	-	10,150	9,432
General government - judicial	12,952	12,135	-	-	12,952	12,135
Public safety	10,771	11,354	2,699	2,616	13,470	13,970
Public works and enterprises	1,333	2,288	-	-	1,333	2,288
Human Services	76,292	71,908	18,339	17,349	94,631	89,257
Culture and recreation	1,173	1,219	-	-	1,173	1,219
Conservation and development	1,038	1,094	-	-	1,038	1,094
Community development and housing	2,169	1,411	-	-	2,169	1,411
Interest	2,921	2,934	-	-	2,921	2,934
<b>Total program expenses</b>	<b>118,799</b>	<b>113,775</b>	<b>21,038</b>	<b>19,965</b>	<b>139,837</b>	<b>133,740</b>
<b>Change in net assets before transfers</b>	<b>5,794</b>	<b>906</b>	<b>(1,155)</b>	<b>1,262</b>	<b>4,639</b>	<b>2,168</b>
<b>Transfers</b>	<b>(2,093)</b>	<b>(2,189)</b>	<b>2,093</b>	<b>2,189</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>3,701</b>	<b>(1,283)</b>	<b>938</b>	<b>3,451</b>	<b>4,639</b>	<b>2,168</b>
Net assets – beginning, as restated	30,420	31,703	7,632	4,181	38,052	35,884
Net assets – ending	<u>\$ 34,121</u>	<u>\$ 30,420</u>	<u>\$ 8,570</u>	<u>\$ 7,632</u>	<u>\$ 42,691</u>	<u>\$ 38,052</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, 2008:



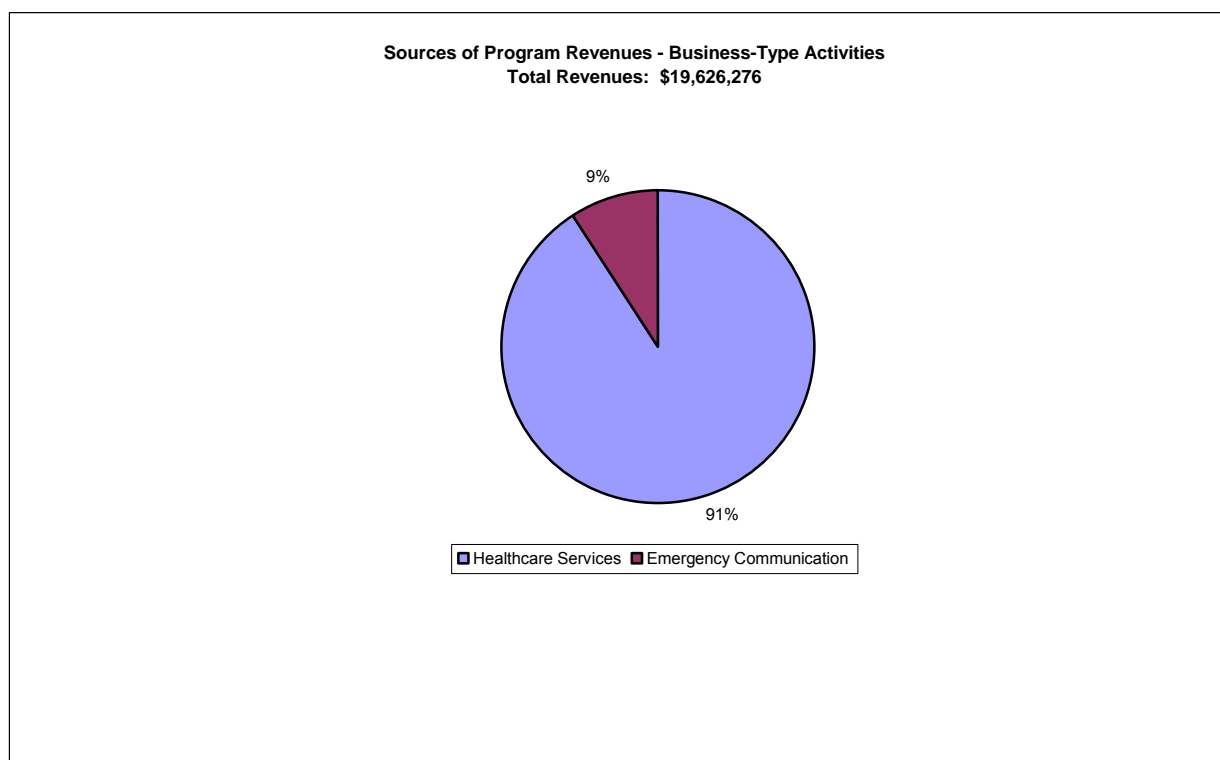
Total revenue from governmental activities for 2008 was \$124,593,637 which was approximately \$9.9 million higher than the 2007 year. Operating grants and contributions account for 56.6% of the 2008 governmental activities revenue amounting to \$70,535,956 compared to \$66,515,249 in 2007. Operating grants and contributions attributed to Human Services increased from \$61.9 million in year ending 2007 to \$66.2 million for year ending 2008. Increase funding for Human Services continued to lead the way in operating grants within the government activities sources of revenue. Health Choices, a 100% funding pass through administered by the Mental Health Department increased by nearly \$2.4 million in 2008 to \$23.4 million. General revenues – taxes increased from \$32,710 in 2007 to \$36,522. This \$3.8 million increase was a result of the general mill tax increases which provided additional tax revenues in 2008.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **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, 2008:



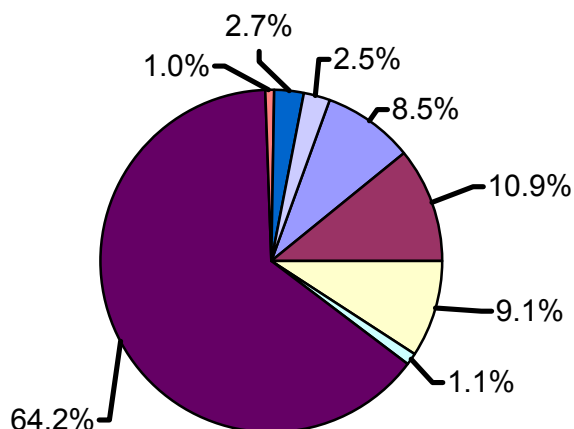
Sunnyview Nursing and Rehabilitation Center, the Emergency Communications 911 Center, and Wireless 911 are the three business-type activities reported with the County. Sunnyview Nursing and Rehabilitation Center received revenue of \$17.8 million in 2008 compared to \$19.5 million in 2007. Intergovernmental revenue decreased by approximately \$2.4 million and patient and client services increased by approximately \$942,000. The revenue received by Emergency Communications 911 and Wireless 911 was \$1.8 million in 2008 and \$1.7 million in 2007. The decrease of \$2.6 million in intergovernmental revenue at the County-owned 240-bed nursing home is attributed to the final completion of the \$6.0 million renovation of the County-owned Sunnyview Nursing and Rehabilitation Center which opened a new 20-bed private wing in early 2008. The renovation project was funded through a DPW-CCAP Renovation Project grant designed to downsize and de-certify long-term care beds in the State of Pennsylvania. The renovations also included a new Alzheimer Unit and a new rehabilitation area along with improvements to the air-conditioning system.

### **PROGRAM EXPENSES:**

The following chart graphically depicts the governmental activities program expenses for the year ended December 31, 2008:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Program Expenses - Governmental Activities Total Expenses: \$118,799,511



<div></div> General Government: Administration	<div></div> General Government: Judicial
<div></div> Public Safety	<div></div> Public Works and Enterprises
<div></div> Human Services	<div></div> Culture and Recreation
<div></div> Conservation and Development	<div></div> Interest

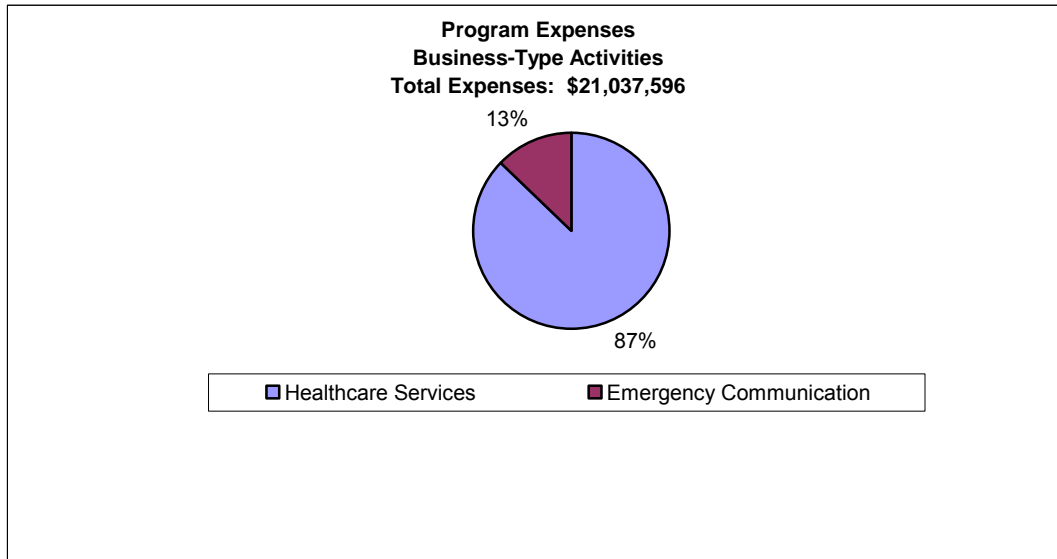
Program expenses for the County's governmental activities amounted to approximately \$118.8 million for year ending 2008. This compares to \$113.8 million for year ending 2007. Human Services expenses increased from \$71.9 million in 2007 to \$76.3 million in 2008. Healthchoices, a Human Services pass-through grant from the State of Pennsylvania, increased by approximately \$2.4 from \$21.1 million in 2007 to \$23.5 million in 2008. One primary function realized significant increases in program expenses for year ending 2008. Increases in expenses under Human Services account for \$4.4 million of the \$5 million increase from 2007 to 2008. Increased funding was received through operating grants and contributions that covered the increase in expenses which had no financial effect on the County's General Fund.



## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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The following chart graphically depicts the business-type activities program expenses for the year ended December 31, 2008:

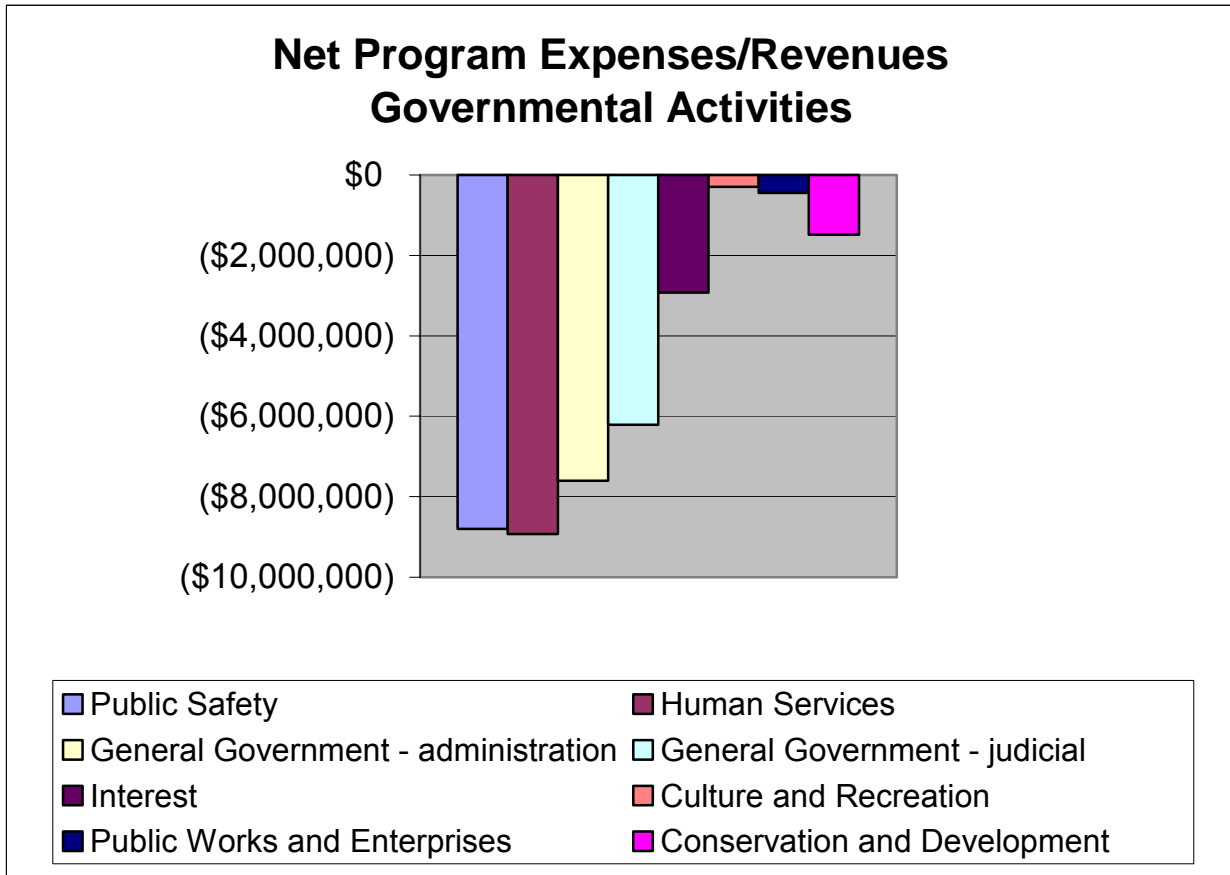


Program expenses for Sunnyview Nursing and Rehabilitation Center increased to \$18.3 million in 2008 from \$17.3 million for the 2007 year. The \$989,419 increase in expenses from year 2007 to year 2008 was attributed to the rise in cost of salaries and benefits from \$13.0 million in 2007 to \$13.5 million in 2008, other operating increasing by \$300,000, and depreciation expenses increasing to \$470,000 in 2008 from \$300,000 in 2007. The Emergency Communications 911 Center had an increase in expenses of approximately \$82,000 to \$2.7 million compared to \$2.6 million in 2007.

### ***NET PROGRAM EXPENSES/REVENUES:***

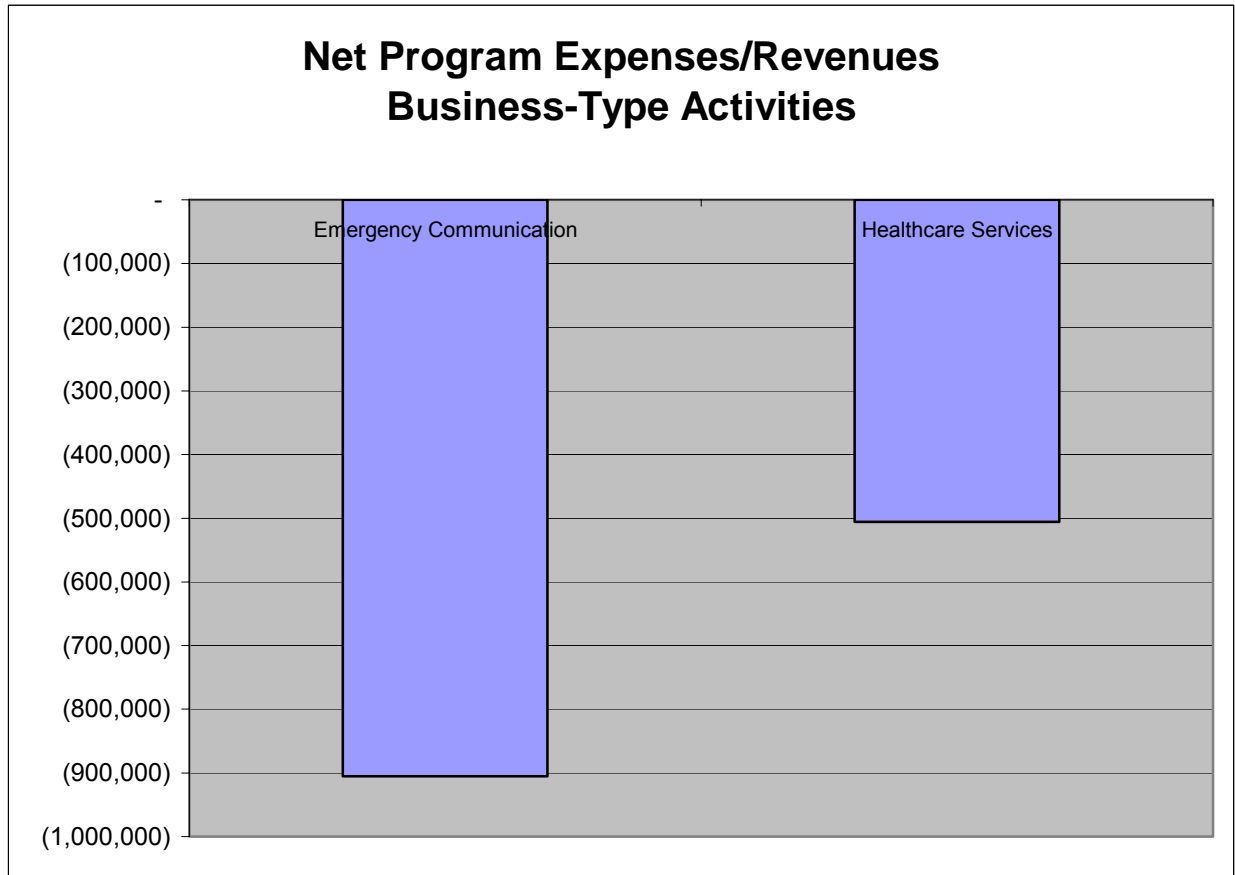
Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The following chart graphically depicts the net program expenses/revenues by function/program for the year ended December 31, 2008:

## MANAGEMENT'S DISCUSSION AND ANALYSIS



Net program expenses/revenues for governmental activities remained consistent at \$36.7 million in 2008 and 2007. The financial support of the Butler County Community College in the amount of \$4.6 million accounts for a significant portion of the \$8.6 million net expense over revenue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS



Expenses at Sunnyview Nursing and Rehabilitation Center increased by \$989,419 to \$18.3 million in 2008 compared to \$17.3 million in 2007 with personnel costs accounting for \$550,000 of the increase, totaling \$13.5 million in 2008 compared to \$13.0 million in 2007. Depreciation expenses increased to \$469,000 compared to \$311,341 in 2007 and other operating expenses increased by approximately \$300,000 as a result of the DPW-CCAP Grant award being significantly lower in 2008 as the draw down of revenue came to a close. Revenue decreased by approximately \$1.6 million for the year ended 2008, largely in part to a one-time grant. The revenue and expenses at the Emergency Communication 911 Center saw very little change when compared to year-end 2007.

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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### ***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 1970, it has been the growth county in the southwest region, with a growth rate of 36% (46,142 persons) between 1970 and 2000. The population in the County went from 152,013 in 1990 to 174,598 in 2000. Estimates now place the population at 182,902.

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

During the year ending December 31, 2008, municipalities within the County issued 3,169 building permits down from 3,358 issued in 2007. Annually, the Assessment Office sends each municipality a letter explaining the current requirements of the UCC (Uniform Construction Code). The County assessors also canvas each municipality in search of construction without a building permit being issued. The fair market value of real estate decreased by \$11 million during 2008 to a total market value of \$11.4 billion.

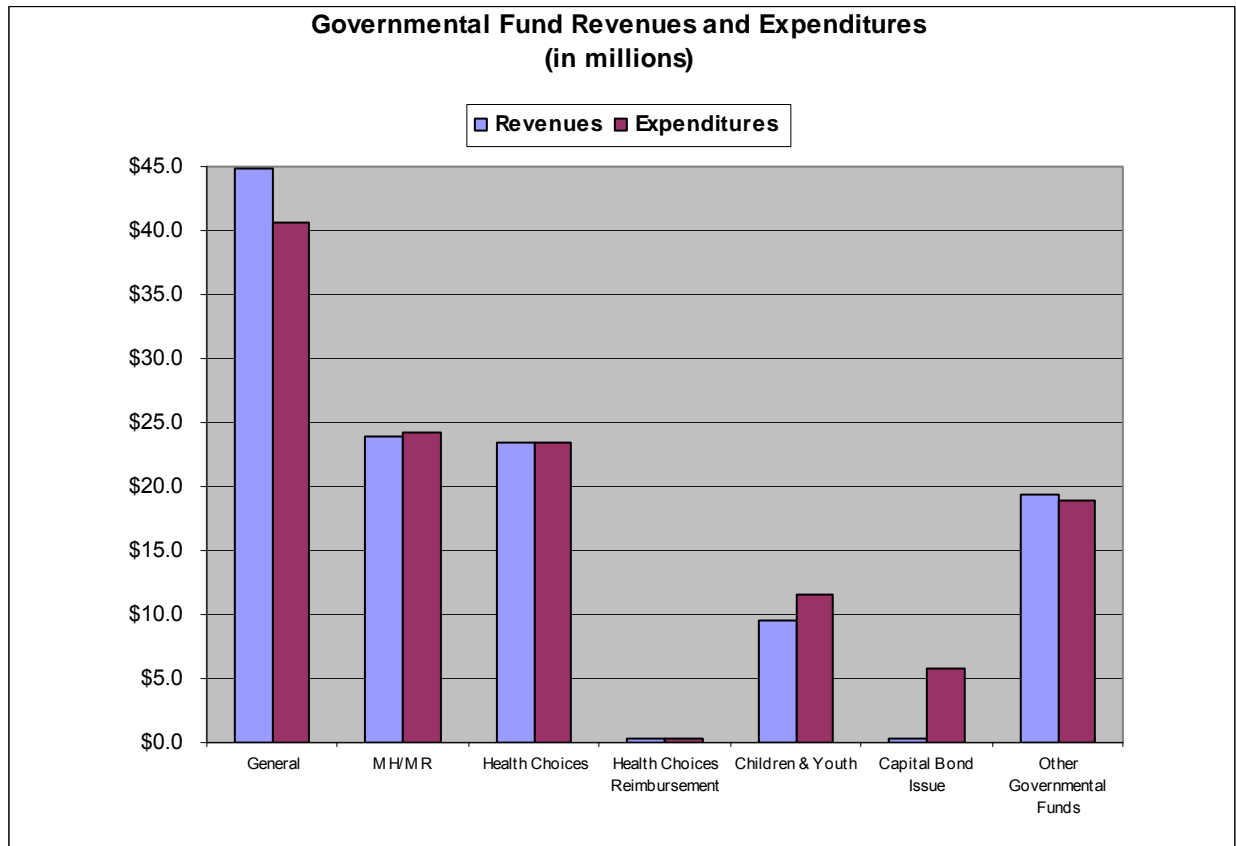
The County in 2007 instituted an interim tax bill, which added \$400,000 tax dollars that in prior years would not have been billed or collected. The interim tax bills new construction from the date of completion for the remaining months in the calendar year. In 2008, the County billed over \$400,000 in additional interim taxes.

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

*Governmental Funds* – The County has forty-nine governmental funds; six of them are major funds (General, MH/MR, Health Choices, Health Choices Reinvestment, Children and Youth, and Capital Bond Issue) 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, unreserved/undesignated 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

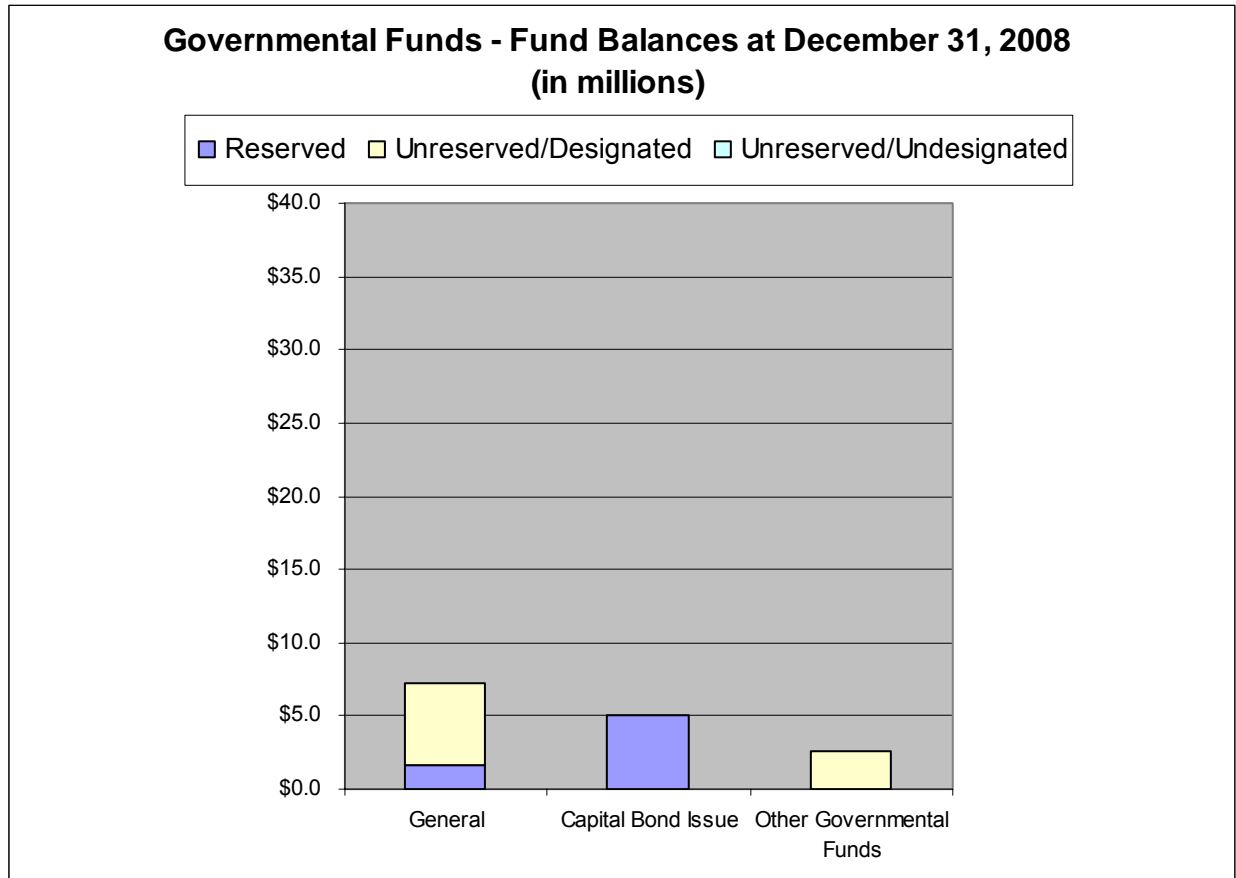
The following chart graphically depicts the total revenues received and expenditures incurred by the governmental fund for year ended December 31, 2008:



The majority of revenues and expenditures occurred in the MH/MR Fund, Health Choices, and the General Fund in 2008. Under the General Fund, revenue from taxes amounted to \$34.2 million. MH/MR received \$23.4 million in base allocation and grants including \$108,442 in interest earnings. Health Choices, a 100% grant funded program, received \$23.4 million in 2008.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart reflects the Governmental Fund fund balances as of December 31, 2008:



The General Fund fund balance at December 31, 2008 was \$7.3 million with \$4.3 million designated for the 2009 Budget. The Capital Bond Issue fund balance was \$5.0 million at December 31, 2008, down from \$8.4 million at December 31, 2007. This is primarily a result of the construction in progress for the new County Prison. Other Governmental Funds fund balance slightly increased from \$2.2 million at December 31, 2007 to \$2.6 million at December 31, 2008.

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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### ***GENERAL FUND BUDGETARY HIGHLIGHTS:***

The fund balance in the General Fund for year ending 2008 decreased by approximately \$73,000 from the 2007 level. At December 31, 2008, the General Fund unreserved fund balance was approximately \$5.7 million, of which \$4.3 million was designated for the 2009 County Budget and \$775,000 was unreserved, undesignated, with the remaining funds designated for worker's compensation.

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

- Under Intergovernmental revenue, an adjustment was made to recognize additional grants received through CJAB (Criminal Justice Advisory Board) in the amount of \$174,397 and the Arrest Grant in the amount of \$31,415 as well as an increase in existing grants to include the PCCD/Victim Witness Grant increase of \$37,000 and the DUI Check Point Grant increase of \$61,275.
- Under General government – judicial, an adjustment was made for additional expenditures that were a result of receiving the additional revenues as noted in the above-mentioned grants.
- Under other expenses, the contingency line item used decreased by \$246,000 in 2008.

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

- Real estate taxes received during 2008 were \$361,827 more than budget. The County is able to pick up additional taxes as a result of interim tax bills that occur after tax assessment rolls are certified.
- Under charges for services, the Sheriff's Office returned significantly more revenue to the General Fund than budgeted; this was a result of previous years' interest being held by the Sheriff and not remitted to the County's General Fund.
- Under fines and forfeits, the Clerk of Courts and the Prothonotary collected additional revenue. Fines and forfeits vary as a result of many factors not known at budget times but are based on estimates, i.e., fines paid in the Clerk of Courts office and fees from various Row Offices.
- Additional revenue from interest earnings are a result of rates and additional balances available for investing.

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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- General government – administration was below budget due to the following: (1) several departments finished under original budget, (2) the Controller's Office salary and benefits were significantly less as a result of an open position and allocation of costs, (3) single audit costs were allocated throughout various departments, (4) workers compensation ended 2008 with a positive balance, (5) Information Technology expenditures for material and supplies and maintenance costs were less than budgeted, and (6) various other general expenses were allocated throughout other governmental activities, i.e. (Motor Pool and Mail Room).
- Public Safety was below budget due to significantly less expenses in 2008 as a result of the new County Prison not opening as anticipated. Of the \$1.8 million variance with the final budget under Public Safety, \$1.6 million was attributed to the Prison budget.
- Other expense was significantly under budget because the County budgeted a contingency of approximately \$2.2 million. During 2008, the County had no significant contingency expense.

### ***CAPITAL ASSET AND DEBT ADMINISTRATION – GOVERNMENTAL ACTIVITIES:***

**Capital Assets** – The County's investment in capital assets and infrastructure for its governmental activities as of December 31, 2008, amounts to \$71.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges.

The increase in capital assets in 2008 is attributed mainly to the construction of the new 512-bed County Prison scheduled to open in July 2009. Renovation at the County-owned 400 acre recreation site (Alameda Park) amounted to approximately \$450,000 in 2008 along with improvements to the County bridges in the amount of \$252,000. Information Technology upgrades amount to \$280,000 for the year ending 2008.

Retroactive reporting of projects acquired or finished prior to 2003 occurred during 2007.

The following is a summary of capital assets for the governmental activities at December 31, 2008 and 2007:



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

County of Butler Summary of Capital Assets Governmental Activities			
	Balance at <u>December 31, 2008</u>	Balance at <u>December 31, 2007</u>	Increase/ <u>Decrease</u>
Land	\$ 1,149,491	\$ 1,149,491	\$ -
Construction in progress	39,033,705	34,214,243	4,819,462
Infrastructure - bridges	18,945,026	18,692,632	252,394
Buildings and improvement	25,892,269	24,917,723	974,546
Furniture and equipment	10,137,654	9,953,688	183,966
Total capital assets	<u>95,158,145</u>	<u>88,927,777</u>	<u>6,230,368</u>
Less accumulated depreciation for:			
Infrastructure - bridges	(7,238,782)	(6,597,789)	(640,993)
Buildings and improvements	(8,900,804)	(8,192,020)	(708,784)
Furniture and equipment	(7,317,447)	(6,914,815)	(402,632)
Total accumulated depreciation	<u>(23,457,033)</u>	<u>(21,704,624)</u>	<u>(1,752,409)</u>
Net Capital Assets	<u>\$ 71,701,112</u>	<u>\$ 67,223,153</u>	<u>\$ 4,477,959</u>

The following is a summary of capital assets for the business-type activities at December 31, 2008 and 2007:

County of Butler Summary of Capital Assets Business-Type Activities			
	Balance at <u>December 31, 2008</u>	Balance at <u>December 31, 2007</u>	Increase/ <u>Decrease</u>
Land	\$ 1	\$ 1	\$ -
Construction in progress	-	5,491,689	(5,491,689)
Buildings and improvement	17,289,581	10,979,467	6,310,114
Furniture and equipment	8,059,985	7,519,404	540,581
Total capital assets	<u>25,349,567</u>	<u>23,990,561</u>	<u>1,359,006</u>
Less accumulated depreciation for:			
Buildings and improvements	(8,091,715)	(7,903,295)	(188,420)
Furniture and equipment	(3,948,114)	(3,262,985)	(685,129)
Total accumulated depreciation	<u>(12,039,829)</u>	<u>(11,166,280)</u>	<u>(873,549)</u>
Net Capital Assets	<u>\$ 13,309,738</u>	<u>\$ 12,824,281</u>	<u>\$ 485,457</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The decrease in construction in progress in the amount of \$5.5 million is attributed to the completion of the renovations to the County-owned nursing home, Sunnyview Nursing and Rehabilitation Center, which added a new 20-bed private rehabilitation wing along with other capital improvements throughout the Facility. Sunnyview Nursing and Rehabilitation Center's renovations were primarily funded through a DPW-CCAP Renovation Project grant focusing on downsizing long-term care beds throughout the State of Pennsylvania. The additional capital needed for other various capital improvements beyond the grant funding, was made available from the County-wide bond fund issue. The major improvement to the nursing home completed in 2008 was an air-conditioning project in the amount of \$721,000. The 911 Center has approximately \$300,000 in upgrades to equipment in year 2008.

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

### ***LONG-TERM DEBT:***

At December 31, 2008, the County had total debt of \$62.1 million, of which \$61.8 million was outstanding on the General Obligation Bonds and \$0.3 million was outstanding on a Capital Reserve Note.

<b>County of Butler Summary of Long-Term Debt</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Beginning Balance at January 1, 2008	\$ 58,240,065	\$ 6,225,000
Additions	-	-
Reductions	(1,704,082)	(615,000)
Ending Balance December 31, 2008	<u>\$ 56,535,983</u>	<u>\$ 5,610,000</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***

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### ***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

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## BASIC FINANCIAL STATEMENTS

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# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF NET ASSETS

DECEMBER 31, 2008 OR JUNE 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total (Dec. 31, 2008)	Butler County Community College (June 30, 2008)	Butler County Airport Authority (Dec. 31, 2008)
<b>Assets</b>					
Cash and cash equivalents	\$ 22,922,761	\$ 732,524	\$ 23,655,285	\$ 7,915,672	\$ 233,033
Investments	1,596,150	-	1,596,150	17,520,270	-
Residents' funds	-	58,122	58,122	-	-
Advances receivable	537,224	-	537,224	-	-
Taxes receivable, at estimated realizable value	3,355,650	-	3,355,650	-	-
Accounts and loans receivable, at estimated realizable value	3,879,523	1,337,674	5,217,197	605,379	76,349
Accounts receivable, students	-	-	-	3,647,288	-
Other receivables	-	-	-	4,729	-
Internal balances	2,125,982	(2,125,982)	-	-	-
Due from other governments	4,091,624	2,736,122	6,827,746	-	-
Prepays	777,422	-	777,422	245,669	12,128
Inventory	-	15,418	15,418	579,745	-
Other	-	26,668	26,668	906,627	-
Capital assets, not being depreciated	40,183,196	1	40,183,197	5,544,199	1,109,393
Capital assets, net of accumulated depreciation	31,517,916	13,309,737	44,827,653	25,230,954	10,530,884
Deferred bond costs	1,769,469	74,903	1,844,372	-	-
<b>Total Assets</b>	<b>112,756,917</b>	<b>16,165,187</b>	<b>128,922,104</b>	<b>62,200,532</b>	<b>11,961,787</b>
<b>Liabilities</b>					
Accounts payable	9,227,176	376,822	9,603,998	839,960	32,117
Accrued interest payable	1,149,426	99,086	1,248,512	431,146	-
Accrued payroll and payroll taxes	985,278	495,905	1,481,183	744,981	-
Line of credit	-	-	-	216,963	-
Residents' funds	-	58,122	58,122	-	-
Due to other governments	720,911	-	720,911	-	-
Unearned revenue:					
Current	7,099,432	-	7,099,432	3,372,740	100,927
Non-current	-	-	-	-	39,286
Capital lease payable:					
Current	-	-	-	33,045	-
Non-current	-	-	-	17,601	-
Workmen's compensation:					
Current	247,045	-	247,045	-	-
Non-current	556,561	-	556,561	-	-
Compensated absences:					
Current	1,332,898	538,110	1,871,008	-	-
Non-current	563,570	202,591	766,161	915,466	-
Note payable:					
Current	239,447	-	239,447	-	-
Non-current	61,536	-	61,536	-	-
Bonds payable:					
Current	1,455,000	735,000	2,190,000	1,055,000	-
Non-current	54,780,000	4,875,000	59,655,000	26,891,568	-
Net premium on debt:					
Current	11,044	26,054	37,098	-	-
Non-current	206,206	188,206	394,412	-	-
<b>Total Liabilities</b>	<b>78,635,530</b>	<b>7,594,896</b>	<b>86,230,426</b>	<b>34,518,470</b>	<b>172,330</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	20,552,185	7,557,840	28,110,025	11,077,356	11,640,277
Restricted for:					
Expendable	-	-	-	5,401,858	-
Nonexpendable	-	-	-	1,362,911	-
Unrestricted	13,569,202	1,012,451	14,581,653	9,839,937	149,180
<b>Total Net Assets</b>	<b>\$ 34,121,387</b>	<b>\$ 8,570,291</b>	<b>\$ 42,691,678</b>	<b>\$ 27,682,062</b>	<b>\$ 11,789,457</b>

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total (Dec. 31, 2008)	Butler County Community College (June 30, 2008)	Butler County Airport Authority (Dec. 31, 2008)
					Governmental Activities	Business-type Activities			
<b>Primary government:</b>									
Governmental activities:									
General government - administration	\$ 10,150,095	\$ 2,227,674	\$ 170,492	\$ 152,082	\$ (7,599,847)	\$ -	\$ (7,599,847)	\$ -	\$ -
General government - judicial	12,952,026	4,462,094	2,278,824	-	(6,211,108)	-	(6,211,108)	-	-
Public safety	10,771,217	778,879	1,195,375	-	(8,796,963)	-	(8,796,963)	-	-
Public works and enterprises	1,333,339	-	338,720	546,679	(447,940)	-	(447,940)	-	-
Human services	76,291,713	977,349	66,211,893	176,510	(8,925,961)	-	(8,925,961)	-	-
Culture and recreation	1,172,551	243,264	1,821	633,429	(294,037)	-	(294,037)	-	-
Conservation and development	3,207,103	709,854	338,831	672,716	(1,485,702)	-	(1,485,702)	-	-
Interest, premiums, and discounts	2,921,467	-	-	-	(2,921,467)	-	(2,921,467)	-	-
Total governmental activities	118,799,511	9,399,114	70,535,956	2,181,416	(36,683,025)	-	(36,683,025)	-	-
Business-type activities:									
Healthcare services	18,338,855	5,407,805	11,706,023	719,083	-	(505,944)	(505,944)	-	-
Emergency communication	2,698,741	1,236,162	279,605	277,598	-	(905,376)	(905,376)	-	-
Total business-type activities	21,037,596	6,643,967	11,985,628	996,681	-	(1,411,320)	(1,411,320)	-	-
<b>Total Primary Government</b>	<b>\$ 139,837,107</b>	<b>\$ 16,043,081</b>	<b>\$ 82,521,584</b>	<b>\$ 3,178,097</b>	<b>(36,683,025)</b>	<b>(1,411,320)</b>	<b>(38,094,345)</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>									
Butler County Community College	\$ 29,814,778	\$ 10,651,285	\$ 16,442,752	\$ 3,458,927	-	-	-	738,186	-
Butler County Airport Authority	1,089,355	370,940	-	683,660	-	-	-	-	(34,755)
<b>Total Component Units</b>	<b>\$ 30,904,133</b>	<b>\$ 11,022,225</b>	<b>\$ 16,442,752</b>	<b>\$ 4,142,587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>738,186</b>	<b>(34,755)</b>
General revenues:									
Taxes:									
Real estate					35,623,077	-	35,623,077	-	-
Hotel tax					899,444	-	899,444	-	-
Total taxes					36,522,521	-	36,522,521	-	-
Interest and investment income					1,490,566	257,086	1,747,652	677,561	3,976
Other income					4,464,064	-	4,464,064	317,904	-
Transfers					(2,092,664)	2,092,664	-	-	-
Total general revenues, interest and investment income, other income, and transfers					40,384,487	2,349,750	42,734,237	995,465	3,976
<b>Change in Net Assets</b>					3,701,462	938,430	4,639,892	1,733,651	(30,779)
Net assets - beginning					30,419,925	7,631,861	38,051,786	25,948,411	11,820,236
Net assets - ending					\$ 34,121,387	\$ 8,570,291	\$ 42,691,678	\$ 27,682,062	\$ 11,789,457

See accompanying notes to financial statements.



# COUNTY OF BUTLER, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2008

	General	Mental Health/ Mental Retardation	Health Choices	Health Choices Reinvestment	Children & Youth Services	Capital Bond Issue	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 2,393,132	\$ 2,993,298	\$ 1,128,493	\$ 2,022,403	\$ 780,328	\$ 7,054,824	\$ 6,550,283	\$ 22,922,761
Investments	1,596,150	-	-	-	-	-	-	1,596,150
Advances receivable	-	244,475	-	-	-	-	292,749	537,224
Taxes receivable, net of allowance	3,295,310	-	-	-	-	-	60,340	3,355,650
Accounts and loans receivable, at estimated realizable value	3,597,906	2	-	-	1,641	24,436	255,538	3,879,523
Due from other funds	5,302,483	251,512	-	-	-	435,834	662,211	6,652,040
Due from other governments	586,253	-	-	-	1,248,926	-	2,256,445	4,091,624
Prepays	752,160	200	-	-	-	7,362	17,700	777,422
<b>Total Assets</b>	<b>\$ 17,523,394</b>	<b>\$ 3,489,487</b>	<b>\$ 1,128,493</b>	<b>\$ 2,022,403</b>	<b>\$ 2,030,895</b>	<b>\$ 7,522,456</b>	<b>\$ 10,095,266</b>	<b>\$ 43,812,394</b>

(Continued)

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2008

(Continued)

	General	Mental Health/ Mental Retardation	Health Choices	Health Choices Reinvestment	Children & Youth Services	Capital Bond Issue	Other Governmental Funds	Total Governmental Funds
<b>Liabilities and Fund Balance</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 1,117,331	\$ 1,903,013	\$ 351,578	\$ 16,196	\$ 1,319,971	\$ 2,538,193	\$ 1,980,894	\$ 9,227,176
Accrued payroll and payroll taxes	723,161	32,093	-	-	73,050	-	156,974	985,278
Deferred revenue	6,483,378	1,454,437	695,864	2,006,207	25,151	-	2,810,022	13,475,059
Due to other funds	1,908,799	93,595	81,051	-	552,799	-	1,889,814	4,526,058
Due to other governments	695	6,349	-	-	59,924	-	653,943	720,911
<b>Total Liabilities</b>	<b>10,233,364</b>	<b>3,489,487</b>	<b>1,128,493</b>	<b>2,022,403</b>	<b>2,030,895</b>	<b>2,538,193</b>	<b>7,491,647</b>	<b>28,934,482</b>
<b>Fund Balance:</b>								
<b>Reserved:</b>								
Loans receivable	35,000	-	-	-	-	-	-	35,000
Prepays	752,160	-	-	-	-	-	11,427	763,587
Workmen's compensation	803,606	-	-	-	-	-	-	803,606
Capital projects	-	-	-	-	-	4,984,263	-	4,984,263
Unreserved, designated for workmen's compensation	659,416	-	-	-	-	-	-	659,416
Unreserved, designated for 2009 budget	4,264,526	-	-	-	-	-	-	4,264,526
Unreserved, undesignated in Special Revenue Funds	-	-	-	-	-	-	2,023,929	2,023,929
Unreserved, undesignated in Capital Projects Funds	-	-	-	-	-	-	568,263	568,263
Unreserved, undesignated	775,322	-	-	-	-	-	-	775,322
<b>Total Fund Balance</b>	<b>7,290,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,984,263</b>	<b>2,603,619</b>	<b>14,877,912</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 17,523,394</b>	<b>\$ 3,489,487</b>	<b>\$ 1,128,493</b>	<b>\$ 2,022,403</b>	<b>\$ 2,030,895</b>	<b>\$ 7,522,456</b>	<b>\$ 10,095,266</b>	<b>\$ 43,812,394</b>

(Concluded)

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2008

**Total Fund Balance - Governmental Funds** \$ 14,877,912

Amounts reported for governmental activities in the statement of net assets 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. 71,701,112

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. 6,375,627

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. 1,552,219

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	\$ (803,606)	
Accrued compensated absences	(1,896,468)	
Note payable	(300,983)	
Bonds payable	(56,235,000)	
Accrued interest on debt	(1,149,426)	(60,385,483)

**Total Net Assets - Governmental Activities** \$ 34,121,387

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, 2008

	General	Mental Health/ Mental Retardation	Health Choices	Health Choices Reinvestment	Children & Youth Services	Capital Bond Issue	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 34,161,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,006,795	\$ 36,168,622
Intergovernmental	2,356,732	23,417,290	23,430,304	-	9,207,411	-	14,305,631	72,717,368
Charges for services	4,467,059	198,549	-	-	234,691	-	2,680,092	7,580,391
Fines and forfeits	1,457,985	-	-	-	-	-	-	1,457,985
Interest	804,545	108,442	40,127	20,549	6,055	344,587	166,261	1,490,566
Other	1,594,563	231,526	-	225,701	72,487	-	268,048	2,392,325
Total revenues	44,842,711	23,955,807	23,470,431	246,250	9,520,644	344,587	19,426,827	121,807,257
<b>Expenditures:</b>								
Current:								
General government - administration	8,747,538	-	-	-	-	-	198,274	8,945,812
General government - judicial	10,618,842	-	-	-	-	-	2,117,645	12,736,487
Public safety	10,549,864	-	-	-	-	-	130,664	10,680,528
Public works and enterprises	-	-	-	-	-	-	527,661	527,661
Human services	4,955,949	24,281,485	23,470,431	246,250	11,595,641	-	11,407,501	75,957,257
Culture and recreation	583,578	-	-	-	-	-	200,734	784,312
Conservation and development	443,491	-	-	-	-	-	1,803,127	2,246,618
Other	428,056	-	-	-	-	-	-	428,056
Debt service	4,323,749	-	-	-	-	1,950	250,844	4,576,543
Capital projects	-	-	-	-	-	5,819,898	2,260,425	8,080,323
Total expenditures	40,651,067	24,281,485	23,470,431	246,250	11,595,641	5,821,848	18,896,875	124,963,597
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,191,644	(325,678)	-	-	(2,074,997)	(5,477,261)	529,952	(3,156,340)
<b>Other Financing Sources (Uses):</b>								
Sale of capital assets	30,000	-	-	-	-	-	27,012	57,012
Insurance proceeds	-	-	-	-	-	2,024,320	-	2,024,320
Transfers in	2,399,812	325,678	-	-	2,074,997	-	2,397,910	7,198,397
Transfers out	(6,694,197)	-	-	-	-	-	(2,596,864)	(9,291,061)
Total other financing sources (uses)	(4,264,385)	325,678	-	-	2,074,997	2,024,320	(171,942)	(11,332)
<b>Net Change in Fund Balance</b>	(72,741)	-	-	-	-	(3,452,941)	358,010	(3,167,672)
<b>Fund Balance:</b>								
Beginning of year	7,362,771	-	-	-	-	8,437,204	2,245,609	18,045,584
End of year	\$ 7,290,030	\$ -	\$ -	\$ -	\$ -	\$ 4,984,263	\$ 2,603,619	\$ 14,877,912

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, 2008

**Net Change in Fund Balance - Governmental Funds** \$ (3,167,672)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 6,413,705	
Less: depreciation expense	<u>1,926,153</u>	4,487,552

The net effect of various transactions involving capital assets (sales, demolition, etc.) (9,593)

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. Unearned revenues changed by this amount during the year.

714,641

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

1,615,015

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.

40,061

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.

21,458

**Change in Net Assets of Governmental Activities**

\$ 3,701,462

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, 2008

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Taxes	\$ 33,800,000	\$ 33,800,000	\$ 34,161,827	\$ 361,827
Intergovernmental	2,120,414	2,495,969	2,356,732	(139,237)
Charges for services	3,949,800	3,941,850	4,467,059	525,209
Fines and forfeits	1,213,400	1,266,400	1,457,985	191,585
Interest	702,875	702,875	804,545	101,670
Other	1,549,599	1,550,599	1,594,563	43,964
Total revenues	43,336,088	43,757,693	44,842,711	1,085,018
<b>Expenditures:</b>				
Current:				
General government - administration	9,735,017	9,903,989	8,747,538	1,156,451
General government - judicial	10,556,229	10,887,690	10,618,842	268,848
Public safety	12,256,533	12,365,130	10,549,864	1,815,266
Human services	4,928,446	4,950,946	4,955,949	(5,003)
Culture and recreation	594,506	604,506	583,578	20,928
Conservation and development	440,130	443,510	443,491	19
Other	2,920,705	2,675,222	428,056	2,247,166
Debt service	4,402,706	4,434,786	4,323,749	111,037
Total expenditures	45,834,272	46,265,779	40,651,067	5,614,712
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(2,498,184)	(2,508,086)	4,191,644	6,699,730
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	-	-	30,000	30,000
Transfers in	2,257,050	2,257,050	2,399,812	142,762
Transfers out	(7,124,314)	(7,147,944)	(6,694,197)	453,747
Total other financing sources (uses)	(4,867,264)	(4,890,894)	(4,264,385)	626,509
<b>Net Change in Fund Balance</b>	<u>\$ (7,365,448)</u>	<u>\$ (7,398,980)</u>	<u>\$ (72,741)</u>	<u>\$ 7,326,239</u>

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Sunnyview Nursing Home	Emergency Communications 911	Wireless 911	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 203,444	\$ 111,698	\$ 417,382	\$ 732,524
Residents' funds	58,122	-	-	58,122
Accounts and loans receivable, at estimated realizable value	1,167,042	170,632	-	1,337,674
Due from other funds	13,959	847,170	-	861,129
Due from other governments	2,711,261	24,861	-	2,736,122
Inventory	15,418	-	-	15,418
Other	-	26,668	-	26,668
Total current assets	4,169,246	1,181,029	417,382	5,767,657
Non-current assets:				
Capital assets, not depreciated	1	-	-	1
Capital assets, net of accumulated depreciation	8,653,891	3,509,283	1,146,563	13,309,737
Deferred bond costs	27,215	47,688	-	74,903
Total non-current assets	8,681,107	3,556,971	1,146,563	13,384,641
<b>Total Assets</b>	<b>12,850,353</b>	<b>4,738,000</b>	<b>1,563,945</b>	<b>19,152,298</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	300,491	5,623	70,708	376,822
Accrued interest payable	24,166	74,920	-	99,086
Accrued payroll and payroll taxes	451,288	44,617	-	495,905
Residents' funds	58,122	-	-	58,122
Due to other funds	2,880,269	106,842	-	2,987,111
Compensated absences	475,891	62,219	-	538,110
Current portion of bonds payable	375,000	360,000	-	735,000
Premium on debt	5,785	20,269	-	26,054
Total current liabilities	4,571,012	674,490	70,708	5,316,210
Non-current liabilities:				
Bonds payable - long-term portion	1,025,000	3,850,000	-	4,875,000
Premium on debt - long-term portion	5,785	182,421	-	188,206
Compensated absences - long-term portion	171,502	31,089	-	202,591
Total non-current liabilities	1,202,287	4,063,510	-	5,265,797
<b>Total Liabilities</b>	<b>5,773,299</b>	<b>4,738,000</b>	<b>70,708</b>	<b>10,582,007</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	7,245,371	(834,094)	1,146,563	7,557,840
Unrestricted	(168,317)	834,094	346,674	1,012,451
<b>Total Net Assets</b>	<b>\$ 7,077,054</b>	<b>\$ -</b>	<b>\$ 1,493,237</b>	<b>\$ 8,570,291</b>

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Sunnyview Nursing Home	Emergency Communications 911	Wireless 911	Total
<b>Operating Revenues:</b>				
Charges for services and fees:				
Intergovernmental	\$ 12,425,106	\$ 24,861	\$ 532,342	\$ 12,982,309
Patient and client services	5,377,998	-	-	5,377,998
Public safety	-	1,236,162	-	1,236,162
Total operating revenues	17,803,104	1,261,023	532,342	19,596,469
<b>Operating Expenses:</b>				
Personnel services	13,523,661	1,339,418	-	14,863,079
Public safety	4,280,037	720,731	20,535	5,021,303
Depreciation	469,660	342,335	123,968	935,963
Total operating expenses	18,273,358	2,402,484	144,503	20,820,345
<b>Operating Income (Loss)</b>	<b>(470,254)</b>	<b>(1,141,461)</b>	<b>387,839</b>	<b>(1,223,876)</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest and investment income	245,331	2,948	8,807	257,086
Interest expense	(57,674)	(167,254)	-	(224,928)
Amortization	(7,823)	15,500	-	7,677
Other income	29,807	-	-	29,807
Total non-operating revenues (expenses)	209,641	(148,806)	8,807	69,642
Income before transfers	(260,613)	(1,290,267)	396,646	(1,154,234)
Transfers in	1,036,606	1,290,267	3,657	2,330,530
Transfers (out)	-	-	(237,866)	(237,866)
	1,036,606	1,290,267	(234,209)	2,092,664
<b>Change in Net Assets</b>	<b>775,993</b>	<b>-</b>	<b>162,437</b>	<b>938,430</b>
Net assets beginning of year	6,301,061	-	1,330,800	7,631,861
Net assets end of year	\$ 7,077,054	\$ -	\$ 1,493,237	\$ 8,570,291

See accompanying notes to financial statements.



# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Sunnyview Nursing Home	Emergency Communications 911	Wireless 911	Total
<b>Cash Flows From Operating Activities:</b>				
Receipts from other governments	\$ 12,842,997	\$ 24,861	\$ 532,342	\$ 13,400,200
Receipts from customers and users	5,280,843	1,382,377	-	6,663,220
Receipts from other income	29,807	-	-	29,807
Payments to suppliers	(4,769,462)	(724,981)	50,173	(5,444,270)
Payments to employees	(13,438,038)	(1,337,843)	-	(14,775,881)
Net cash provided by (used in) operating activities	(53,853)	(655,586)	582,515	(126,924)
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers from other funds	(282,814)	1,284,073	(258,844)	742,415
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	(1,129,543)	(112,750)	(179,126)	(1,421,419)
Principal paid on capital debt	(265,000)	(350,000)	-	(615,000)
Interest paid on capital debt	(61,862)	(170,463)	-	(232,325)
Net cash provided by (used in) capital and related financing activities	(1,456,405)	(633,213)	(179,126)	(2,268,744)
<b>Cash Flows From Investing Activities:</b>				
Interest on investments	245,331	2,948	8,807	257,086
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,547,741)	(1,778)	153,352	(1,396,167)
<b>Cash and Cash Equivalents:</b>				
Beginning of year	1,751,185	113,476	264,030	2,128,691
End of year	\$ 203,444	\$ 111,698	\$ 417,382	\$ 732,524
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>				
Operating income (loss)	\$ (470,254)	\$ (1,141,461)	\$ 387,839	\$ (1,223,876)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	469,660	342,335	123,968	935,963
Change in:				
Accounts receivable	(97,155)	171,076	-	73,921
Due from other governments	673,170	(24,861)	-	648,309
Inventory	(1,899)	-	-	(1,899)
Accounts payable	(487,526)	(4,250)	70,708	(421,068)
Accrued payroll expenses	85,623	14,381	-	100,004
Deferred revenue	(255,279)	-	-	(255,279)
Other	29,807	(12,806)	-	17,001
Total adjustments	416,401	485,875	194,676	1,096,952
Net cash provided by (used in) operating activities	\$ (53,853)	\$ (655,586)	\$ 582,515	\$ (126,924)

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET ASSETS

### FIDUCIARY FUNDS

DECEMBER 31, 2008

	Pension Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 4,246,655	\$ 1,737,680
Investments:		
U.S. treasury notes	5,476,508	-
U.S. agency	8,628,058	-
Corporate debt	16,565,760	-
Other fixed income	7,904,309	-
Mutual funds	2,421,249	-
International equity funds	7,288,520	-
Domestic equity funds	262,203	-
Stocks	31,667,784	-
<b>Total Assets</b>	<b>84,461,046</b>	<b>1,737,680</b>
<b>Liabilities</b>		
Accounts payable	66,970	-
Due to other governments	-	687,838
Escrow liability and interest	-	1,049,842
<b>Total Liabilities</b>	<b>66,970</b>	<b>1,737,680</b>
<b>Net Assets</b>		
<b>Held in trust for pension benefits</b> (A schedule of funding progress can be found on page IV-1)	<b>\$ 84,394,076</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

### FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Pension Trust Fund
<b>Additions:</b>	
Contributions:	
County	\$ 4,712,669
Employee	2,914,670
Total contributions	7,627,339
Investment income (loss):	
Net depreciation in fair value of investments	(30,214,784)
Interest and dividends	4,484,435
Total investment income (loss)	(25,730,349)
Investment expense	526,143
Net investment loss	(26,256,492)
Total additions	(18,629,153)
<b>Deductions:</b>	
Benefits and refunds paid to plan members and beneficiaries	5,091,952
Administrative expense	116,640
Fiduciary Liability Insurance	31,500
Total deductions	5,240,092
<b>Decrease in Net Assets</b>	(23,869,245)
<b>Net Assets:</b>	
Beginning of year	108,263,321
End of year	\$ 84,394,076

See accompanying notes to financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### **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 YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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- 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) fourteen 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, BCCC issued approximately \$1,000,000 in additional debt during 2001 to finance a fire school. The County is 100% financially liable for this particular debt issue over the life of the debt. Accordingly, the County is financially accountable for BCCC. BCCC's fiscal year end is June 30<sup>th</sup>. Separately issued audited financial statements are available through BCCC's business office: College Drive; Oak Hills, P.O. Box 1203, Butler, PA 16003.

### Butler County Airport Authority

The Butler County Airport Authority (Authority) was created to operate the Butler-Graham 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 YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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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 YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### 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 YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### 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 assets 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 YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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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 County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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. 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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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

The government reports the following major governmental funds:

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

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

The *Capital Bond Issue Fund* is used to account for the proceeds from the offering of its General Obligation Bonds. This fund is restricted for capital projects as described in the applicable bond documents.

The government reports the following major proprietary funds:

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

The *Emergency Communications 911 Fund* 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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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Additionally, the government reports the following fund types:

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

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

### 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 Home 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 Home 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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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rendered. Differences between the estimated amounts accrued and ultimate final settlements are reported as adjustments become known.

Sunnyview Home 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 Home 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.

### Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

### 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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### Interfund Receivables and Payables

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

### Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2008 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 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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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

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

### Compensated Absences

The County follows the provisions of GASB Statement No. 16, "*Accounting for 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 assets. 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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets are classified into three components, defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets net of accumulated depreciation and reduced by the outstanding 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 assets consists of constraints placed on net asset use through external restrictions.
- Unrestricted – The component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### Allocation of Indirect Expenses

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

### Budgets and Budgetary Accounting

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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.
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

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# COUNTY OF BUTLER, PENNSYLVANIA

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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 Pronouncement

During 2008, the County adopted GASB Statement No. 50, "*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*" This statement enhances information disclosed in the notes to financial statements and information presented as required supplementary information by pension plans and by employers that provide pension benefits. The disclosure requirements of GASB Statement No. 50 are included in Note 7.

### Pending Pronouncements

GASB issued Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets,*" effective for periods beginning after June 15, 2009. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The effect of implementation of this statement has not yet been determined by the County.

# COUNTY OF BUTLER, PENNSYLVANIA

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GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," effective for periods beginning after June 15, 2010. This statement provides clearer, more structured fund balance classifications, and clarifies the definitions of existing governmental fund types. The effect of implementation of this statement has not yet been determined by the County.

### 2. DEPOSITS AND INVESTMENTS

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

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

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

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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- 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.

### 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 \$20,106,617 at December 31, 2008, \$509,798 was covered by federal depository insurance, \$17,349,595 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, and \$2,247,224 are held by a third party, not in the name of the County. These amounts are invested in a U.S. government obligation fund and have maturities of one year or less. The fund invests primarily in a portfolio of short-term U.S. Treasury and government agency securities, including repurchase agreements collateralized fully by U.S. Treasury and government agency securities. These deposits include amounts with a book balance as of December 31, 2008 of \$17,686,035, which are reported as cash and cash equivalents in the statement of net assets. This amount also includes \$58,122 in residents' funds as shown on the statement of net assets.

Cash and cash equivalents are restricted at December 31, 2008 for the following purposes:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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- \$1,027,542 of bond proceeds recorded in the Capital Bond Issue Fund is restricted for certain capital projects in accordance with the debt indenture.
- \$30,545 and \$92,803 of cash recorded in the Liquid Fuels Fund and Act 44 Liquid Fuels Fund, respectively is restricted for use as required by the Pennsylvania Department of Transportation.

### 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 assets. The carrying amount of deposits for the row offices and other County offices was \$1,737,680 and the bank balance was \$2,235,979. Of the bank balance, \$317,186 was covered by federal depository insurance. The remaining balance of \$1,918,793 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.

### Investments

As of December 31, 2008, the County held the following investment balances in the governmental funds:

	Fair	Maturity in Years	
	Market Value	Less than 1 year	1-5 years
U.S. agency	\$ -	\$ -	\$ -
Mutual funds	1,292,815	1,292,815	-
<b>Total securities with maturities</b>	1,292,815	<u>\$ 1,292,815</u>	<u>\$ -</u>
Money market funds	<u>303,335</u>		
<b>Total investments reported on the statement of net assets</b>	<u>\$ 1,596,150</u>		

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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Investments totaling \$803,606 recorded in the General Fund are restricted for workmen's compensation as required by the State of Pennsylvania guidelines for self-insurance.

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.

*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, 2008, all of the County's investments were not rated. The County's investments are in mutual funds, money markets and certificate of deposits.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The County does not have a formal investment policy for custodial credit risk. As of December 31, 2008, \$6,027,372 of the underlying securities of the County's investment certificates of deposit and money market funds are held by the investment's counterparty, not in the name of the County. These deposits include amounts with a book balance as of December 31, 2008 of \$6,027,372, which are reported as cash and cash equivalents in the statement of net assets.

*Concentration of Credit Risk* – The County places no limit on the amount the County may invest in any one issuer. More than five percent of the County's investments are in certificates of deposit with the same issuer. These investments are 20% of the County's total deposits.

### 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 \$3,528,072 at December 31, 2008) and accrued income (book

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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value of \$718,583 at December 31, 2008). The bank balance of the checking and money market deposits as of December 31, 2008 was \$3,709,195, none of which was covered by federal depository insurance but was collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and 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, 2008, the County had the following investments in its pension trust fund:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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
U.S. treasury notes	\$ 5,476,508	\$ -	\$ 3,143,863	\$ 2,332,645	\$ -
U.S. agency	8,628,058	702,541	2,810,919	1,996,881	3,117,717
Corporate debt	16,565,760	2,511,113	8,023,223	6,031,424	-
Other fixed income	7,904,309	-	-	974,192	6,930,117
<b>Total debt securities</b>	<b>38,574,635</b>	<b>\$ 3,213,654</b>	<b>\$ 13,978,005</b>	<b>\$ 11,335,142</b>	<b>\$10,047,834</b>
Mutual funds	2,421,249				
International equity funds	7,288,520				
Domestic equity funds	262,203				
Stocks	31,667,784				
<b>Total other investments</b>	<b>41,639,756</b>				
<b>Total investments reported on the statement of fiduciary net assets</b>	<b>\$ 80,214,391</b>				

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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take advantage of bond swaps. SEC Rule 144A securities considered by the investment managers to be within policy guidelines are limited to 10% of the fixed-income portfolio. Core-fixed-income manager's portfolios should normally maintain an average market-weighted quality of 3.0 based on the following scale:

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

*Cash 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, 2008, 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
U.S. agency	AAA	9%
U.S. agency	Unrated	14%
Corporate debt	AAA	4%
Corporate debt	AA3	1%
Corporate debt	AA2	3%
Corporate debt	AA1	1%
Corporate debt	A3	7%
Corporate debt	A2	9%
Corporate debt	A1	7%
Corporate debt	BAA3	2%
Corporate debt	BAA2	6%
Corporate debt	BAA1	2%
Other fixed income	AAA	3%
Other fixed income	AA1	2%
Other fixed income	Unrated	16%
		86%

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# COUNTY OF BUTLER, PENNSYLVANIA

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*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. As of December 31, 2008, the County's mutual funds balance of \$2,421,249 included in investments (bank and book balance) was exposed to custodial credit risk.

*Concentration of Credit Risk* – The County requires that no more than five percent of a manager's equity portfolio may be invested in any one company (valued at cost), and no more than 10% of a manager's equity portfolio may be invested in any one company (valued at market). In addition, investments may not exceed the benchmark index by 20% of the GICS economic sector allocation of the appropriate benchmark. In addition, except for U.S. Treasury and Agency obligations, a managers fixed-income portfolio may not exceed more than 10% (valued at market) of a given domestic issuer. There were no investments in the pension trust fund that constituted more than five percent of any of the plan net assets available for benefits at December 31, 2008. 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.

### 3. CAPITAL ASSETS

The following is a summary of changes in capital assets related to governmental activities for the year ended December 31, 2008:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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	Beginning Balance at January 1, 2008	Additions	Deletions	Ending Balance at December 31, 2008
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,149,491	\$ -	\$ -	\$ 1,149,491
Construction in progress	34,214,243	4,819,462	-	39,033,705
Total capital assets, not being depreciated	35,363,734	4,819,462	-	40,183,196
Capital assets, being depreciated:				
Infrastructure - bridges	18,692,632	252,394	-	18,945,026
Buildings and improvements	24,917,723	974,546	-	25,892,269
Furniture and equipment	9,953,688	367,303	(183,337)	10,137,654
Total capital assets, being depreciated	53,564,043	1,594,243	(183,337)	54,974,949
Less: accumulated depreciation for:				
Infrastructure - bridges	(6,597,789)	(640,993)	-	(7,238,782)
Buildings and improvements	(8,192,020)	(708,784)	-	(8,900,804)
Furniture and equipment	(6,914,815)	(576,376)	173,744	(7,317,447)
Total accumulated depreciation	(21,704,624)	(1,926,153)	173,744	(23,457,033)
Total capital assets, being depreciated net	31,859,419	(331,910)	(9,593)	31,517,916
Governmental activities capital assets, net	\$ 67,223,153	\$ 4,487,552	\$ (9,593)	\$ 71,701,112

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Construction in progress relates to construction of the County prison. The prison was placed in service in June 2009.

The following is a summary of changes in capital assets related to business-type activities for the year ended December 31, 2008:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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	Beginning Balance at January 1, 2008	Additions	Deletions	Ending Balance at December 31, 2008
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1	\$ -	\$ -	\$ 1
Construction in progress	5,491,689	1,098,022	(6,589,711)	-
Total capital assets, not being depreciated	5,491,690	1,098,022	(6,589,711)	1
Capital assets, being depreciated:				
Buildings and improvements	10,979,467	6,310,114	-	17,289,581
Furniture and equipment	7,519,404	602,995	(62,414)	8,059,985
Total capital assets, being depreciated	18,498,871	6,913,109	(62,414)	25,349,566
Less: accumulated depreciation for:				
Buildings and improvements	(7,903,295)	(188,420)	-	(8,091,715)
Furniture and equipment	(3,262,985)	(747,543)	62,414	(3,948,114)
Total accumulated depreciation	(11,166,280)	(935,963)	62,414	(12,039,829)
Total capital assets, being depreciated net	7,332,591	5,977,146	-	13,309,737
Business-type activities capital assets, net	\$ 12,824,281	\$ 7,075,168	\$ (6,589,711)	\$ 13,309,738

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### Governmental activities:

General government - administrative	\$ 903,957
General government - judicial	101,216
Public safety	83,928
Public works	643,749
Human services	105,498
Culture and recreation	85,333
Conservation and development	<u>2,472</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,926,153</u></u>

### Business-type activities:

Sunnyview Nursing Home	\$ 469,660
Emergency Communications 911	342,335
Wireless 911	<u>123,968</u>
Total depreciation expense - business-type activities	<u><u>\$ 935,963</u></u>

## 4. REAL ESTATE TAXES

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

The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general County purposes and the rate of taxation for payment of interest and principal on any indebtedness shall be unlimited. Assessed values are computed at 75% of estimated 1969 valuations. For 2008, County real estate taxes were levied at the rate of 30 mills on assessed valuation. Of the total millage rate of 30 mills, 25 mills are allocated for general purposes, and five mills for debt service. Total assessed valuation for non-exempt properties in 2008 was approximately \$1.2 billion.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

### 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, 2008, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	MH/MR Fund	Children & Youth Services	Capital Bond Issue	Other Governmental Funds	Total Governmental Funds
<b>Governmental activities:</b>						
Taxes receivable	\$ 3,589,285	\$ -	\$ -	\$ -	\$ 60,340	\$ 3,649,625
Less: allowance for uncollectibles	(293,975)	-	-	-	-	(293,975)
Net tax receivables	<u>\$ 3,295,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,340</u>	<u>\$ 3,355,650</u>
Accounts receivable	\$ 35,830	\$ 2	\$ 1,641	\$24,436	\$ 57,960	\$ 119,869
Loans receivable	35,000	-	-	-	197,578	232,578
Court-related receivables	6,679,462	-	-	-	-	6,679,462
Less: allowance for uncollectibles	(3,152,386)	-	-	-	-	(3,152,386)
Net account and loan receivables	<u>\$ 3,597,906</u>	<u>\$ 2</u>	<u>\$ 1,641</u>	<u>\$24,436</u>	<u>\$ 255,538</u>	<u>\$ 3,879,523</u>
	Sunnyview Nursing Home	Emergency Communications 911	Total Business-type Activities			
<b>Business-type activities:</b>						
Patient receivables	\$ 2,053,888	\$ -	\$ 2,053,888			
Loans to fire departments	-	96,545	96,545			
Other receivables	-	74,087	74,087			
Gross receivables	2,053,888	170,632	2,224,520			
Less: allowance for uncollectibles	(886,846)	-	(886,846)			
Net receivables	<u>\$ 1,167,042</u>	<u>\$ 170,632</u>	<u>\$ 1,337,674</u>			

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

On January 19, 2005, the County entered into Cooperation Agreements (agreements) with fourteen local fire departments. As part of the agreements, the County advanced Emergency Communications 911 funds in the amount of \$484,296 to the fire departments for the purpose of assisting with the initial cost of radio equipment. These loans are non-interest bearing loans and will be paid over the next five years with the final payment due to be made November 1, 2009. Annual payments are to be received in an amount equal to 20% of the original loan amount for each individual fire department.

### 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2008, as well as interfund transfers for the year ended December 31, 2008 were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental Activities:				
General	\$ 5,302,483	\$ 1,908,799	\$ 2,399,812	\$ 6,694,197
Mental Health/Mental Retardation	251,512	93,595	325,678	-
Health Choices	-	81,051	-	-
Children & Youth Services	-	552,799	2,074,997	-
Capital Bond Issue	435,834	-	-	-
Other governmental funds	662,211	1,889,814	2,397,910	2,596,864
Business-Type Activities:				
Sunnyview Nursing Home	13,959	2,880,269	1,036,606	-
Emergency Communications 911	847,170	106,842	1,290,267	-
Wireless Communications 911	-	-	3,657	237,866
	<u>\$ 7,513,169</u>	<u>\$ 7,513,169</u>	<u>\$ 9,528,927</u>	<u>\$ 9,528,927</u>

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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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 Sunnyview Nursing Home and Emergency Communications 911 to cover the current year operating deficits. The transfer out of the Wireless Communications 911 Fund was required in order to reimburse the Emergency Communications 911 Fund for allowable personnel costs.

### **7. BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM**

#### Plan Description

The Butler County Employees' Retirement System (plan), as administrated by the County, is a single employer defined benefit pension plan governed by the County Pension Law Act 96 (Act) of 1971, as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The plan is reported as the Employees' Retirement Fund in the accompanying financial statements. Separate plan financial statements are not available.

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

At January 1, 2008, the date of the most recent valuation, participants in the plans were as follows:

Participants:	
Retirees and beneficiaries	352
Deferred vested	40
Active employees:	
Vested	587
Nonvested	155

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### 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.

At December 31, 2008, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the plan net assets available for benefits. In addition, the plan did not have any investment transactions with related parties during the year.

### Contributions and Funding Policy

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

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

In 2008, the County's annual required contribution to the plan was \$4,712,669 as determined by the January 1, 2008 actuarial valuation. The 2008 employee contributions were \$2,914,670.

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

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



# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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Annual pension cost	\$4,712,669
Contributions made	\$4,712,669
Actuarial valuation date	1/1/2008
Actuarial cost method	Entry Age Normal
Asset valuation method	5-Year Smoothed Market
Amortization method	Level Percentage of Projected Payroll - Closed
Amortization period	11 years
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases*	4.25% - 4.5%; graduated .25% increments over 1 year
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, 2008.

### Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2006	\$ 4,572,844	100.0%	\$ -
12/31/2007	4,804,224	100.0%	-
12/31/2008	4,712,669	100.0%	-

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### Funded Status

The County's funded status and related information for each plan as of the latest actuarial valuation date, January 1, 2008, is as follows:

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
\$106,174,910	\$134,672,189	\$(28,497,279)	78.84%	\$29,936,923	(95.19)%

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, 2008. The next actuarial valuation will be performed as of January 1, 2009 and will take into account subsequent declines in the market value of investments being held in the plan. While the exact impact is not known, it is expected that the market declines will negatively impact the funding status of the plan and increase the future funding requirements of the plan.

## **8. DEBT**

### Tax Anticipation Note

In January 2008, the County issued a tax and revenue anticipation note in the amount of \$8 million. The note was paid in full by December 31, 2008.

### 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 advance refunding resulted in a future decrease in cash flows of approximately \$1,100,000 and an economic gain of

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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approximately \$70,000. The defeased debt outstanding on the Capital Bond Issue 2003 as of December 31, 2008 is \$4,380,000. 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 Home. \$625,000 of the 2006 Bond proceeds were allocated to Sunnyview Nursing Home. 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, 2008 is \$41,005,000. \$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%.

### Capital Bond Issue 2003

In July 2003, the County issued \$48,920,000 in General Obligation Bonds. \$6,000,000 of the 2003 Bonds proceeds were allocated to the Emergency Communications 911 Proprietary Fund for use in the construction of a new 911 Center; this allocation was advanced refunded by the 2004 Bonds. The remaining portion of the 2003 Bonds is to be used for various other capital projects. The 2003 Bonds, whose last scheduled debt maturity is July 15, 2010, have interest rates that vary between 2.00% and 5.25%.

### 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 County covenanted not to engage in any intentional acts to earn any impermissible arbitrage on the proceeds of the 2002 Bonds and to spend certain portions of the 2002 Bonds

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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within certain periods. The 2002 Bonds, whose last scheduled debt maturity is 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: 1) refund a portion of the County's General Obligation Bonds, Series of 1992 (\$1,695,000) and 2) pay the costs related to the issuance of the 2001 Bonds. The 2001 Bonds, whose last scheduled debt maturity is July 15, 2012, range in interest rates from 4.10% to 4.75%.

### Capital Reserve Note

The 2000 Capital Reserve Note was issued for \$2,000,000 for the renovation of the prison annex and other capital projects. The note will be amortized over a ten year period with quarterly payments of \$62,220 including interest at a fixed rate of 4.45% per annum.

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, 2008, comprises the following individual issues:

Series	Interest Rates	Final Maturity	Total Debt Outstanding
Capital bond issue 2006	4.00% - 5.00%	2024	\$ 9,085,000
Capital bond issue 2004	2.00% - 5.00%	2026	44,705,000
Capital bond issue 2003	2.00% - 5.25%	2010	605,000
Capital bond issue 2002	6.00%	2012	5,725,000
Capital bond issue 2001	4.10% - 4.75%	2012	1,725,000
Total capital bond issues			61,845,000
Capital reserve note of 2000	4.45%	2010	300,983
General obligation debt			<u>\$ 62,145,983</u>

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

Annual debt service requirements to maturity related to the 2000 Capital Reserve Note is as follows:

Years	Governmental Activities - Capital Reserve Note		
	Principal	Interest	Total
2009	\$ 239,447	\$ 9,434	\$ 248,881
2010	61,536	685	62,221
	<u>\$ 300,983</u>	<u>\$ 10,119</u>	<u>\$ 311,102</u>

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

Years Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,455,000	\$ 2,502,968	\$ 735,000	\$ 216,188
2010	1,540,000	2,416,356	760,000	193,075
2011	2,185,000	2,327,234	480,000	168,550
2012	2,320,000	2,206,288	480,000	152,900
2013	2,090,000	2,077,226	855,000	137,438
2014-2018	14,460,000	8,723,035	2,300,000	311,350
2019-2023	20,645,000	5,153,664	-	-
2024-2026	11,540,000	969,001	-	-
	<u>\$ 56,235,000</u>	<u>\$ 26,375,772</u>	<u>\$ 5,610,000</u>	<u>\$ 1,179,501</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008	Due Within One Year
<b>Governmental Activities</b>					
Workmen's compensation	\$ 851,559	\$ 199,092	\$ (247,045)	\$ 803,606	\$ 247,045
Compensated absences	1,869,973	26,495	-	1,896,468	1,332,898
Capital reserve note	530,065	-	(229,082)	300,983	239,447
Bonds payable	57,710,000	-	(1,475,000)	56,235,000	1,455,000
Long-term liabilities	<u>\$ 60,961,597</u>	<u>\$ 225,587</u>	<u>\$ (1,951,127)</u>	<u>\$ 59,236,057</u>	<u>\$ 3,274,390</u>
	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008	Due Within One Year
<b>Business-Type Activities</b>					
Compensated absences	\$ 741,210	\$ -	\$ (509)	\$ 740,701	\$ 538,110
Bonds payable	6,225,000	-	(615,000)	5,610,000	735,000
Long-term liabilities	<u>\$ 6,966,210</u>	<u>\$ -</u>	<u>\$ (615,509)</u>	<u>\$ 6,350,701</u>	<u>\$ 1,273,110</u>

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.

### 9. SELF-INSURANCE

The County is self-insured for its worker's compensation and occupational disease liability in accordance with the provisions of Article III, Section 305 of the Pennsylvania Worker's Compensation Act (Act). In order to provide security for these liabilities, the Pennsylvania Department of Labor and Industry (Department), Bureau of Workers' Compensation Self-Insurance Division has required the County to establish and maintain a trust fund for the express purpose of providing a source of funds for claimants entitled to benefits under the Act, if necessary, and providing the security requirements of the Department. The trust fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The trust fund balance at December 31, 2008 of \$1,601,055 is in excess of the Department's requirements. Current claims are expensed as paid by the related fund. Workmen's compensation claims paid during 2008 were \$247,045. The liability for claims outstanding at December 31, 2008 as calculated by the Commonwealth of Pennsylvania was \$803,606.

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

	<u>2008</u>	<u>2007</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 851,559	\$ 858,309
Incurred claims and claim adjustments	199,092	319,349
Payments on claims and claim adjustment expenses:		
Claims and claim adjustment expenses attributable to insured events of current year	61,132	34,807
Claims and claim adjustment expenses attributable to insured events of prior years	<u>185,913</u>	<u>291,292</u>
Total payments	<u>247,045</u>	<u>326,099</u>
Total unpaid claims and claim adjustment expenses at end of year	<u><u>\$ 803,606</u></u>	<u><u>\$ 851,559</u></u>

In 2003, the County began self-insuring for employee health insurance. The County has contracted with a third party administrator to process claims which are paid from the General Fund on a monthly basis. The County has also purchased stop loss insurance to pay claims in excess of \$135,000 (per covered person), with a maximum aggregate annual benefit of \$1,000,000. The stop loss insurance has a maximum

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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lifetime benefit of \$1,000,000 per covered person. At year-end, the County accrued \$300,000 for health benefits to be paid the following period for benefits that were incurred on or before December 31, 2008. The accrual is based upon the County's experience and historical trends.

Effective as of January 1, 2007, the County also began self-insurance related to dental, vision, and prescription. The stop loss insurance will cover health and prescription only. The County has also purchased insurance to pay claims in excess of \$135,000 per covered person per policy term with a maximum aggregate benefit per policy term of \$1,000,000. The stop loss insurance has a maximum lifetime benefit of \$1,000,000 per covered person.

### 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/MR 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 1<sup>st</sup> day of "lease-up" (i.e. when the first referred veteran is at the Facility) in an amount equal to \$2.00/sq ft per year for the rentable area of the facility, but not in excess of \$22,000. During the term of the lease, the County is to pay the Department for all ancillary services (actual cost of food, laundry, housekeeping, pest control) on a monthly basis. The County pays for all costs of operation. At the termination of the lease, the Facility and permanent improvements become the property of the Department.

#### Tier Garage

In March 2005, the County entered into a lease agreement for 9,688 square feet of space for temporary housing of prisoners. The term of the lease is three years at \$10 per square foot commencing on or before July 1, 2005 (\$96,980 annually). The County renewed the lease for an additional five years beginning on July 1, 2008 at the same rate. The County has the option to renew for an additional five years at the



# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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annual rental adjusted to reflect the percentage increase in the Consumer Price Index for the preceding 60 month period.

### Vehicle Leases

In October 2005, the County Commissioners approved a lease/purchase with a leasing company for eight vehicles for Children and Youth Services to be obtained through the Central Westmoreland COG for five years, with a purchase option at the end of the lease 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, 2008:

<u>Years</u>	<u>Total</u>
2009	\$ 258,414
2010	226,674
2011	165,035
2012	166,685
2013	118,410
Thereafter	<u>152,976</u>
Total minimum payments required	<u><u>\$ 1,088,194</u></u>

## **11. 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.

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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, and property insurance. Deductibles range from \$10,000 to \$25,000 per claim or occurrence. Maximum limits for general liability, business, auto, and crime are \$1,000,000 per occurrence. The maximum limit for law enforcement liability is \$2,000,000 per claim. The County has public officials insurance and employment practices liability insurance, each with a \$25,000 deductible, and each with a \$5,000,000 per act/annual aggregate limit.

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. Accordingly, the financial statements do not include any adjustment for possible effects, except for approximately \$272,000 in waste management fees that have been reported as deferred revenue, and which is the subject of dispute/discussion with current waste haulers.

### New Prison

Approximately \$3.2 million of the general contract relating to the construction of the prison is outstanding at December 31, 2008. There are various other contracts relating to the prison. Amounts outstanding on these contracts at December 31, 2008 total approximately \$833,000.

Currently, the County is involved in several legal actions both as plaintiff and defendant related to the construction of the County prison. The County believes it will successfully defend its actions related to the prison and has made no provision in the financial statements for the litigation.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### 12. SUBSEQUENT EVENTS

#### 2009 Budget

The County Commissioners approved a \$185.3 million budget for 2009 with a decrease in property taxes from the 2008 rate of 30 mills to 23.628 mills. This decrease in the 2009 rate is a result of actions taken by the County Commissioners to change the predetermined ratio to calculate assessed values from 75% to 100% of the 1969 values, effective January 1, 2009. The changes to assessed valuation and millage are expected to result in property tax revenues consistent with 2008 revenues.

In January 2009, the County issued a tax anticipation note in the amount of \$8 million. It is intended that the note will be repaid during 2009.

#### Guaranteed Loan

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

## 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, more than 5,554 students were enrolled in credit programs and another 19,878 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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### 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.
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 Educational 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.

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### 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. In applying the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, BCCC applies all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements.

#### 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, 2008, 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.

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. Non-operating 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

In accordance with GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, BCCC elects to report its activity as "business-type activities only" financial statements.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### Net Assets

Net assets are classified into three captions:

#### Invested in Capital Assets, Net of Related Debt

This component of net assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds and capital leases that are attributable to the acquisition, construction, and improvement of the capital assets.

#### Restricted

Restricted net assets include net assets that have constraints placed on the assets imposed through external regulations, sources, or by law. Two categories are used to further describe restricted net assets:

Expendable – can be expended in compliance with the external restriction

Nonexpendable – are net assets that are required to be retained in perpetuity

Expendable restricted net assets at June 30, 2008 of BCCC consist of: (1) \$134,323 related to debt proceeds not yet expended for capital net of the related debt and (2) \$4,221,270 related to the support agreement receivable. Management of BCCC re-evaluated the presentation of the net assets related to the support agreement receivable at June 30, 2008 and determined that presenting those net assets as restricted better reflected the intentions of both parties that those proceeds only be used for debt service; therefore those net assets, that previously had been presented as unrestricted, are now reclassified as restricted net assets.

Net assets related to the Foundation are described in Note 10.

#### Unrestricted

Consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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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 uncollectable and are written off. During the year, BCCC wrote off \$91,711 of receivables considered to be uncollectible.

### Capital Assets and Depreciation

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 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

### 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.

### Implementation of New Accounting Pronouncement

BCCC implemented the Governmental Accounting Standard Board (GASB) Statement No. 45 *"Accounting and Financial Reporting by Employers for*

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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*Postemployment Benefits Other Than Pensions*” effective June 30, 2008, to be consistent with the County’s implementation. Participating employers, upon their implementation of the related GASB Statement No. 45, are required to disclose additional information with regard to funding policy, the employer’s annual OPEB costs and contributions made, the funded status and funding progress of the employer’s individual plan, and actuarial methods and assumptions used. The obligation under this implementation is immaterial to the financial statements as a whole. Therefore, the liability has not been recorded. The last year that this OPEB will be an obligation to the employer is fiscal year 2011, as BCCC no longer offers postemployment benefit plans other than pension plans.

### 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

In accordance with GASB Statement No. 23, “*Accounting and Reporting for Refunding of Debt for Proprietary Activities*,” 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 statements of net assets and amortized over the shorter of the term of the refunding issue or refunded bonds.

## **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.



# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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 than 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 \$7,259,152 and the related bank balances totaled \$8,382,891 of which \$300,000 was covered by federal depository insurance. 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 \$656,520 and the related bank balance totaled \$668,228, \$110,246 of which was covered by federal depository insurance. 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.

*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 \$11,219,571 and the related balances totaled \$11,219,571.

BCCC's investments at June 30, 2008 are composed of the following:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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Mutual funds	\$ 10,934,995
Cash equivalent investments	<u>284,576</u>
	<u>\$ 11,219,571</u>

At year end, \$100,000 of the cash equivalent investments was covered by federal depository insurance. \$8,028,581 of the investments above 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. The remaining \$3,190,990 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 associate 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 change could materially affect the amount reported on the statement of net assets.

The Foundation's investments at June 30, 2008 are composed of the following:

Bonds	\$ 623,695
US government agencies	119,409
Mutual funds	1,000,528
Common stock	143,028
Cash equivalent investments	<u>192,769</u>
	<u>\$2,079,429</u>

Other than U.S. government agency investments, 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 equivalent investments 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.

The Foundation also owns 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, 2008, the Foundation held 143,220 shares of stock in the entity. Each share of stock is purported to have a value of \$5.38 as of June 30,

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

2008. If the Foundation liquidates the stock, it will record the sales proceeds at the time of liquidation.

### 4. STATE REIMBURSEMENT ADJUSTMENT

Revenues include BCCC's calculation of operating reimbursement based on full-time equivalent students. Through fiscal year June 30, 2005, the Pennsylvania Department of Education (PDE) conducted an audit for each fiscal year with the final determination of reimbursement being made by the Commonwealth of Pennsylvania. At year-end, a provision in the amount of \$229,762 was recorded as accounts payable - state. This represents management's estimate of the amount that will be due to the state as a result of the PDE audits. The Commonwealth of Pennsylvania began utilizing schedules audited by BCCC's independent auditors as of the fiscal year June 30, 2006.

### 5. BONDS PAYABLE

Long-term debt consists of the following:

	Balance at June 30, 2007	Issuance	Payments	Accretion	Balance at June 30, 2008	Due within one year
General obligation bonds:						
Series D of 2000	\$ 3,101,911	\$ -	\$ (475,000)	\$ 46,988	\$ 2,673,899	\$ 500,000
Series G of 2000	3,410,690	-	(85,000)	183,956	3,509,646	-
Series A of 2001	13,530,000	-	(60,000)	-	13,470,000	65,000
2002 refunding	735,000	-	(235,000)	-	500,000	245,000
Series of 2008	-	8,875,000	-	-	8,875,000	245,000
	<u>\$20,777,601</u>	<u>\$8,875,000</u>	<u>\$ (855,000)</u>	<u>\$ 230,944</u>	<u>29,028,545</u>	<u>\$1,055,000</u>
				Unaccrued interest	<u>6,311,455</u>	
					<u>\$ 35,340,000</u>	

Amounts above do not reflect an original issue discount in the amount of \$209,628 for the bonds and a deferred refunding loss of \$872,349. These amounts are amortized using the straight-line method.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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In March 2000, the State Public School Building Authority (SPSBA) undertook the financing of a project on behalf of BCCC with the proceeds of bonds in the amount of \$16,533,643. The proceeds of Series D of 2000 (Series D) Bonds were used to finance the construction of a new science/technology building which includes classrooms, labs, theatre, cultural center, and other capital projects such as campus-wide networking, paving, HVAC, roofing projects, and various other projects. In addition, a Fire Science Training Center was constructed including classrooms, training tower, controlled-burn building, and training pad. Approximately, \$2,470,000 of the proceeds was used to defease the 1992 Series L Bonds. During 2001, BCCC defeased a portion of the Series D Bonds with the issuance of Series A of 2001 (Series A) Bonds as described below. The amount of defeased debt outstanding as of June 30, 2008 was \$11,135,000. The interest rates on the bonds range from 4.5% to 6.30% with the final bonds maturing June 30, 2030.

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 from 2022 to 2031. A portion of these bonds was defeased with the issuance of the Series A Bonds as described below. The amount of defeased debt outstanding as of June 30, 2008 was \$1,280,000.

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 is being amortized over the life of the issue using the straight line method. During the year, BCCC recognized \$41,599 of amortization expense and had an unamortized balance related to the issue of \$866,370 at June 30, 2008.

The SPSBA and BCCC issued Refunding Series of 2002 Bonds (Refunding Series Bonds) in the amount of \$1,810,000. These Refunding Series Bonds were issued to refund the Series M of 1992. The interest rates on the bonds range from 3.0% to 3.85% with the bonds maturing from 2003 until 2010. BCCC incurred a deferred refunding loss that is being amortized over the life of the issue using the straight line

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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method. During the year, BCCC recognized \$6,522 of amortization expense and had an unamortized balance related to the issue of \$5,979 at June 30, 2008.

In February 2008, the SPSBA and BCCC issued Series A and B Bonds in the amount of \$8,875,000. The Series A and 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 accrued interest of \$60,912, with payments beginning in fiscal year 2009. Principal payments are to start in fiscal year 2009.

The scheduled retirement of bonds is as follows:

	Principal	Interest	Total
2009	\$ 1,055,000	\$ 1,086,262	\$ 2,141,262
2010	1,100,000	1,076,846	2,176,846
2011	1,025,000	1,023,872	2,048,872
2012	1,160,000	972,741	2,132,741
2013	1,215,000	920,925	2,135,925
2014 to 2018	6,075,000	3,990,376	10,065,376
2019 to 2023	8,080,000	2,610,588	10,690,588
2024 to 2028	9,590,000	1,421,599	11,011,599
2029 to 2033	5,060,000	417,845	5,477,845
2034 to 2037	980,000	110,000	1,090,000
	35,340,000	\$ 13,631,054	\$ 48,971,054
Less unaccreted interest	(6,311,455)		
	<u>\$ 29,028,545</u>		

## 6. 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

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# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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

### Funding Policy

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

BCCC's contribution shall be at a rate determined annually by PSERS. BCCC's contribution rate for the fiscal year ended June 30, 2008 was 3.565% and the Commonwealth of Pennsylvania contributed an additional 3.565% of covered payroll. This aggregate rate of 7.13% is composed of a pension contribution rate of 6.44% for pension benefits and 0.69% for healthcare insurance premium assistance. These rates are expected to increase in future years.

During fiscal year 2008, the BCCC contributed \$126,952 which was equal to its required contribution for the year. In accordance with Act 29, the Commonwealth of Pennsylvania also contributes an amount equal to that contributed by BCCC.

### Teachers Insurance and Annuity Association/College Retirement Equities Fund

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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after July 22, 1983. BCCC's contribution rate for the fiscal year ended June 30, 2008 was 10%.

During fiscal year 2008, BCCC contributed \$684,437 to this plan. The participants have personal contracts with TIAA-CREF and personally own annuities. This full vesting allows participants to transfer to other employers that participate in TIAA-CREF and continue to accumulate retirement benefits. The optional Retirement Plan offered through TIAA-CREF is a Defined Contribution Plan. Accordingly, benefits depend solely on amounts contributed to the Defined Contribution Plan plus investment earnings.

### 7. ACCUMULATED COMPENSATED ABSENCES

Accumulated compensated absences were comprised of the following at June 30, 2008:

Early Retirement Incentive	Accumulated Sick Leave	Unused Vacation Pay	Total
<u>\$ 90,000</u>	<u>\$ 632,108</u>	<u>\$ 193,358</u>	<u>\$915,466</u>

All amounts above are assumed to be long-term.

### 8. CAPITAL ASSETS

BCCC's capital asset balances at June 30, 2008 consisted of the following:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets, not being depreciated:				
Land and improvements	\$ 4,457,288	\$ 13,543	\$ -	\$ 4,470,831
Construction in progress	36,201	761,470	-	797,671
Total capital assets, not being depreciated	4,493,489	775,013	-	5,268,502
Capital assets, being depreciated:				
Buildings	35,812,508	89,447	-	35,901,955
Vehicles	81,695	20,926	-	102,621
Equipment, furniture, and fixtures	10,195,356	940,458	(391,168)	10,744,646
Bookstore	112,679	6,228	(23,939)	94,968
Total capital assets, being depreciated	46,202,238	1,057,059	(415,107)	46,844,190
Less total accumulated depreciation	(21,300,771)	(1,766,273)	390,951	(22,676,093)
Net capital assets, being depreciated	24,901,467	(709,214)	(24,156)	24,168,097
Net capital assets	\$ 29,394,956	\$ 65,799	\$ (24,156)	\$ 29,436,599

The Foundation's capital asset balances at June 30, 2008 consisted of the following:



# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 260,000	\$ -	\$ -	\$ 260,000
Construction in progress	19,478	8,219	(12,000)	15,697
Total capital assets, not being depreciated	279,478	8,219	(12,000)	275,697
Capital assets, being depreciated:				
Roadways	435,461	-	-	435,461
Buildings	673,502	212,282	-	885,784
Equipment	7,232	-	-	7,232
Total capital assets, being depreciated	1,116,195	212,282	-	1,328,477
Less total accumulated depreciation	(190,696)	(74,924)	-	(265,620)
Net capital assets, being depreciated	925,499	137,358	-	1,062,857
Net capital assets	\$ 1,204,977	\$ 145,577	\$ (12,000)	\$ 1,338,554

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### 9. 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.

### 10. 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 fifteen-member Board of Directors that oversees the holding, investing, managing, and awarding of Foundation assets heads the Foundation. The Internal Revenue Service considers the Foundation exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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The Foundation reports under FASB standards, including FASB Statement No. 117, *“Financial Reporting for Not-for-Profit Organizations.”* 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 the 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 Assets at June 30, 2008:			
Invested in capital assets, net of related debt	\$ 1,078,554	\$ 260,000	\$ 1,338,554
Restricted:			
Expendable	1,046,265	-	1,046,265
Nonexpendable	-	1,362,911	1,362,911
Unrestricted	106,353	-	106,353
Total Net Assets	<u>\$ 2,231,172</u>	<u>\$ 1,622,911</u>	<u>\$ 3,854,083</u>

### Support 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 2001-2002 and will end in fiscal year 2030-2031. The 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 agreement:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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<u>Fiscal Year</u>	<u>Amount</u>
2008-2009	\$ 120,600
2009-2010	122,400
2010-2011	123,900
2011-2012	122,200
2012-2013	122,200
Thereafter	11,168,600
	<u>\$ 11,779,900</u>

As a result of the support agreement, BCCC has recorded a receivable at net present value in the amount of \$4,221,270.

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 and in return, would receive payments totaling \$12,627,189 through 2031 as noted above. The net present value of the investment and payable is recorded at June 30, 2008 in the amount of \$4,221,270. The payments are guaranteed by the financial institution and are not insured. The investment is not collateralized unless the financial institution's S&P or Moody's rating is downgraded, in which case the investment is required to be collateralized. The expected rate of return on the investment is approximately 7%.

In November 2006, the Foundation entered into a separate agreement with BCCC related to the Succop Conservancy (Conservancy). This agreement is intended to create a partnership for the operation of the Conservancy. The agreement is effective September 1, 2006 through June 30, 2011 and can be terminated by either party any year. As part of the agreement, facility rental is waived for all BCCC events at the Conservancy. BCCC agrees to assume some operating expenses with the understanding that the Foundation will reimburse BCCC for the balance of Conservancy related expenses. The amount due to BCCC at June 30, 2008, is \$64,150.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### 11. LEASES

#### Capital Leases

In January 2007, 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, 2007 and related depreciation is also recognized. The term of the lease is thirty-six months from January 2007.

Capital leases consist of the following:

	Balance at July 1, 2007	Payments	Balance at June 30, 2008
Laurel Capital: Lease	<u>\$ 84,026</u>	<u>\$ (33,380)</u>	<u>\$ 50,646</u>

The future rental payments under this lease at June 30, 2008 are \$33,045 in 2009 and \$17,601 in 2010.

#### 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, 2008 amounted to approximately \$407,022.

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 will change from April 1, 2008 to July 1, 2008 and the expiration date will change from March 31, 2018 to June 30, 2018. Future minimum lease payments on the lease are as follows:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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<u>Fiscal Year</u>	<u>Amount</u>
2009	\$ 329,394
2010	329,394
2011	329,394
2012	329,394
2013	329,394
2014-2018	<u>1,646,970</u>
	<u><u>\$ 3,293,940</u></u>

### 12. LINE OF CREDIT

Line of credit consists of the following at June 30, 2008:

	<u>Balance at June 30, 2007</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at June 30, 2008</u>
State Public School Building Authority:				
Line #1	\$ 317,899	\$ -	\$ (290,242)	\$ 27,657
Line #2	210,489	-	(55,689)	154,800
Line #3	<u>147,281</u>	<u>-</u>	<u>(112,775)</u>	<u>34,506</u>
	<u><u>\$ 675,669</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (458,706)</u></u>	<u><u>\$ 216,963</u></u>

At June 30, 2008, BCCC had an outstanding balance of \$27,657 relating to their line of credit with the State Public School Building Authority. Funds are available to be drawn for capital purchases. The line of credit has a maximum borrowing amount of \$1,425,000 with an interest rate of 2.00%, and matures in December of 2008.

During 2006, BCCC obtained an additional line of credit with the State Public School Building Authority for capital purchases. At June 30, 2008, BCCC had an outstanding balance of \$154,800 relating to this line of credit. The line of credit has a maximum borrowing amount of \$295,000 with an interest rate of 3.94%, and matures in October of 2010.

# **COUNTY OF BUTLER, PENNSYLVANIA**

## **NOTES TO FINANCIAL STATEMENTS**

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During 2007, BCCC obtained an additional line of credit with the State Public School Building Authority for capital purchases. At June 30, 2008, BCCC had an outstanding balance of \$34,506 relating to this line of credit. The line of credit has a maximum borrowing amount of \$500,000 with an interest rate of 4.71%, and matures in October of 2011.

### **13. OTHER POST-EMPLOYMENT BENEFITS**

BCCC provides other post-employment benefits to employees under various employment agreements. Those employees who qualify for post-employee benefits are entitled to receive, for a period of time, medical, dental, and vision insurance coverage. BCCC recognizes these expenditures when paid currently. During fiscal year 2007-2008, thirteen eligible retirees received benefits totaling approximately \$53,520. Please refer to the GASB No. 45 discussion in Note 2.

### **14. 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 that are not currently reflected in the financial statements as outlined in Note 4. However, compliance with such laws and regulations can be subject to future reviews and interpretation which could result in disallowed costs.

## **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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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.

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, 2008 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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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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

### Accounting Pronouncements

In applying the provisions of GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds*," the Authority applies all GASB pronouncements and all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

### 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.

## **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. Deposits of the Authority are maintained in bank interest bearing accounts.



# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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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, 2008, none of the Authority's bank balance of \$237,338 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 a carrying amount of \$233,033 as of December 31, 2008, which is reported as cash and cash equivalents in the statement of net assets.

#### **4. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2008 consists of government grants receivable of \$25,141 and \$51,208 of accounts receivable for operating revenues.

#### **5. LAND, BUILDINGS, AND EQUIPMENT**

A summary of changes in fixed assets is as follows for 2008:

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

	December 31, 2007	Increase	Decrease	December 31, 2008
Capital assets, not being depreciated:				
Land, not depreciated	\$ 1,030,701	\$ -	\$ -	\$ 1,030,701
Construction in progress	-	78,692	-	78,692
Total capital assets, not being depreciated	1,030,701	78,692	-	1,109,393
Capital assets, being depreciated:				
Equipment	377,234	-	-	377,234
Buildings	2,297,141	30,700	-	2,327,841
Runway and taxiway	12,717,499	429,267	-	13,146,766
Land improvements	742,758	-	-	742,758
Total capital assets being depreciated	16,134,632	459,967	-	16,594,599
Accumulated depreciation	(5,449,542)	(614,173)	-	(6,063,715)
Total capital assets being depreciated, net	10,685,090	(154,206)	-	10,530,884
Total capital assets, net	\$ 11,715,791	\$ (75,514)	\$ -	\$ 11,640,277

Construction in progress represents capitalized costs related to the high intensity runway lights and runway end identifier lights projects, and to rehabilitate, widen, and extend the South Taxiway. No depreciation has been charged to construction in progress.

## 6. LEASES AND DEFERRED OPERATING REVENUE

### Fixed Base Operation Lease Agreement

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.

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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The FBO Agreement 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 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 June 13, 2007, the Authority entered into an agreement with the Runway Restaurant and Lounge, Inc. (Restaurant) for the lease of the second floor of its terminal building. The terms of the lease are for a five-year period commencing on April 1, 2007 and ending March 31, 2012. Annual increases in rent occur every April 1 based upon the Consumer Price Index for the previous calendar year. In addition to the lease payment, the Restaurant also reimburses certain utility costs to the Authority.

Future minimum annual rental receivables for such leases are as follows:

2008	\$ 118,456
2009	119,297
2010	120,743
2011	94,493
2012	85,743
Thereafter	<u>540,661</u>
	<u>\$ 1,079,393</u>

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008 OR JUNE 30, 2008

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### Deferred Operating Revenue

Deferred operating revenue represents the remaining balance of prepaid lease payments made by two businesses in 2005 that prepaid their 10-year lease extensions in one lump sum, as per their lease agreements.

## **7. 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 2008. Contributions to the Plan during 2008 were \$3,166. Employees currently are not eligible to individually contribute to the Plan.

## **8. 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.

## **9. 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

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# 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
1/1/2006	\$ 83,735,302	\$ 113,863,363	\$ (30,128,061)	73.54%	\$ 28,424,865	(105.99%)
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%)

See accompanying note to supplemental schedules.

# COUNTY OF BUTLER, PENNSYLVANIA

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

DECEMBER 31, 2008

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2003	\$ 1,134,945	100%
2004	1,877,440	100%
2005	4,293,595	100%
2006	4,572,844	100%
2007	4,804,224	100%
2008	4,712,669	100%

See accompanying note to supplemental schedules.



# COUNTY OF BUTLER, PENNSYLVANIA

## NOTE TO SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2008

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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	1/1/2008
Actuarial cost method	Entry Age Normal
Asset valuation method	5-Year Smoothed Market
Amortization method	Level Percentage of Projected Payroll - Closed
Amortization period	11 years
Actuarial assumptions:	
Investment rate of return *	7.50%
Projected salary increases *	4.25%-4.50%; graduated .25% increments over 1 year
Cost of living adjustments	100% change in C.P.I.

\* Includes inflation at 3%.

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## ADDITIONAL INFORMATION

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## 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
- Homeless Assistance Program
- Medical Assistance Transportation
- State Food Program
- Tobacco Fund
- Community Services Block Grant
- Human Development Block Grant
- Senior Aide
- Welfare to Work Transportation Grant
- Project Hope Program
- Drug & Alcohol
- Independent Living Grant
- Shared Ride Transportation

The **Tax Claim Fund** is used to account for the operations of the Tax Claim Bureau. Amounts collected on behalf of other governments have been reported net of remittances.

The **Operating Reserve Fund** accumulates appropriations from the General Fund and is used to minimize future revenue shortfalls and deficits, to provide greater continuity and predictability in the funding of vital government services, to minimize the need to increase taxes to balance the budget in times of fiscal distress, to provide the capacity to undertake long-range financial planning and to develop fiscal resources to meet long-term needs.

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

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 **Butler County 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 **Agricultural Conservation Easements Fund** accounts for County funds to be used to maintain farmland in the County.

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

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

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

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

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

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

The **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.

### **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 **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 **Community 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 **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 **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 adding or upgrading transportation equipment.

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.

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 **HAVA Grant Fund** accounts for intergovernmental revenue and expenditures appropriated by the Help America Vote Act.

### **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, 2008

	Special Revenue											
	Tax Claim Fund	Operating Reserve Fund	Hotel Tax Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels	Council on Drug and Alcohol	Human Development Block Grant	Path Transitions Project	Area Agency on Aging Program	Tobacco Fund	Independent Living Grant	Shared Ride Transportation Funds
<b>Assets</b>												
Cash and cash equivalents	\$ 781,398	\$ 384,617	\$ 76,747	\$ 30,545	92,803	\$ 462	\$ 8,086	\$ -	\$ 1,347,683	\$ 38	\$ 3,742	\$ 124,839
Advances receivable	-	-	-	-	-	-	2,749	-	-	-	-	-
Taxes receivable	-	-	60,340	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	3,264	-	-	1,936	-	-	7,436
Due from other funds	-	-	-	62,925	-	61,616	-	-	20,000	-	-	10,825
Due from other governments	-	-	-	90,044	-	380,842	29,262	7,093	182,771	83,822	4,821	62,125
Prepays	-	-	-	-	-	-	-	-	11,427	-	-	-
<b>Total Assets</b>	<b>\$ 781,398</b>	<b>\$ 384,617</b>	<b>\$ 137,087</b>	<b>\$ 183,514</b>	<b>\$ 92,803</b>	<b>\$ 446,184</b>	<b>\$ 40,097</b>	<b>\$ 7,093</b>	<b>\$ 1,563,817</b>	<b>\$ 83,860</b>	<b>\$ 8,563</b>	<b>\$ 205,225</b>
<b>Liabilities and Fund Balance</b>												
<b>Liabilities:</b>												
Accounts payable	\$ -	\$ -	\$ 134,325	\$ 106,562	4,884	\$ 99,953	\$ 30,353	\$ 6,466	\$ 520,761	\$ 24,049	\$ 242	\$ 35,869
Accrued payroll and payroll taxes	-	-	-	9,884	-	15,484	1,907	-	51,738	-	1,823	-
Deferred revenue	75,484	-	-	-	-	289,502	2,941	-	323,019	-	-	8,896
Due to other funds	175,138	-	2,762	41,038	-	41,245	4,896	627	135,531	59,811	3,389	160,460
Due to other governments	530,776	-	-	-	-	-	-	-	120,040	-	3,109	-
<b>Total Liabilities</b>	<b>781,398</b>	<b>-</b>	<b>137,087</b>	<b>157,484</b>	<b>4,884</b>	<b>446,184</b>	<b>40,097</b>	<b>7,093</b>	<b>1,151,089</b>	<b>83,860</b>	<b>8,563</b>	<b>205,225</b>
<b>Fund Balance:</b>												
Reserved:												
Prepays	-	-	-	-	-	-	-	-	11,427	-	-	-
Unreserved, undesignated in Special Revenue Funds	-	384,617	-	26,030	87,919	-	-	-	401,301	-	-	-
Unreserved, undesignated in Capital Projects Funds	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>384,617</b>	<b>-</b>	<b>26,030</b>	<b>87,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,728</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 781,398</b>	<b>\$ 384,617</b>	<b>\$ 137,087</b>	<b>\$ 183,514</b>	<b>\$ 92,803</b>	<b>\$ 446,184</b>	<b>\$ 40,097</b>	<b>\$ 7,093</b>	<b>\$ 1,563,817</b>	<b>\$ 83,860</b>	<b>\$ 8,563</b>	<b>\$ 205,225</b>

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING BALANCE SHEET

### OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2008

	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	Agricultural Conservation Easements	Dirt and Gravel Roads	Grant Fund
<b>Assets</b>												
Cash and cash equivalents	\$ 282,973	\$ 111,415	\$ 15,889	\$ 35,503	\$ 641	\$ 969	\$ 19,250	\$ 32,491	\$ 72,938	\$ 149,559	\$ 161,684	\$ 4,647
Advances receivable	290,000	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	3,537	-	-	-	-	70	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	7,052	-	-	25
Due from other governments	-	41,316	12,823	527	7,688	40,655	30,889	466,186	11,981	-	5,098	82,364
Prepays	-	-	-	-	-	-	-	1,080	-	-	-	-
<b>Total Assets</b>	<b>\$ 572,973</b>	<b>\$ 152,731</b>	<b>\$ 32,249</b>	<b>\$ 36,030</b>	<b>\$ 8,329</b>	<b>\$ 41,624</b>	<b>\$ 50,139</b>	<b>\$ 499,827</b>	<b>\$ 91,971</b>	<b>\$ 149,559</b>	<b>\$ 166,782</b>	<b>\$ 87,036</b>
<b>Liabilities and Fund Balance</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 503,462	\$ 121,197	\$ 91	\$ 32,796	\$ 7,688	\$ 39,614	\$ 13,252	\$ 3,692	\$ 2,395	\$ 5,000	\$ -	\$ 49,972
Accrued payroll and payroll taxes	-	-	-	-	-	-	6,694	52,778	7,343	-	-	1,677
Deferred revenue	41,320	14	11,713	-	641	4	3	-	63,535	-	166,782	6,833
Due to other funds	28,173	31,520	20,445	3,234	-	2,006	30,190	443,357	18,698	-	-	28,554
Due to other governments	18	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>572,973</b>	<b>152,731</b>	<b>32,249</b>	<b>36,030</b>	<b>8,329</b>	<b>41,624</b>	<b>50,139</b>	<b>499,827</b>	<b>91,971</b>	<b>5,000</b>	<b>166,782</b>	<b>87,036</b>
<b>Fund Balance:</b>												
Reserved:												
Prepays	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated in Special Revenue Funds	-	-	-	-	-	-	-	-	-	144,559	-	-
Unreserved, undesignated in Capital Projects Funds	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,559</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 572,973</b>	<b>\$ 152,731</b>	<b>\$ 32,249</b>	<b>\$ 36,030</b>	<b>\$ 8,329</b>	<b>\$ 41,624</b>	<b>\$ 50,139</b>	<b>\$ 499,827</b>	<b>\$ 91,971</b>	<b>\$ 149,559</b>	<b>\$ 166,782</b>	<b>\$ 87,036</b>

(Continued)



# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING BALANCE SHEET

### OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2008

	Special Revenue									Capital Projects	
	Landfill Closure Fund	HAZMAT Emergency Response	Waste Management Fund	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	Total Special Revenue	Capital Reserve Fund
Assets											
Cash and cash equivalents	\$ 428,624	\$ 15,150	\$ 282,558	\$ 706,818	\$ 97,677	\$ 17,061	\$ 86,578	\$ 100,074	\$ 16,445	\$ 5,489,904	\$ 69,999
Advances receivable	-	-	-	-	-	-	-	-	-	292,749	-
Taxes receivable	-	-	-	-	-	-	-	-	-	60,340	-
Accounts receivable	-	19,489	22,228	-	-	-	-	-	-	57,960	-
Due from other funds	654	-	-	-	-	-	-	-	-	163,097	499,114
Due from other governments	-	6,885	110,714	-	-	-	-	-	-	1,657,906	-
Prepays	-	5,193	-	-	-	-	-	-	-	17,700	-
Total Assets	\$ 429,278	\$ 46,717	\$ 415,500	\$ 706,818	\$ 97,677	\$ 17,061	\$ 86,578	\$ 100,074	\$ 16,445	\$ 7,739,656	\$ 569,113
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ -	\$ 4,391	\$ 508	\$ 16,032	\$ 8	\$ -	\$ 20,950	\$ -	\$ -	\$ 1,784,512	\$ 850
Accrued payroll and payroll taxes	-	1,789	138	-	2,386	-	-	-	-	153,641	-
Deferred revenue	429,253	35,842	272,336	-	-	-	-	-	-	1,728,118	-
Due to other funds	25	4,695	142,518	-	5,774	-	-	-	-	1,384,086	-
Due to other governments	-	-	-	-	-	-	-	-	-	653,943	-
Total Liabilities	429,278	46,717	415,500	16,032	8,168	-	20,950	-	-	5,704,300	850
Fund Balance:											
Reserved:											
Prepays	-	-	-	-	-	-	-	-	-	11,427	-
Unreserved, undesignated in Special Revenue Funds	-	-	-	690,786	89,509	17,061	65,628	100,074	16,445	2,023,929	-
Unreserved, undesignated in Capital Projects Funds	-	-	-	-	-	-	-	-	-	-	568,263
Total Fund Balance	-	-	-	690,786	89,509	17,061	65,628	100,074	16,445	2,035,356	568,263
Total Liabilities and Fund Balance	\$ 429,278	\$ 46,717	\$ 415,500	\$ 706,818	\$ 97,677	\$ 17,061	\$ 86,578	\$ 100,074	\$ 16,445	\$ 7,739,656	\$ 569,113

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING BALANCE SHEET

### OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2008

	Capital Projects								Debt Service		Total Other Governmental Funds
	Home Grant	Communities Development Block Grant	Emergency Shelter Reno Grant	Affordable Housing Program	Shared Ride Capital Grant	16-B Capital Grant	Recreation Fund	HAVA Grant Fund	Total Capital Projects	Sinking Fund	
Assets											
Cash and cash equivalents	\$ 1,842	\$ 13,491	\$ 6,407	\$ 964,355	\$ 2,304	\$ 148	\$ 1,772	\$ 61	\$ 1,060,379	\$ -	\$ 6,550,283
Advances receivable	-	-	-	-	-	-	-	-	-	-	292,749
Taxes receivable	-	-	-	-	-	-	-	-	-	-	60,340
Accounts receivable	-	-	-	197,578	-	-	-	-	197,578	-	255,538
Due from other funds	-	-	-	-	-	-	-	-	499,114	-	662,211
Due from other governments	-	104,404	92,176	-	-	-	241,145	160,814	598,539	-	2,256,445
Prepays	-	-	-	-	-	-	-	-	-	-	17,700
Total Assets	\$ 1,842	\$ 117,895	\$ 98,583	\$ 1,161,933	\$ 2,304	\$ 148	\$ 242,917	\$ 160,875	\$ 2,355,610	\$ -	\$ 10,095,266
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ -	\$ 69,493	\$ 85,119	\$ 3,875	\$ -	\$ -	\$ 37,045	\$ -	\$ 196,382	\$ -	\$ 1,980,894
Accrued payroll and payroll taxes	-	-	-	-	-	-	3,333	-	3,333	-	156,974
Deferred revenue	1,842	2,503	2,257	1,072,051	2,304	148	738	61	1,081,904	-	2,810,022
Due to other funds	-	45,899	11,207	86,007	-	-	201,801	160,814	505,728	-	1,889,814
Due to other governments	-	-	-	-	-	-	-	-	-	-	653,943
Total Liabilities	1,842	117,895	98,583	1,161,933	2,304	148	242,917	160,875	1,787,347	-	7,491,647
Fund Balance:											
Reserved:											
Prepays	-	-	-	-	-	-	-	-	-	-	11,427
Unreserved, undesignated in Special Revenue Funds	-	-	-	-	-	-	-	-	-	-	2,023,929
Unreserved, undesignated in Capital Projects Funds	-	-	-	-	-	-	-	-	568,263	-	568,263
Total Fund Balance	-	-	-	-	-	-	-	-	568,263	-	2,603,619
Total Liabilities and Fund Balance	\$ 1,842	\$ 117,895	\$ 98,583	\$ 1,161,933	\$ 2,304	\$ 148	\$ 242,917	\$ 160,875	\$ 2,355,610	\$ -	\$ 10,095,266

(Concluded)

# COUNTY OF BUTLER, PENNSYLVANIA

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

### OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue											
	Tax Claim Fund	Operating Reserve Fund	Hotel Tax Fund	Liquid Fuels Tax Fund	Act 44 Liquid Fuels	Council on Drug and Alcohol	Human Development Block Grant	Path Transitions Project	Area Agency on Aging Program	Tobacco Fund	Independent Living Grant	Shared Ride Transportation Funds
Revenues:												
Taxes	\$ 1,107,269	\$ -	\$ 899,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	549,871	95,436	1,563,952	354,813	92,465	3,752,218	284,233	71,174	422,874
Charges for services	1,080,241	-	-	-	-	79,076	-	-	214,244	-	-	157,160
Interest	21,349	9,736	1,203	898	1,235	4,127	454	-	31,725	264	132	-
Other	-	-	-	61	-	24,090	-	-	230,505	-	-	-
Total revenues	2,208,859	9,736	900,729	550,830	96,671	1,671,245	355,267	92,465	4,228,692	284,497	71,306	580,034
Expenditures:												
General government - administration	-	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	445,759	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	2,106,145	355,267	92,465	4,179,946	284,497	71,306	582,267
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	881,455	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	170,976	8,752	-	-	-	-	-	-	-
Total expenditures	-	-	881,455	616,735	8,752	2,106,145	355,267	92,465	4,179,946	284,497	71,306	582,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,208,859	9,736	19,274	(65,905)	87,919	(434,900)	-	-	48,746	-	-	(2,233)
Other Financing Sources (Uses):												
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	63,025	-	434,900	-	-	105,622	-	-	2,233
Transfers out	(2,208,859)	-	(19,274)	-	-	-	-	-	(2,233)	-	-	-
Total other financing sources (uses)	(2,208,859)	-	(19,274)	63,025	-	434,900	-	-	103,389	-	-	2,233
Net Change in Fund Balance	-	9,736	-	(2,880)	87,919	-	-	-	152,135	-	-	-
Fund Balance:												
Beginning of year	-	374,881	-	28,910	-	-	-	-	260,593	-	-	-
End of year	\$ -	\$ 384,617	\$ -	\$ 26,030	\$ 87,919	\$ -	\$ -	\$ -	\$ 412,728	\$ -	\$ -	\$ -

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

### OTHER GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

	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	Agricultural Conservation Easements	Dirt and Gravel Roads	Grant Fund
<b>Revenues:</b>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,239,583	452,719	204,081	182,248	46,830	162,184	263,428	1,327,237	71,925	-	51,417	220,088
Charges for services	-	-	-	-	-	-	-	52,152	83,246	17,523	-	-
Interest	8,519	8,089	2,867	610	(10)	-	-	864	338	2,552	-	874
Other	-	61	5,483	-	-	-	-	3,395	1,618	-	-	-
Total revenues	2,248,102	460,869	212,431	182,858	46,820	162,184	263,428	1,383,648	157,127	20,075	51,417	220,962
<b>Expenditures:</b>												
General government - administration	-	-	-	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	2,027,576	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Human services	2,248,102	460,869	212,431	182,858	46,820	162,184	263,428	-	-	-	-	40,990
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	305,716	230,416	51,417	186,383
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,248,102	460,869	212,431	182,858	46,820	162,184	263,428	2,027,576	305,716	230,416	51,417	227,373
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	-	-	-	-	(643,928)	(148,589)	(210,341)	-	(6,411)
<b>Other Financing Sources (Uses):</b>												
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	643,928	148,589	150,000	-	6,411
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	643,928	148,589	150,000	-	6,411
<b>Net Change in Fund Balance</b>	-	-	-	-	-	-	-	-	-	(60,341)	-	-
<b>Fund Balance:</b>												
Beginning of year	-	-	-	-	-	-	-	-	-	204,900	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,559	\$ -	\$ -

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

### OTHER GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue									Capital Projects	
	Landfill Closure Fund	HAZMAT Emergency Response	Waste Management Fund	County Records Improvement Fund	Recorder of Deeds Records Improvement Fund	Juvenile Court Restitution Fund	Clerk of Courts Automation Fee Fund	Prothonotary Automation Fee Fund	Register of Wills/Orphan Court Automation Fee Fund	Total Special Revenue	Capital Reserve Fund
<b>Revenues:</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,006,795	\$ -
Intergovernmental	-	26,626	170,085	-	-	-	-	-	-	12,605,487	-
Charges for services	-	84,478	67,785	55,928	83,892	8,021	15,558	17,835	8,660	2,025,799	66,000
Interest	25	4,383	3,996	13,256	1,941	220	1,673	1,676	690	123,686	3,973
Other	-	2,815	-	-	-	-	-	-	-	268,028	-
Total revenues	25	118,302	241,866	69,184	85,833	8,241	17,231	19,511	9,350	17,029,795	69,973
<b>Expenditures:</b>											
General government - administration	-	-	-	67,421	119,790	-	-	-	-	187,211	-
General government - judicial	-	-	-	-	-	-	41,230	2,285	46,554	2,117,645	-
Public safety	-	130,664	-	-	-	-	-	-	-	130,664	-
Public works and enterprises	-	-	-	-	-	-	-	-	-	445,759	-
Human services	-	-	-	-	-	-	-	-	-	11,289,575	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	102,419	-	-	-	-	-	-	1,757,806	-
Debt service	-	-	-	-	-	-	-	-	-	-	250,844
Capital projects	-	-	-	-	-	-	-	-	-	179,728	96,252
Total expenditures	-	130,664	102,419	67,421	119,790	-	41,230	2,285	46,554	16,108,388	347,096
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	25	(12,362)	139,447	1,763	(33,957)	8,241	(23,999)	17,226	(37,204)	921,407	(277,123)
<b>Other Financing Sources (Uses):</b>											
Sale of capital assets	-	12,362	-	-	-	-	-	-	-	12,362	14,650
Transfers in	-	-	-	-	2,730	-	-	-	-	1,557,438	499,114
Transfers out	(25)	-	(139,447)	-	-	-	-	-	-	(2,369,838)	-
Total other financing sources (uses)	(25)	12,362	(139,447)	-	2,730	-	-	-	-	(800,038)	513,764
<b>Net Change in Fund Balance</b>	-	-	-	1,763	(31,227)	8,241	(23,999)	17,226	(37,204)	121,369	236,641
<b>Fund Balance:</b>											
Beginning of year	-	-	-	689,023	120,736	8,820	89,627	82,848	53,649	1,913,987	331,622
End of year	\$ -	\$ -	\$ -	\$ 690,786	\$ 89,509	\$ 17,061	\$ 65,628	\$ 100,074	\$ 16,445	\$ 2,035,356	\$ 568,263

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

### OTHER GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

	Capital Projects								Debt Service		
	Home Grant	Communities Development Block Grant	Emergency Shelter Reno Grant	Affordable Housing Program	Shared Ride Capital Grant	16-B Capital Grant	Recreation Fund	HAVA Grant Fund	Total Capital Projects	Sinking Fund	Total Other Governmental Funds
<b>Revenues:</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,006,795
Intergovernmental	160,000	578,123	176,510	-	-	-	633,429	152,082	1,700,144	-	14,305,631
Charges for services	-	-	-	541,300	-	-	46,993	-	654,293	-	2,680,092
Interest	-	5,175	-	32,078	-	-	1,349	-	42,575	-	166,261
Other	-	-	-	-	-	-	20	-	20	-	268,048
Total revenues	160,000	583,298	176,510	573,378	-	-	681,791	152,082	2,397,032	-	19,426,827
<b>Expenditures:</b>											
General government - administration	-	-	-	-	-	-	-	11,063	11,063	-	198,274
General government - judicial	-	-	-	-	-	-	-	-	-	-	2,117,645
Public safety	-	-	-	-	-	-	-	-	-	-	130,664
Public works and enterprises	-	81,902	-	-	-	-	-	-	81,902	-	527,661
Human services	-	-	117,926	-	-	-	-	-	117,926	-	11,407,501
Culture and recreation	-	-	-	-	-	-	200,734	-	200,734	-	200,734
Conservation and development	9,600	34,221	-	1,500	-	-	-	-	45,321	-	1,803,127
Debt service	-	-	-	-	-	-	-	-	250,844	-	250,844
Capital projects	150,400	467,175	58,584	485,871	-	-	822,415	-	2,080,697	-	2,260,425
Total expenditures	160,000	583,298	176,510	487,371	-	-	1,023,149	11,063	2,788,487	-	18,896,875
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	86,007	-	-	(341,358)	141,019	(391,455)	-	529,952
<b>Other Financing Sources (Uses):</b>											
Sale of capital assets	-	-	-	-	-	-	-	-	14,650	-	27,012
Transfers in	-	-	-	-	-	-	341,358	-	840,472	-	2,397,910
Transfers out	-	-	-	(86,007)	-	-	-	(141,019)	(227,026)	-	(2,596,864)
Total other financing sources (uses)	-	-	-	(86,007)	-	-	341,358	(141,019)	628,096	-	(171,942)
<b>Net Change in Fund Balance</b>	-	-	-	-	-	-	-	-	236,641	-	358,010
<b>Fund Balance:</b>											
Beginning of year	-	-	-	-	-	-	-	-	331,622	-	2,245,609
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,263	\$ -	\$ 2,603,619

(Concluded)

## **AGENCY FUNDS**

Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Treasurer, 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. The Sheriff's Office has not been included as financial information is not available.

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# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING BALANCE SHEET

### ALL AGENCY FUNDS

DECEMBER 31, 2008

	Treasurer's Office	Register of Wills	Prothonotary	District Justice Courts	Clerk of Courts	Recorder of Deeds	Domestic Relations	Prison Commissary	Total
<b>Assets</b>									
Cash and cash equivalents	\$ 244,411	\$ 1,533	\$ 140,031	\$ 192,648	\$ 311,079	\$ 412,441	\$ 170,977	\$ 264,560	\$ 1,737,680
<b>Total Assets</b>	<u>\$ 244,411</u>	<u>\$ 1,533</u>	<u>\$ 140,031</u>	<u>\$ 192,648</u>	<u>\$ 311,079</u>	<u>\$ 412,441</u>	<u>\$ 170,977</u>	<u>\$ 264,560</u>	<u>\$ 1,737,680</u>
<b>Liabilities</b>									
Due to other governments	\$ 121,853	\$ 1,533	\$ 3,999	\$ 73,868	\$ 99,817	\$ 386,768	\$ -	\$ -	\$ 687,838
Escrow liability and interest	122,558	-	136,032	118,780	211,262	25,673	170,977	264,560	1,049,842
<b>Total Liabilities</b>	<u>\$ 244,411</u>	<u>\$ 1,533</u>	<u>\$ 140,031</u>	<u>\$ 192,648</u>	<u>\$ 311,079</u>	<u>\$ 412,441</u>	<u>\$ 170,977</u>	<u>\$ 264,560</u>	<u>\$ 1,737,680</u>

# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
<b>Treasurer's Office</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 283,997</u>	<u>\$ 1,026,188</u>	<u>\$ 1,065,774</u>	<u>\$ 244,411</u>
<b>Liabilities</b>				
Due to other governments	\$ 126,055	\$ 664,333	\$ 668,535	\$ 121,853
Escrow liability	<u>157,942</u>	<u>361,855</u>	<u>397,239</u>	<u>122,558</u>
<b>Total Liabilities</b>	<u>\$ 283,997</u>	<u>\$ 1,026,188</u>	<u>\$ 1,065,774</u>	<u>\$ 244,411</u>
<b>Register of Wills</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 2,346</u>	<u>\$ 26,842</u>	<u>\$ 27,655</u>	<u>\$ 1,533</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 2,346</u>	<u>\$ 26,842</u>	<u>\$ 27,655</u>	<u>\$ 1,533</u>

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Continued)

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
<b>Prothonotary</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 322,148	\$ 185,855	\$ 367,972	\$ 140,031
<b>Liabilities</b>				
Due to other governments	\$ 10,720	\$ 57,195	\$ 63,916	\$ 3,999
Escrow liability	311,428	128,660	304,056	136,032
<b>Total Liabilities</b>	\$ 322,148	\$ 185,855	\$ 367,972	\$ 140,031
<b>District Justice Courts</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 151,179	\$ 4,182,153	\$ 4,140,684	\$ 192,648
<b>Liabilities</b>				
Due to other governments	\$ 61,691	\$ 3,486,231	\$ 3,474,054	\$ 73,868
Escrow liability	89,488	695,922	666,630	118,780
<b>Total Liabilities</b>	\$ 151,179	\$ 4,182,153	\$ 4,140,684	\$ 192,648
<b>Clerk of Courts</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 295,743	\$ 1,962,202	\$ 1,946,866	\$ 311,079
<b>Liabilities</b>				
Due to other governments	\$ 141,272	\$ 1,143,985	\$ 1,185,440	\$ 99,817
Escrow liability	154,471	818,217	761,426	211,262
<b>Total Liabilities</b>	\$ 295,743	\$ 1,962,202	\$ 1,946,866	\$ 311,079

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Continued)

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
<b>Recorder of Deeds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 548,482	\$ 7,026,524	\$ 7,162,565	\$ 412,441
<b>Liabilities</b>				
Due to other governments	\$ 532,759	\$ 6,466,485	\$ 6,612,476	\$ 386,768
Escrow liability and interest	15,723	560,039	550,089	25,673
<b>Total Liabilities</b>	\$ 548,482	\$ 7,026,524	\$ 7,162,565	\$ 412,441
<b>Domestic Relations</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 208,189	\$ 409,549	\$ 446,761	\$ 170,977
<b>Liabilities</b>				
Escrow liability	\$ 208,189	\$ 409,549	\$ 446,761	\$ 170,977
<b>Prison Commissary</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 265,446	\$ 372,845	\$ 373,731	\$ 264,560
<b>Liabilities</b>				
Escrow liability	\$ 265,446	\$ 372,845	\$ 373,731	\$ 264,560

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Continued)

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
<b>Total all Agency Funds Assets</b>				
Cash and cash equivalents	\$ 2,077,530	\$ 15,192,158	\$ 15,532,008	\$ 1,737,680
<b>Liabilities</b>				
Due to other governments	\$ 874,843	\$ 11,845,071	\$ 12,032,076	\$ 687,838
Escrow liability and interest	1,202,687	3,347,087	3,499,932	1,049,842
<b>Total Liabilities</b>	\$ 2,077,530	\$ 15,192,158	\$ 15,532,008	\$ 1,737,680

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## STATISTICAL SECTION

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# STATISTICAL SECTION

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

## Contents

## Page

### Financial Trends

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

VI-1

### Revenue Capacity

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

VI-7

### Debt Capacity

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

VI-16

### Demographic and Economic Information

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

VI-22

### Operating Information

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

VI-25

### Miscellaneous Information

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

VI-29

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

# COUNTY OF BUTLER, PENNSYLVANIA

## NET ASSETS BY COMPONENT - LAST SIX YEARS

(Accrual basis of accounting)

(Unaudited)

	Year					
	2008	2007	2006	2005	2004	2003
Governmental activities:						
Invested in capital assets, net of related debt	\$ 20,552,185	\$ 17,872,091	\$ 8,246,137	\$ 6,218,750	\$ 3,751,092	\$ 1,742,187
Restricted	-	-	-	-	-	1,481,945
Unrestricted	13,569,202	12,547,834	14,634,988	15,506,489	16,888,758	15,640,874
Total governmental activities net assets	<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:						
Invested in capital assets, net of related debt	\$ 7,557,840	\$ 6,545,017	\$ 3,288,059	\$ 374,570	\$ 1,076,705	\$ 919,589
Restricted	-	-	-	-	-	-
Unrestricted	1,012,451	1,086,844	893,186	1,170,094	(76,705)	81,289
Total business-type activities net assets	<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:						
Invested in capital assets, net of related debt	\$ 28,110,025	\$ 24,417,108	\$ 11,534,196	\$ 6,593,320	\$ 4,827,797	\$ 2,661,776
Restricted	-	-	-	-	-	1,481,945
Unrestricted	14,581,653	13,634,678	15,528,174	16,676,583	16,812,053	15,722,163
Total primary government net assets	<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>

Note: Accrual-basis financial information for the County government as a whole is available back to 2003 only, the year GASB Statement No. 34 was implemented.

# COUNTY OF BUTLER, PENNSYLVANIA

## CHANGES IN NET ASSETS - LAST SIX YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Year					
	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>						
Governmental activities:						
General government - administration	\$ 10,150,095	\$ 9,431,972	\$ 9,570,928	\$ 8,428,972	\$ 8,864,607	\$ 9,076,409
General government - judicial	12,952,026	12,135,032	11,972,550	10,350,385	9,320,467	9,623,538
Public safety	10,771,217	11,354,240	10,258,214	9,040,857	9,157,098	8,381,168
Public works and enterprises	1,333,339	2,287,600	1,953,986	1,528,915	1,307,271	1,381,809
Human services	76,291,713	71,907,923	69,661,248	64,549,767	60,217,953	56,595,178
Culture and recreation	1,172,551	1,219,942	1,285,463	1,036,720	866,539	905,041
Conservation and development	3,207,103	2,505,202	2,585,833	2,366,187	3,409,269	2,416,236
Interest, premiums, and discounts	2,921,467	2,933,652	2,786,843	2,847,114	2,416,915	1,805,912
Total governmental activities expenses	<u>118,799,511</u>	<u>113,775,563</u>	<u>110,075,065</u>	<u>100,148,917</u>	<u>95,560,119</u>	<u>90,185,291</u>
Business-type activities:						
Healthcare services	18,338,855	17,349,436	16,634,111	15,796,147	15,158,812	14,907,713
Emergency communications	2,698,741	2,616,421	2,457,547	2,380,727	2,245,345	1,545,356
Total business-type activities expenses	<u>21,037,596</u>	<u>19,965,857</u>	<u>19,091,658</u>	<u>18,176,874</u>	<u>17,404,157</u>	<u>16,453,069</u>
Total primary government expenses	<u>\$ 139,837,107</u>	<u>\$ 133,741,420</u>	<u>\$ 129,166,723</u>	<u>\$ 118,325,791</u>	<u>\$ 112,964,276</u>	<u>\$ 106,638,360</u>
<b>Revenues:</b>						
Governmental activities:						
Charges for services:						
General government - administration	\$ 2,227,674	\$ 2,479,217	\$ 2,357,857	\$ 2,491,710	\$ 2,284,137	\$ 2,851,533
General government - judicial	4,462,094	3,869,381	4,468,499	3,087,800	3,088,152	2,713,497
Public safety	778,879	672,265	679,512	505,383	367,271	323,611
Public works and enterprises	-	-	-	-	-	-
Human services	977,349	1,014,690	980,389	1,057,275	912,155	1,101,009
Culture and recreation	243,264	247,633	210,544	229,223	195,932	196,420
Conservation and development	709,854	264,155	215,975	297,715	739,586	957,036
Operating grants and contributions	70,535,956	66,515,249	63,337,337	57,302,453	55,065,414	51,549,660
Capital grants and contributions	2,181,416	2,031,345	3,627,461	2,832,680	4,623,973	2,375,512
Total governmental program revenues	<u>82,116,486</u>	<u>77,093,935</u>	<u>75,877,574</u>	<u>67,804,239</u>	<u>67,276,620</u>	<u>62,068,278</u>
Business-type activities:						
Healthcare services	17,832,911	19,469,134	18,187,661	15,503,378	14,353,557	13,247,493
Emergency communications	1,793,365	1,736,185	1,918,474	1,923,665	1,431,391	1,490,498
Total business-type activities revenues	<u>19,626,276</u>	<u>21,205,319</u>	<u>20,106,135</u>	<u>17,427,043</u>	<u>15,784,948</u>	<u>14,737,991</u>
Total primary government revenues	<u>\$ 101,742,762</u>	<u>\$ 98,299,254</u>	<u>\$ 95,983,709</u>	<u>\$ 85,231,282</u>	<u>\$ 83,061,568</u>	<u>\$ 76,806,269</u>
<b>Net (Expenses)/Revenues:</b>						
Governmental activities	\$ (36,683,025)	\$ (36,681,628)	\$ (34,197,491)	\$ (32,344,678)	\$ (28,283,499)	\$ (28,117,013)
Business-type activities	(1,411,320)	1,239,462	1,014,477	(749,831)	(1,619,209)	(1,715,078)
Total primary government net expenses (revenues)	<u>\$ (38,094,345)</u>	<u>\$ (35,442,166)</u>	<u>\$ (33,183,014)</u>	<u>\$ (33,094,509)</u>	<u>\$ (29,902,708)</u>	<u>\$ (29,832,091)</u>
<b>General Revenues and other Changes in Net Assets:</b>						
Governmental activities:						
Real estate taxes	\$ 35,623,077	\$ 31,875,883	\$ 31,275,498	\$ 30,530,941	\$ 26,681,111	\$ 25,795,059
Hotel tax	899,444	834,392	776,761	685,624	663,435	534,868
Interest and investment income	1,490,566	2,402,654	3,002,264	1,788,055	1,075,811	755,863
Other income	4,464,064	2,474,697	2,514,595	1,662,458	3,211,483	2,467,497
Transfers	(2,092,664)	(2,189,063)	(1,564,289)	(1,237,011)	(1,573,497)	(1,701,867)
Total governmental activities	<u>40,384,487</u>	<u>35,398,563</u>	<u>36,004,829</u>	<u>33,430,067</u>	<u>30,058,343</u>	<u>27,851,420</u>
Business-type activities:						
Interest and investment income	257,086	22,091	57,815	57,484	44,834	6,210
Other income	-	-	-	-	-	5,060
Transfers	2,092,664	2,189,063	1,564,289	1,237,011	1,573,497	1,701,867
Total business-type activities	<u>2,349,750</u>	<u>2,211,154</u>	<u>1,622,104</u>	<u>1,294,495</u>	<u>1,618,331</u>	<u>1,713,137</u>
Total primary government	<u>\$ 42,734,237</u>	<u>\$ 37,609,717</u>	<u>\$ 37,626,933</u>	<u>\$ 34,724,562</u>	<u>\$ 31,676,674</u>	<u>\$ 29,564,557</u>
<b>Change in Net Assets:</b>						
Governmental activities	\$ 3,701,462	\$ (1,283,065)	\$ 1,807,338	\$ 1,085,389	\$ 1,774,844	\$ (265,593)
Business-type activities	938,430	3,450,616	2,636,581	544,664	(878)	(1,941)
Total primary government	<u>\$ 4,639,892</u>	<u>\$ 2,167,551</u>	<u>\$ 4,443,919</u>	<u>\$ 1,630,053</u>	<u>\$ 1,773,966</u>	<u>\$ (267,534)</u>

Note: Accrual basis financial information for the county government as a whole is only available back to 2003, the year GASB Statement No. 34 was implemented.

# COUNTY OF BUTLER, PENNSYLVANIA

## FUND BALANCES, GOVERNMENTAL FUNDS - LAST SIX YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year					
	2008	2007	2006	2005	2004	2003
General Fund:						
Reserved	\$ 1,590,766	\$ 1,573,459	\$ 1,492,505	\$ 1,332,732	\$ 1,559,244	\$ 3,559,945
Unreserved:						
Designated	4,923,942	6,367,321	7,046,617	8,585,001	2,175,473	280,388
Undesignated	775,322	(578,009)	1,617,087	1,147,329	7,508,893	9,482,290
Total General Fund	<u>\$ 7,290,030</u>	<u>\$ 7,362,771</u>	<u>\$ 10,156,209</u>	<u>\$ 11,065,062</u>	<u>\$ 11,243,610</u>	<u>\$ 13,322,623</u>
All Other Governmental Funds:						
Reserved	\$ 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	2,023,929	1,902,625	1,740,087	1,426,196	2,590,847	2,537,358
Capital Project Funds	568,263	331,622	336,462	278,407	662,257	1,094,523
Total all Other Governmental Funds	<u>\$ 7,587,882</u>	<u>\$ 10,682,813</u>	<u>\$ 28,190,015</u>	<u>\$ 34,652,969</u>	<u>\$ 42,235,639</u>	<u>\$ 44,703,246</u>

Note:

- (1) In 2005, the County began designating a portion of the fund balance for the following year's budget.
- (2) Information is unavailable for years 1998 through 2002.

# COUNTY OF BUTLER, PENNSYLVANIA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

1999-2008

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues:</b>										
Taxes	\$ 36,168,622	\$ 32,597,320	\$ 31,947,356	\$ 30,967,970	\$ 27,017,394	\$ 26,187,117	\$ 25,342,680	\$ 21,139,577	\$ 16,693,156	\$ 16,403,456
Intergovernmental	72,717,368	68,546,593	66,964,792	60,135,133	59,689,387	53,925,172	49,630,375	44,917,848	42,906,542	35,825,320
Charges for services	7,580,391	6,820,189	7,025,913	6,555,525	6,579,364	6,742,531	5,898,830	4,751,739	3,905,939	3,683,985
Fines and forfeits	1,457,985	1,387,881	1,347,582	983,256	614,011	930,481	856,514	581,442	457,620	507,223
Interest	1,490,566	2,402,654	3,002,263	1,788,055	1,075,811	755,863	713,481	1,073,559	1,086,879	860,894
Other	2,392,325	2,469,704	2,513,831	2,626,065	3,009,084	2,502,020	2,343,787	1,894,096	2,007,761	2,258,361
Total revenues	121,807,257	114,224,341	112,801,737	103,056,004	97,985,051	91,043,184	84,785,667	74,358,261	67,057,897	59,539,239
<b>Expenditures:</b>										
General government - administration	8,945,812	8,345,064	8,187,018	7,290,140	7,271,682	7,141,795	6,705,179	6,291,512	5,782,694	5,516,924
General government - judicial	12,736,487	12,040,802	11,828,928	10,520,447	10,084,658	9,253,667	8,456,846	7,881,839	7,291,958	6,893,022
Public safety	10,680,528	11,200,898	9,950,489	8,693,253	7,894,220	7,725,740	6,942,949	5,795,848	5,192,869	4,182,241
Public works and enterprises	527,661	615,268	551,664	568,626	2,487,518	1,345,912	801,751	1,579,487	1,819,423	539,696
Human services	75,957,257	71,649,804	69,022,843	62,690,286	60,439,421	56,311,227	52,131,282	45,981,982	43,447,133	37,305,398
Culture and recreation	784,312	778,129	751,216	728,378	804,749	699,715	542,612	558,944	564,894	453,789
Conservation and development	2,246,618	2,227,851	2,039,961	1,781,537	2,364,119	1,557,133	2,554,946	936,719	831,321	920,235
Other	428,056	420,792	772,858	2,706,202	1,216,983	1,378,153	656,681	628,856	473,404	486,093
Debt service:										
Principal	1,704,082	1,604,165	1,819,677	1,670,600	1,826,917	1,198,609	1,059,960	1,053,056	820,000	775,000
Interest	2,872,461	2,886,760	2,750,625	2,735,494	1,906,766	999,626	1,158,441	1,156,592	1,112,761	1,143,319
Capital projects	8,080,323	20,581,380	16,674,616	10,226,398	5,678,338	3,089,203	2,201,602	1,896,068	3,113,778	2,442,248
Total Expenditures	124,963,597	132,350,913	124,349,895	109,611,361	101,975,371	90,700,780	83,212,249	73,760,903	70,450,235	60,657,965
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,156,340)</b>	<b>(18,126,572)</b>	<b>(11,548,158)</b>	<b>(6,555,357)</b>	<b>(3,990,320)</b>	<b>342,404</b>	<b>1,573,418</b>	<b>597,358</b>	<b>(3,392,338)</b>	<b>(1,118,726)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers in	7,198,397	6,125,573	9,755,032	6,998,998	5,542,129	6,632,946	7,707,854	4,765,281	4,570,974	6,603,223
Transfers out	(9,291,061)	(8,314,636)	(11,319,321)	(8,236,009)	(7,115,626)	(8,334,813)	(5,734,631)	(4,837,732)	(4,559,570)	(6,546,195)
Debt Proceeds	-	-	9,590,000	-	46,825,000	42,011,198	29,819	2,247,369	2,000,000	-
Payment to refunded bond escrow agent	-	-	(4,684,447)	-	(45,824,680)	-	-	(1,727,110)	-	-
Sunnyview - residual equity transfer	-	-	-	-	-	-	195,000	-	-	-
Sale of capital assets	57,012	14,995	16,040	31,150	16,877	5,891	11,079	40,596	16,839	-
Other	2,024,320	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(11,332)	(2,174,068)	3,357,304	(1,205,861)	(556,300)	40,315,222	2,209,121	488,404	2,028,243	57,028
Net change in fund balance	\$ (3,167,672)	\$ (20,300,640)	\$ (8,190,854)	\$ (7,761,218)	\$ (4,546,620)	\$ 40,657,626	\$ 3,782,539	\$ 1,085,762	\$ (1,364,095)	\$ (1,061,698)
Debt service as a percentage of noncapital expenditures	3.86%	3.96%	4.17%	4.38%	3.90%	2.45%	2.74%	3.07%	2.87%	3.30%

# COUNTY OF BUTLER, PENNSYLVANIA

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN YEARS

### ALL GOVERNMENTAL FUND TYPES 1999-2008

(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
1999	\$ 5,516,924	\$ 5,531,327	\$ 4,182,241	\$ 539,696	\$38,667,093	\$ 453,789	\$ 920,235	\$ 486,093	\$ 1,918,319	\$ 2,442,248	\$ 60,657,965
2000	5,782,694	7,291,958	5,192,869	1,819,423	43,447,133	564,894	831,321	473,404	1,932,761	3,113,778	70,450,235
2001	6,291,512	7,881,839	5,795,848	1,579,487	45,981,982	558,944	936,719	628,856	2,209,648	1,896,068	73,760,903
2002	6,705,179	8,456,846	6,942,949	801,751	52,131,282	542,612	2,554,946	656,681	2,218,401	2,201,602	83,212,249
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

(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 1999-2008

(Unaudited)

Fiscal Year	Property Taxes	Inter- governmental	Charges for Services	Fines and Forfeits	Interest	Other	Total
1999	\$ 16,403,456	\$ 35,825,320	\$ 3,683,985	\$ 507,223	\$ 860,894	\$ 2,258,361	\$ 59,539,239
2000	16,693,156	42,906,542	3,905,939	457,620	1,086,879	2,007,761	67,057,897
2001	21,139,577	44,917,848	4,751,739	581,442	1,073,559	1,894,096	74,358,261
2002	25,342,680	49,630,375	5,898,830	856,514	713,481	2,343,787	84,785,667
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	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	72,717,368	7,580,391	1,457,985	1,490,566	2,392,325	121,807,257

(1) Increase in 2001 is due to a 4 mill increase in real estate taxes from 2000.

(2) Increase in 2002 is due to a 3 mill increase in real estate taxes from 2001.

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

# COUNTY OF BUTLER, PENNSYLVANIA

## PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS 1999-2008

(Unaudited)

Fiscal Year	A		C (A+B) Total Adjusted Levy	D		E Collections in Subsequent Years	F							
	(1) Taxes Levied for the Fiscal Year (Original Levy)	B (2) Adjustments		Collected Within the Fiscal Year of the Levy	(D/A) Percentage of Original Levy		(D+E) Total Collections to Date (4) Amount	(F/C) Percentage of Adjusted Levy						
1999	\$	16,333,793	\$	(8,281)	\$	16,325,512	\$	15,747,021	96.41%	\$	570,959	\$	16,317,980	99.95%
2000		16,939,047		(17,585)		16,921,462		16,310,081	96.29%		602,233		16,912,314	99.95%
2001		21,587,060		(13,285)		21,573,775		20,822,369	96.46%		737,117		21,559,486	99.93%
2002		25,336,515		(11,800)		25,324,715		24,440,284	96.46%		865,596		25,305,880	99.93%
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%		-		34,648,173	96.49%

### 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

1999-2008  
(Unaudited)

Fiscal Year	A Residential Property	B Commercial Property	C Industrial Property	D Other Property	E Less Tax-Exempt Property	F		G	Current Year Estimated Actual Value (3)	(F/G)	Total Direct Millage Rate (4)
						(A+B+C+D-E)		1969		Taxable	
						Total	Taxable Assessed	Estimated		Assessed Value As a Percentage of 1969 Estimated Actual Value	
						Value (1)	(2)	Value			
1999	\$ 513,344,700	\$ 186,670,800	\$ 121,336,020	\$ 223,243,614	\$111,241,594	\$ 933,353,540		\$ 1,244,471,386	\$ 7,121,487,510	75%	17.50
2000	532,366,450	193,587,800	125,832,070	231,399,850	115,246,765	967,939,405		1,290,585,873	7,808,417,995	75%	17.50
2001	552,226,400	200,809,600	130,526,240	238,568,473	118,082,087	1,004,048,626		1,338,731,501	8,367,071,883	75%	21.50
2002	572,716,060	204,605,320	131,629,000	246,566,264	121,382,350	1,034,134,294		1,378,845,725	8,965,665,308	75%	24.50
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	11,409,840,382	75%	27.50
2008	632,500,000	223,000,000	138,650,000	380,182,903	186,579,891	1,187,753,012		1,583,670,683	11,398,781,305	75%	30.00

### NOTES:

- (1) Assessed values are computed at 75% of estimated 1969 actual value.
- (2) Does not include Exempt and Utility assessments.
- (3) Current year estimated actual value is calculated as the total taxable assessed value divided by 10.42%. The percentage is the common level ratio set annually on July 1st of each year by the Commonwealth of Pennsylvania.
- (4) Direct tax rates are expressed in millage. The tax rate is applied per every \$1,000 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. The millage rate includes 5 mills for debt service for the years 2005, 2006, 2007, and 2008.

### 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)

1999-2008  
(Unaudited)

### REAL ESTATE TAX RATE (MILLS)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>BUTLER COUNTY</b>	30.00	27.50	27.50	27.50	24.50	24.50	24.50	21.50	17.50	17.50
County real estate millage is uniform for all cities, boroughs, and townships.										
<b>Adams Township</b>										
Municipal	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Mars Area School S.D.	132.00	132.00	128.00	124.00	119.00	117.00	103.00	103.00	103.00	103.00
<b>Allegheny Township</b>										
Municipal	9.50	9.50	9.50	7.50	7.50	7.50	7.50	7.00	7.00	7.00
Allegheny-Clarion Valley S.D.	97.54	91.22	91.20	91.90	88.30	91.20	90.40	85.90	85.80	84.40
<b>Brady Township</b>										
Municipal	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b>Bruin Borough</b>										
Municipal (3)	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b>Buffalo Township</b>										
Municipal	4.50	4.50	4.50	4.50	4.50	4.50	N/A	N/A	N/A	N/A
Freeport Area S.D.	161.00	159.00	158.00	152.00	145.00	135.00	135.00	127.00	124.00	123.00
<b>Butler City (2)</b>										
Municipal (3)	37.50	37.50	36.50	34.50	34.50	34.50	34.00	32.00	32.00	32.50
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Butler Township</b>										
Municipal (3)	11.00	11.00	11.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Callery Borough</b>										
Municipal (3)	23.50	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

1999-2008  
(Unaudited)

### REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Center Township</b>										
Municipal (3)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Cherry Township</b>										
Municipal	8.00	8.00	8.00	8.00	8.00	6.00	6.00	3.40	3.40	3.40
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Cherry Valley Borough</b>										
Municipal	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Chicora Borough</b>										
Municipal (3)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b>Clay Township</b>										
Municipal (3)	7.48	7.48	7.48	7.48	5.23	5.23	5.23	5.23	5.23	5.23
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Clearfield Township</b>										
Municipal	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Clinton Township</b>										
Municipal	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
South Butler S.D.	116.90	114.90	112.00	107.00	103.00	103.00	97.00	97.00	94.00	92.00
<b>Concord Township</b>										
Municipal (3)	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Connoquenessing Borough</b>										
Municipal (3)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

1999-2008

(Unaudited)

### REAL ESTATE TAX RATE (MILLS)

(Continued)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Connoquenessing Township</b>										
Municipal (3)	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Cranberry Township</b>										
Municipal (3)	14.20	14.20	14.20	14.20	14.20	12.75	12.75	12.25	12.25	11.75
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72
<b>Donegal Township</b>										
Municipal (3)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b>East Butler Borough</b>										
Municipal (3)	17.00	17.00	17.00	17.00	15.53	15.53	13.53	13.53	12.53	12.53
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Eau Claire Borough</b>										
Municipal (3)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Evans City Borough</b>										
Municipal	26.50	26.50	26.50	26.50	26.50	21.00	21.00	21.00	21.00	21.00
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72
<b>Fairview Borough</b>										
Municipal	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b>Fairview Township</b>										
Municipal	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b>Forward Township</b>										
Municipal	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

1999-2008  
(Unaudited)

### REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Franklin Township</b>										
Municipal (3)	5.00	8.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b>Harmony Borough</b>										
Municipal	15.50	14.00	14.00	14.00	13.00	13.00	13.00	12.00	12.00	12.00
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72
<b>Harrisville Borough</b>										
Municipal (3)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b>Jackson Township</b>										
Municipal (3)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	9.50	9.50
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72
<b>Jefferson Township</b>										
Municipal	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
South Butler S.D.	116.90	114.90	112.00	107.00	103.00	103.00	97.00	97.00	94.00	92.00
<b>Karns City Borough</b>										
Municipal (3)	9.06	9.06	9.06	9.06	9.06	9.06	9.06	7.06	7.06	7.06
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b>Lancaster Township</b>										
Municipal	11.62	11.62	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72
<b>Marion Township</b>										
Municipal	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	7.50
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Mars Borough</b>										
Municipal (3)	22.50	22.50	22.50	22.50	22.50	22.50	22.50	22.50	22.50	22.50
Mars Area School S.D.	132.00	132.00	128.00	124.00	119.00	117.00	103.00	103.00	103.00	103.00

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

1999-2008  
(Unaudited)

### REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b><u>Mercer Township</u></b>										
Municipal	8.80	8.80	8.80	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b><u>Middlesex Township</u></b>										
Municipal (3)	16.50	17.00	18.00	18.00	18.00	15.00	10.00	10.00	10.00	10.00
Mars Area School S.D.	132.00	132.00	128.00	124.00	119.00	117.00	103.00	103.00	103.00	103.00
<b><u>Muddycreek Township</u></b>										
Municipal	4.00	4.00	4.00	4.00	2.00	2.00	2.00	2.00	2.00	2.00
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b><u>Oakland Township</u></b>										
Municipal (3)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b><u>Parker Township</u></b>										
Municipal	9.50	9.50	9.50	8.50	8.50	8.50	7.50	7.50	7.50	7.50
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b><u>Penn Township</u></b>										
Municipal (3)	7.00	7.00	7.00	7.00	7.00	5.00	5.00	5.00	5.00	5.00
South Butler S.D.	116.90	114.90	112.00	107.00	103.00	103.00	97.00	97.00	94.00	92.00
<b><u>Petrolia Borough</u></b>										
Municipal	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Karns City Area S.D.	102.79	100.71	96.53	84.95	83.95	83.93	83.65	82.97	82.81	82.81
<b><u>Portersville Borough</u></b>										
Municipal (3)	4.00	4.00	4.00	4.00	3.70	3.70	3.70	3.70	3.70	3.70
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b><u>Prospect Borough</u></b>										
Municipal (3)	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

1999-2008  
(Unaudited)

### REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Saxonburg Borough</b>										
Municipal	21.00	21.00	21.00	21.00	19.00	19.00	19.00	19.00	19.00	18.00
South Butler S.D.	116.90	114.90	112.00	107.00	103.00	103.00	97.00	97.00	94.00	92.00
<b>Seven Fields Borough</b>										
Municipal	7.00	8.00	6.00	6.00	5.00	5.00	5.00	7.00	9.00	9.00
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72
<b>Slippery Rock Borough</b>										
Municipal (3)	26.50	26.50	26.50	26.50	26.50	25.00	20.50	20.50	20.50	20.50
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b>Slippery Rock Township</b>										
Municipal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b>Summit Township</b>										
Municipal (3)	7.50	5.50	5.50	5.50	4.00	4.00	4.00	4.00	1.40	1.40
Butler Area S.D.	113.50	113.50	111.50	107.00	103.00	97.50	91.50	88.50	86.50	85.00
<b>Valencia Borough</b>										
Municipal (3)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00
Mars Area School S.D.	132.00	132.00	128.00	124.00	119.00	117.00	103.00	103.00	103.00	103.00
<b>Venango Township</b>										
Municipal (3)	9.60	9.60	9.60	9.60	7.60	7.60	7.60	7.60	7.60	7.60
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Washington Township</b>										
Municipal (3)	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Moniteau S.D.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>West Liberty Borough</b>										
Municipal	10.00	10.00	10.00	10.00	10.00	10.00	7.00	7.00	7.00	7.00
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

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

1999-2008  
(Unaudited)

### REAL ESTATE TAX RATE (MILLS) (Continued)

Municipality and School District	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b><u>West Sunbury Borough</u></b>										
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.	107.03	104.03	101.55	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b><u>Winfield Township</u></b>										
Municipal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
South Butler S.D.	116.90	114.90	112.00	107.00	103.00	103.00	97.00	97.00	94.00	92.00
<b><u>Worth Township</u></b>										
Municipal	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73
Slippery Rock Area S.D.	113.62	107.94	103.30	101.00	97.10	93.60	91.70	87.50	83.00	82.00
<b><u>Zelienople Borough</u></b>										
Municipal (3)	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80
Seneca Valley S.D.	129.65	129.65	125.39	120.39	117.59	113.34	105.34	99.72	99.72	99.72

N/A - Not applicable, no municipality millage.

(1) Source: The Butler County Assessment Office

(2) 100% valuation

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

(Concluded)



# COUNTY OF BUTLER, PENNSYLVANIA

## RATIO OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

1999-2008  
(Unaudited)

Fiscal Year	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		(1)	(2)	(2)
	General Obligation Bonds	Capital Reserve Note	General Obligation Bonds		Total Primary Government	Percentage of Personal Income	Per Capita
1999	\$ 16,795,000	\$ -	\$ 4,600,000		\$ 21,395,000	0.46%	124
2000	15,975,000	1,878,750	4,265,000		22,118,750	0.44%	127
2001	15,285,000	1,710,694	3,920,000		20,915,694	0.41%	119
2002	14,545,000	1,535,033	3,365,000		19,445,033	0.37%	109
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	*	340

\* 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 FISCAL YEARS

1999-2008  
(Unaudited)

<b>FISCAL YEAR</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>LESS AMOUNTS AVAILABLE IN DEBT SERVICE FUND</b>	<b>TOTAL</b>	<b>(1) PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY</b>	<b>(2) PER CAPITA</b>
1999	\$ 16,795,000	\$ 11,516	\$ 16,783,484	0.24%	99
2000	15,975,000	1,023	15,973,977	0.20%	94
2001	15,285,000	73	15,284,927	0.18%	90
2002	14,545,000	-	14,545,000	0.16%	86
2003	53,450,000	68,355	53,381,645	0.56%	315
2004	57,015,000	-	57,015,000	0.55%	337
2005	55,545,000	-	55,545,000	0.50%	328
2006	59,095,000	-	59,095,000	0.51%	349
2007	57,710,000	-	57,710,000	0.51%	318
2008	56,235,000	-	56,235,000	0.49%	307

**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

DECEMBER 31, 2008

(Unaudited)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share Of Direct and Overlapping Debt
<b>School Districts: (2)</b>			
Allegheny-Clarion	\$ 5,860,000	9.14%	\$ 535,604
Butler Area	99,735,474	100.00%	99,735,474
Butler County Area Vo-Tech	40,798	100.00%	40,798
Freeport Area	21,080,000	58.99%	12,435,092
Karns City Area	7,336,555	100.00%	7,336,555
Mars Area	75,127,521	100.00%	75,127,521
Moniteau	14,910,000	100.00%	14,910,000
Seneca Valley	96,075,000	100.00%	96,075,000
Slippery Rock Area	17,000,200	100.00%	17,000,200
South Butler County	26,910,000	100.00%	26,910,000
<b>Total School Districts</b>	<b>\$ 364,075,548</b>		<b>\$ 350,106,244</b>
<b>Cities: (3)</b>			
Butler	\$ 3,239,908	100.00%	\$ 3,239,908
<b>Total Cities</b>	<b>\$ 3,239,908</b>		<b>\$ 3,239,908</b>
<b>Townships: (3)</b>			
Adams Township	\$ 115,950	100.00%	\$ 115,950
Allegheny Township	-	100.00%	-
Brady Township	-	100.00%	-
Buffalo Township	397,203	100.00%	397,203
Butler Township	4,130,000	100.00%	4,130,000
Center Township	-	100.00%	-
Cherry Township	-	100.00%	-
Clay Township	61,166	100.00%	61,166
Clearfield Township	18,343	100.00%	18,343
Clinton Township	70,826	100.00%	70,826
Concord Township	-	100.00%	-
Connoquenessing Township	100,972	100.00%	100,972
Cranberry Township	48,595,339	100.00%	48,595,339
Donegal Township	-	100.00%	-
Fairview Township	-	100.00%	-
Forward Township	-	100.00%	-
Franklin Township	-	100.00%	-
Jackson Township	291,468	100.00%	291,468
Jefferson Township	-	100.00%	-
Lancaster Township	233,075	100.00%	233,075
Marion Township	-	100.00%	-
Mercer Township	-	100.00%	-
Middlesex Township	1,097,181	100.00%	1,097,181

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

DECEMBER 31, 2008

(Unaudited)

(Continued)

Governmental Unit (1)	Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share Of Direct and Overlapping Debt
Muddycreek Township	-	100.00%	-
Oakland Township	-	100.00%	-
Parker Township	-	100.00%	-
Penn Township	411,006	100.00%	411,006
Slippery Rock Township	-	100.00%	-
Summit Township	-	100.00%	-
Venango Township	-	100.00%	-
Washington Township	-	100.00%	-
Winfield Township	-	100.00%	-
Worth Township	-	100.00%	-
<b>Total Townships</b>	<b>\$ 55,522,529</b>		<b>\$ 55,522,529</b>
<b>Boroughs: (3)</b>			
Bruin Borough	\$ 10,556	100.00%	\$ 10,556
Callery Borough	-	100.00%	-
Cherry Valley Borough	-	100.00%	-
Chicora Borough	35,597	100.00%	35,597
Connoquenessing Borough	780,772	100.00%	780,772
East Butler Borough	37,392	100.00%	37,392
Eau Claire Borough	-	100.00%	-
Evans City Borough	55,307	100.00%	55,307
Fairview Borough	-	100.00%	-
Harmony Borough	33,315	100.00%	33,315
Harrisville Borough	-	100.00%	-
Karns City Borough	-	100.00%	-
Mars Borough	448,158	100.00%	448,158
Petrolia Borough	-	100.00%	-
Portersville Borough	-	100.00%	-
Prospect Borough	1,495,707	100.00%	1,495,707
Saxonburg Borough	278,067	100.00%	278,067
Seven Fields Borough	2,440,000	100.00%	2,440,000
Slippery Rock Borough	-	100.00%	-
Valencia Borough	-	100.00%	-
West Liberty Borough	-	100.00%	-
West Sunbury Borough	14,130	100.00%	14,130
Zelienople Borough	5,823,218	100.00%	5,823,218
<b>Total Boroughs</b>	<b>\$ 11,452,219</b>		<b>\$ 11,452,219</b>

(Continued)

# COUNTY OF BUTLER, PENNSYLVANIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

DECEMBER 31, 2008  
(Unaudited)  
(Continued)

<u>Governmental Unit (1)</u>	<u>Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share Of Direct and Overlapping Debt</u>
<b>Airport and College Districts: (4)</b>			
Butler County Airport Authority	\$ -	100.00%	\$ -
Butler County Community College	35,340,000	100.00%	35,340,000
<b>Total Airport and College Districts</b>	<b><u>\$ 35,340,000</u></b>		<b><u>\$ 35,340,000</u></b>
<b>Subtotal, Overlapping Debt</b>			\$ 455,660,900
<b>Total Direct Debt</b>			56,235,000
<b>Total Direct and Overlapping Debt</b>			<b><u>\$ 511,895,900</u></b>

**NOTES:**

- (1) Overlapping governments are those that coincide with the geographic boundaries of the County of Butler (County). This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the 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.)
- (2) School District Debt is as of June 30, 2008.
- (3) Municipal Debt is as of December 31, 2006; 2007 and 2008 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, 2008.

**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 FISCAL YEARS

1999-2008  
(Unaudited)

Fiscal Year	1999 *	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Borrowing Base Revenues:</b>										
Two years prior		\$ 22,262,895	\$ 22,940,012	\$ 24,547,533	\$ 29,913,495	\$ 34,415,581	\$ 36,528,503	\$ 37,440,500	\$ 41,290,924	\$ 45,434,794
Prior year		22,940,012	24,547,533	29,913,495	34,415,581	36,528,503	37,440,500	41,290,924	45,434,794	42,802,182
Current year		24,547,533	29,913,495	34,415,581	36,528,503	37,440,500	41,290,924	45,434,794	42,802,182	46,849,506
Total borrowing base revenues		<u>\$ 69,750,440</u>	<u>\$ 77,401,040</u>	<u>\$ 88,876,609</u>	<u>\$ 100,857,579</u>	<u>\$ 108,384,584</u>	<u>\$ 115,259,927</u>	<u>\$ 124,166,218</u>	<u>\$ 129,527,900</u>	<u>135,086,482</u>
Average Borrowing Base Revenues		<u>\$ 23,250,147</u>	<u>\$ 25,800,347</u>	<u>\$ 29,625,536</u>	<u>\$ 33,619,193</u>	<u>\$ 36,128,195</u>	<u>\$ 38,419,976</u>	<u>\$ 41,388,739</u>	<u>\$ 43,175,967</u>	<u>\$ 45,028,827</u>
<b>Limit for Non-Electoral Debt:</b>										
Average borrowing base revenues		\$ 23,250,147	\$ 25,800,347	\$ 29,625,536	\$ 33,619,193	\$ 36,128,195	\$ 38,419,976	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827
Debt Limit Percent		300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit		<u>69,750,440</u>	<u>77,401,040</u>	<u>88,876,609</u>	<u>100,857,579</u>	<u>108,384,584</u>	<u>115,259,927</u>	<u>124,166,218</u>	<u>129,527,900</u>	<u>135,086,482</u>
<b>Total Amount of Debt Applicable to</b>										
Debt Limit Percent		<u>22,118,750</u>	<u>22,605,694</u>	<u>19,445,033</u>	<u>63,801,424</u>	<u>66,824,507</u>	<u>64,638,907</u>	<u>66,664,230</u>	<u>64,465,065</u>	<u>62,145,983</u>
Legal Debt Margin		<u>\$ 47,631,690</u>	<u>\$ 54,795,346</u>	<u>\$ 69,431,576</u>	<u>\$ 37,056,155</u>	<u>\$ 41,560,077</u>	<u>\$ 50,621,020</u>	<u>\$ 57,501,988</u>	<u>\$ 65,062,835</u>	<u>\$ 72,940,499</u>
<b>Total Net Debt Applicable to the Limit</b>										
as a Percentage of Debt Limit		31.71%	29.21%	21.88%	63.26%	61.65%	56.08%	53.69%	49.77%	46.00%
<b>Limit for Lease Rental Debt:</b>										
Average borrowing base revenues		\$ 23,250,147	\$ 25,800,347	\$ 29,625,536	\$ 33,619,193	\$ 36,128,195	\$ 38,419,976	\$ 41,388,739	\$ 43,175,967	\$ 45,028,827
Debt limit percent		400%	400%	400%	400%	400%	400%	400%	400%	400%
Debt limit		<u>93,000,587</u>	<u>103,201,387</u>	<u>118,502,145</u>	<u>134,476,772</u>	<u>144,512,779</u>	<u>153,679,903</u>	<u>165,554,957</u>	<u>172,703,867</u>	<u>180,115,309</u>
<b>Total Amount of Debt Applicable to</b>										
Debt Limit Percent		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin		<u>\$ 93,000,587</u>	<u>\$ 103,201,387</u>	<u>\$ 118,502,145</u>	<u>\$ 134,476,772</u>	<u>\$ 144,512,779</u>	<u>\$ 153,679,903</u>	<u>\$ 165,554,957</u>	<u>\$ 172,703,867</u>	<u>\$ 180,115,309</u>
<b>Total Net Debt Applicable to the Limit</b>										
as a Percentage of Debt Limit		0%	0%	0%	0%	0%	0%	0%	0%	0%

\* The County adopted the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments" effective for calendar year 2003. Therefore, data is not available for the years referenced above.

### 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.

Butler County has no lease rental debt.

# COUNTY OF BUTLER, PENNSYLVANIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

1999-2008  
(Unaudited)

Fiscal Year	(1) Population	(2) Total Personal Income (thousands of dollars)	(2) (5) Per Capita Income (\$)	(3) Higher Education Enrollment	(3) Public School Enrollment	(3) Private School Enrollment	(4) (6) Unemployment Rate
1999	172,924	\$ 4,664,202	\$ 26,973	9,814	27,926	2,035	4.2%
2000	174,519	5,027,816	28,810	9,865	27,871	2,064	3.9%
2001	175,831	5,154,056	29,313	10,306	27,844	2,009	4.3%
2002	177,472	5,231,113	29,476	11,011	27,944	1,878	5.1%
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	*	*	*	*	*	4.7%

\* Information not yet available.

### SOURCES:

- (1) Pennsylvania State Data Center (2000-2008 are estimates as released March 2009)
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Pennsylvania Department of Education
- (4) Pennsylvania Department of Labor & Industry

### NOTES:

- (5) Per capita personal income was computed using Census Bureau mid-year population estimates available as of April 2009 for 2000-2007.
- (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 EIGHT YEARS AGO

(Unaudited)

Employer:	2008			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Butler Health System (Butler Hospital)	1,807	1	1.94%	1,300	3	1.52%
Iron Mountain Underground Storage (including U.S. Investigations Services)	1,782	2	1.91%	-	*	-
Verizon Wireless	1,600	3	1.72%	-	-	-
AK Steel (formerly Armco Steel)	1,500	4	1.61%	2,500	1	2.93%
Butler County Community College	1,225	5	1.32%	-	-	-
Traco	1,180	6	1.27%	1,100	5	1.29%
Butler School District	1,141	7	1.23%	1,150	4	1.35%
Wal-Mart (including Sam's Club)	1,050	8	1.13%	-	-	-
Giant Eagle (subsidiary Butler Refrigerated Meats)	953	9	1.02%	-	-	-
Slippery Rock University	940	10	1.01%	865	6	1.01%
Seneca Valley School District	-	-	-	803	7	0.94%
United States Government	-	-	-	1,500	2	1.76%
County of Butler	-	-	-	750	8	0.88%
Lutheran Affiliated Services	-	-	-	740	9	0.87%
Spang & Company	-	-	-	680	10	0.80%
Total	<u>13,178</u>		<u>14.16%</u>	<u>11,388</u>		<u>13.35%</u>
Total Employees in County	<u>93,100</u>			<u>85,400</u>		

#### NOTE:

Employer information was not available for the years 1998 and 1999.

The County adopted the provisions of GASB's Statement Number 34, "Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments" effective for calendar year 2003.

\* Change between 2000 and 2008 due to United States Government contracting with U.S. Investigation Services.

#### SOURCES:

State Center For Workforce Information and Analysis  
The Answer Book of Butler County 2008, *Butler Eagle*



# COUNTY OF BUTLER, PENNSYLVANIA

## FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST SIX YEARS

(Unaudited)

	Year					
	2008	2007	2006	2005	2004	2003
<b>General Government - Administration:</b>						
Commissioners	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
Controller	10.00	10.00	10.00	10.00	10.00	9.50
Property and revenue	16.00	17.00	17.00	17.00	17.00	17.00
Treasurer	6.00	6.00	6.00	6.00	6.00	6.00
Purchasing	2.00	2.00	2.00	2.00	2.00	2.00
Public defender	7.50	8.50	8.50	8.50	8.00	8.00
Recorder of Deeds	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
Information technology	7.00	7.00	7.00	7.00	7.00	7.00
Planning commission	5.00	5.00	4.00	5.00	5.00	5.00
Facilities and operation	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
Motor Pool	2.00	2.00	2.00	2.00	2.00	2.00
<b>General Government Administration Sub-total</b>	<b>109.25</b>	<b>111.25</b>	<b>110.25</b>	<b>112.25</b>	<b>111.75</b>	<b>109.75</b>
<b>General Government - Judicial:</b>						
Court administration	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
District Justices	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
Clerk of Courts	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
District Attorney	20.75	20.75	20.75	20.50	20.50	20.50
Prothonotary	10.00	10.00	10.00	10.00	10.00	10.00
Register of Wills	7.50	7.50	8.50	8.50	8.50	8.50
Sheriff	27.50	28.60	29.60	30.50	34.33	24.33
Domestic relations	35.25	35.25	35.25	34.25	33.25	33.25
<b>General Government - Judicial Sub-total</b>	<b>181.50</b>	<b>182.60</b>	<b>184.60</b>	<b>185.75</b>	<b>185.58</b>	<b>167.58</b>
<b>Public Safety:</b>						
Prison	61.00	61.00	61.00	61.00	61.00	58.00
Adult probation	26.00	25.00	25.00	22.00	20.00	20.00
Juvenile probation	20.00	20.00	20.00	20.00	20.00	19.00
Emergency communication	28.00	28.00	28.00	28.00	28.00	28.00
<b>Public Safety Sub-total</b>	<b>135.00</b>	<b>134.00</b>	<b>134.00</b>	<b>131.00</b>	<b>129.00</b>	<b>125.00</b>
<b>Public Works:</b>						
Liquid Fuel	8.00	8.00	8.00	8.00	8.00	8.00
<b>Public Works Sub-total</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>
<b>Human Services:</b>						
Human services administration	6.00	3.00	3.00	3.00	3.00	3.00
MH/MR, Drug, and Alcohol	23.00	26.00	26.00	25.00	25.00	27.00
Area Agency on Aging	27.00	27.00	28.00	29.00	26.50	26.50
Children and Youth	42.00	42.00	42.00	41.00	42.00	41.00
Sunnyview Home	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
<b>Human Services Sub-total</b>	<b>391.00</b>	<b>391.00</b>	<b>393.00</b>	<b>394.00</b>	<b>387.50</b>	<b>388.50</b>
<b>Culture and Recreation:</b>						
Alameda park/pool	9.50	9.80	9.80	10.00	10.00	10.00
<b>Culture &amp; Recreation Sub-total</b>	<b>9.50</b>	<b>9.80</b>	<b>9.80</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Conservation and Development:</b>						
Community Action	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
Waste Management	1.00	1.00	1.00	1.00	1.00	1.00
<b>Conservation and Development Sub-total</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>TOTAL</b>	<b>843.25</b>	<b>845.65</b>	<b>848.65</b>	<b>851.00</b>	<b>841.83</b>	<b>818.83</b>

Note: Information is unavailable for the years 1997 through 2002.

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 - LAST TEN FISCAL YEARS**  
(Unaudited)

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Government - Administration: (3)</b>							*	*	*	*
General election information:										
Registered voters	121,730	113,481	113,022	111,110	112,948	102,080	*	*	*	*
Votes cast	91,529	34,273	64,313	32,956	86,410	33,984	*	*	*	*
Percent of votes cast	75.19%	30.20%	56.90%	29.66%	76.50%	33.30%	*	*	*	*
Instruments recorded	26,421	32,692	32,811	37,275	40,838	56,901	*	*	*	*
<b>General Government - Judicial: (4)</b>										
Cases reported to coroner	767	884	705	687	492	528	*	*	*	*
Autopsies performed	49	74	93	70	88	69	*	*	*	*
Civil cases filed	2552	2,188	1,947	1,584	1,533	1,364	*	*	*	*
Judgments	3237	2,602	2,563	2,438	1,790	1,672	*	*	*	*
Executions (1)	619	598	544	477	452	386	*	*	*	*
Miscellaneous civil cases	376	390	366	419	529	432	*	*	*	*
Federal tax liens	221	231	247	176	187	166	*	*	*	*
No lien agreements	310	311	458	485	603	688	*	*	*	*
Municipal liens	182	106	72	67	93	111	*	*	*	*
Family court cases	843	869	818	840	844	838	*	*	*	*
Adoptions/parental terminations (2)	77	90	76	101	116	84	*	*	*	*
Adoptions/petitions (2)	54	80	78	85	103	93	*	*	*	*
Court accounts (2)	66	117	149	138	192	202	*	*	*	*
Estates (2)	959	912	900	945	947	861	*	*	*	*
Guardianships (2)	42	43	49	49	43	52	*	*	*	*
Marriage licenses issued (2)	961	971	882	913	1,018	898	*	*	*	*
Marriage licenses filed (2)	865	956	854	905	955	880	*	*	*	*
<b>Public Safety: (5)</b>										
Prison inmates	2468	2,272	2,030	2,119	2,136	2,324	*	*	*	*
Prison average daily population	179	294	234	265	227	262	*	*	*	*
<b>Public Works: (6)</b>										
Tons of salt purchased for snow removal	266	141	110	223	182	66	*	*	*	*
Tons of asphalt purchased for road maintenance	21	16	19	15	33	17	*	*	*	*
<b>Human Services: (7)</b>										
Sunnyview Nursing Home:										
Days of care	77,503	87,600	78,192	78,942	77,659	73,647	*	*	*	*
Occupancy percentage	93%	86%	89%	90%	88%	84%	*	*	*	*
<b>Culture &amp; Recreation: (8)</b>										
Pool usage by person	26,757	28,324	40,000	44,000	32,000	35,000	*	*	*	*
Park reservations	336	299	317	288	294	264	*	*	*	*
<b>Conservation &amp; Development: (9)</b>										
Tons of waste produced	145,942	153,119	249,919	232,943	219,635	206,855	*	*	*	*
Tons of waste recycled	104,550	79,122	101,173	78,744	63,778	61,828	*	*	*	*
<b>Veterans: (10)</b>										
Death Benefits	461	514	432	444	0	0	*	*	*	*

\* Information is unavailable for the years 1997 through 2002. The County adopted the provisions of GASB's Statement Number 34, "Basic financial Statements-and Management Discussion and Analysis-For State and Local Governments" effective for calendar year 2003.

Notes:

- (1) Execution cases include mortgage foreclosures, sale of property for foreclosures, garnishee attachments, sale of households 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 Home  
(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 FOUR YEARS

(Unaudited)

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

NOTE: Information is unavailable for the years 1998 through 2003.

### 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 Home

# COUNTY OF BUTLER, PENNSYLVANIA

## PRINCIPAL TAXPAYERS

DECEMBER 31, 2008 AND DECEMBER 31, 1999

(Unaudited)

Taxpayer	December 31, 2008			December 31, 1999		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (1)
Clearview Mall	\$ 4,872,000	1	0.41%	\$ 2,366,101	5	0.25%
Oxford Development Co. Moraine	3,075,765	2	0.26%	3,316,689	1	0.36%
Mine Safety Appliances	2,807,791	3	0.24%	2,443,590	4	0.26%
Northwestern Mutual	2,470,935	4	0.21%	2,470,935	3	0.26%
AK Steel (Armco Adv Materials Corp)	2,186,800	5	0.18%	2,186,800	6	0.23%
Kiebler Slippery Rock LLC Et Al	2,124,315	6	0.18%	-	-	-
Gumberg Associates	1,893,188	7	0.16%	1,890,653	8	0.20%
Berkley Manor Apartments	1,634,438	8	0.14%	-	-	-
North Pittsburgh Hotel LLC	1,617,728	9	0.14%	-	-	-
Valencia Woods Inc.	1,496,138	10	0.13%	-	-	-
Butler Co. Industrial	-		-	2,761,823	2	0.30%
Three Rivers Aluminum Co.	-		-	1,971,104	7	0.21%
Lutheran Welfare	-		-	1,665,315	9	0.18%
Cranberry Square Assoc. LP	-		-	1,376,310	10	0.15%
	<u>\$ 24,179,098</u>		<u>2.05%</u>	<u>\$ 22,449,320</u>		<u>2.40%</u>
Year End Total Taxable Assessed Valuation	<u>\$ 1,187,753,012</u>			<u>\$ 933,353,540</u>		

### SOURCE:

Butler County Assessment Office

### NOTE:

(1) Assessed valuation based on the valuation of property for taxes collected in 2008 and 1999, respectively, and a review of the 10 largest taxpayers for the County.

Assessed values are computed at 75% of estimated 1969 actual values.

# COUNTY OF BUTLER, PENNSYLVANIA

## BUTLER COUNTY EMPLOYEES' RETIREMENT SYSTEM SELECTED DATA

Last Ten Years 1999-2008  
(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		
1999	675	\$ 1,655,203	\$ -	\$ 1,655,203	280	\$ 1,527,429
2000	709	1,763,629	-	1,763,629	283	2,453,842 (2)
2001	747	1,980,964	-	1,980,964	277	1,806,984
2002	770	2,144,711	92,712	2,237,423	283	2,211,825
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 (3)	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	* 786	2,914,670	4,712,669	7,627,339	365	5,091,952

### NOTES:

- (1) Net of contributions deducted from the Employees' Retirement Fund Unreserved Fund Balance.
- (2) Number includes member contributions refunded of \$523,657 and a payment to the state court administration in the amount of \$164,333 for former Butler County employees who became state employees.
- (3) 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

\* Subject to actuarial adjustment

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

### SOURCE:

County Employees' Retirement System Actuarial Valuation Reports (1999-2008)

# COUNTY OF BUTLER, PENNSYLVANIA

## COUNTY EXPENDITURES 2008

\$250,000 OR MORE

(Unaudited)

ORGANIZATION	LOCATION	AMOUNT
Value Options	Norfolk, VA	\$ 21,645,700
Nextier Bank	Butler	8,515,107
ARC - Butler County	Butler	4,862,682
Irene Stacy CMH Center	Butler	3,660,624
Community Care Connections, Inc	Butler	2,653,545
Center for Community Resources	Butler	2,623,291
Rycon Construction, Inc	Pittsburgh	2,411,014
Armstrong County Community Action	Kittanning	2,009,941
Lifesteps, Inc	Butler	1,981,801
Valley Community Services	Mount Pleasant	1,418,392
Lutheran Service Society of Western PA	Pittsburgh	1,231,967
Keystone Adolescent Center	Greenville	1,221,648
Milestone Centers, Inc	Pittsburgh	1,192,997
Advantage Care Rehabilitation, Inc	Pittsburgh	1,139,800
A G Cullen Construction, Inc	Pittsburgh	1,024,507
Butler County Tourism	Zelienople	862,801
Liberoni Landscaping, Inc	Monroeville	811,149
Clista Electric, Inc	Plum	752,750
Lawrence County Corrections	New Castle	723,030
Adelphoi Village, Inc	Latrobe	669,187
Butler County Housing Authority	Butler	654,277
Diamond Pharmacy	Indiana	614,131
Mental Health Association	Butler	610,080
Family Pathways	Butler	602,531
Alliance for Behavioral & Development Disabilities	Hermitage	601,565
Child & Adolescent Clinical Associates	Cranberry Twp	590,548
Allegheny Valley School	Coraopolis	569,560
Butler Healthcare Providers	Butler	474,826
Wayne Crouse, Inc	Pittsburgh	473,667
U S Foodservice, Inc	Pittsburgh	455,418
Guy's Mechanical Systems, Inc	Rochester	448,800
Highmark Casualty Insurance Company	Pittsburgh	427,499
Enders Plumbing & Heating Company	Kittanning	422,558
T W Phillips Gas & Oil Company	Butler	395,048
Southern Health Partners, Inc	Chattanooga, TN	387,927
Armstrong County Prison	Kittanning	370,844
Embarq	Butler	364,725
Glade Run Lutheran Services	Zelienople	343,141
Gulf South Medical Supply	Dallas, TX	335,227
Gaiser Addiction Center	Butler	321,263
Pitney Bowes Credit Corporation	Louisville, KY	316,191
Allegheny Power Company	Greensburg	303,166
Sysco Foods of Pittsburgh	Harmony	301,658
Voyager Fleet Systems, Inc	Houston, TX	291,184
The Gleason Agency, Inc	Johnstown	290,227
Massaro Corporation	Pittsburgh	287,586
Hudson Construction, Inc	Hermitage	279,624
BPC Management Group, Inc	Franklin	277,799

### 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

VI - 30

December 31, 2008



### 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, 2008 - 121,730  
Number of Votes cast, November, 2008 - 91,529  
Percentage of registered voters voting,  
November, 2008 - 75.19%

### Population:

182,902 (2008 Estimate)

### Area:

(Center For Workforce Information)

Land Area:	788.6 Square Miles
Persons per Square Mile:	220.6
Percent Urban:	53.3%
Percent Rural:	46.7%

### Population Change:

1960-2000 (TeamPA.com)

1960	114,639
1970	127,941
1980	147,912
1990	152,013
1995	165,557
2000	174,083



# COUNTY OF BUTLER, PENNSYLVANIA

## MISCELLANEOUS STATISTICS (Continued)

December 31, 2008



### Households:

Family	46,839
Non-Family	<u>18,897</u>
Total (2000 Census)	<u>65,736</u>

### Housing:

Median Value of Homes Sold - \$114,100 (2000 Census)  
Housing Units - 76,997 (2007 Census Bureau estimate)

### Income:

Median Household - \$54,023 (2007 Census Bureau est.)  
Average Wage per Job - \$38,075  
(2007 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	72 Degrees F
Average Winter Temperature	26 Degrees F
Lowest Temperature Feb 1979	-21 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, 2008

### 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:

Buckeye Pipe Line Company  
National Transit Company

### Hospitals:

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

# COUNTY OF BUTLER, PENNSYLVANIA

## MISCELLANEOUS STATISTICS (Continued)

December 31, 2008

### 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 - 407 acres  
Diamond Park - .5 acres

# COUNTY OF BUTLER, PENNSYLVANIA

## MISCELLANEOUS STATISTICS (Continued)

December 31, 2008

### 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 ascendants 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, 2008

#### 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 \$35,465 in 2006. It ranked 11th in the state, and was 96% of Pennsylvania's average of \$36,825. The national average was \$36,714. This represents a 5.9% increase in the county from 2005.

Personal Income includes net earnings of persons employed; dividends, interest, and rent; and transfer payments. The civilian labor force from December 2006 was 96,000 with 92,200 employed and 3,800 unemployed. (Bureau of Economic Analysis 1996-2006)

## COUNTY OF BUTLER, PENNSYLVANIA

### MISCELLANEOUS STATISTICS (Continued)

December 31, 2008

#### Community Events 2009:

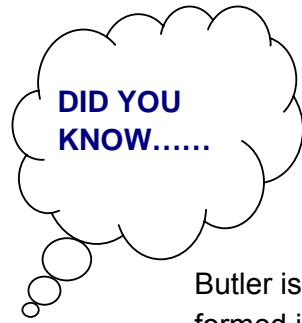
*(Butler County Tourism and Convention Bureau)*

July 3 - July 11	Big Butler Fair and Agricultural Association
August 1-2	Regatta at Lake Arthur in Moraine State Park
August 10-15	Butler Farm Show
September 19	Butler Fall Festival
October 3	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, 2008



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 20th largest populated county in Pennsylvania. It's population grew 20.32% from 152,013 in 1990 to 182,902 in 2008.

**Cranberry Township** in Butler County grew 59.53% from a population of 14,809 in 1990 to 23,625 in 2001.

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, 2008

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, U.S. Department of Commerce; Butler County Fact Book 2004, *The Butler Eagle*; Butler County Data Book 2002, Pennsylvania State Data Center; Butler County Board of Elections; ButlerWebs.com, PA Department of Transportation; Center for Rural Pennsylvania (2000), U. S. Bureau of the Census (2006); Butler County Tourism and Convention Bureau (2005), Bureau of Economic Analysis (2006), Pennsylvania Department of Labor and Industry.

# COUNTY OF BUTLER, PENNSYLVANIA

## MISCELLANEOUS STATISTICS (Continued)

December 31, 2008

### TRAFFIC COUNT - MAJOR ROUTES (Current Daily Estimates)

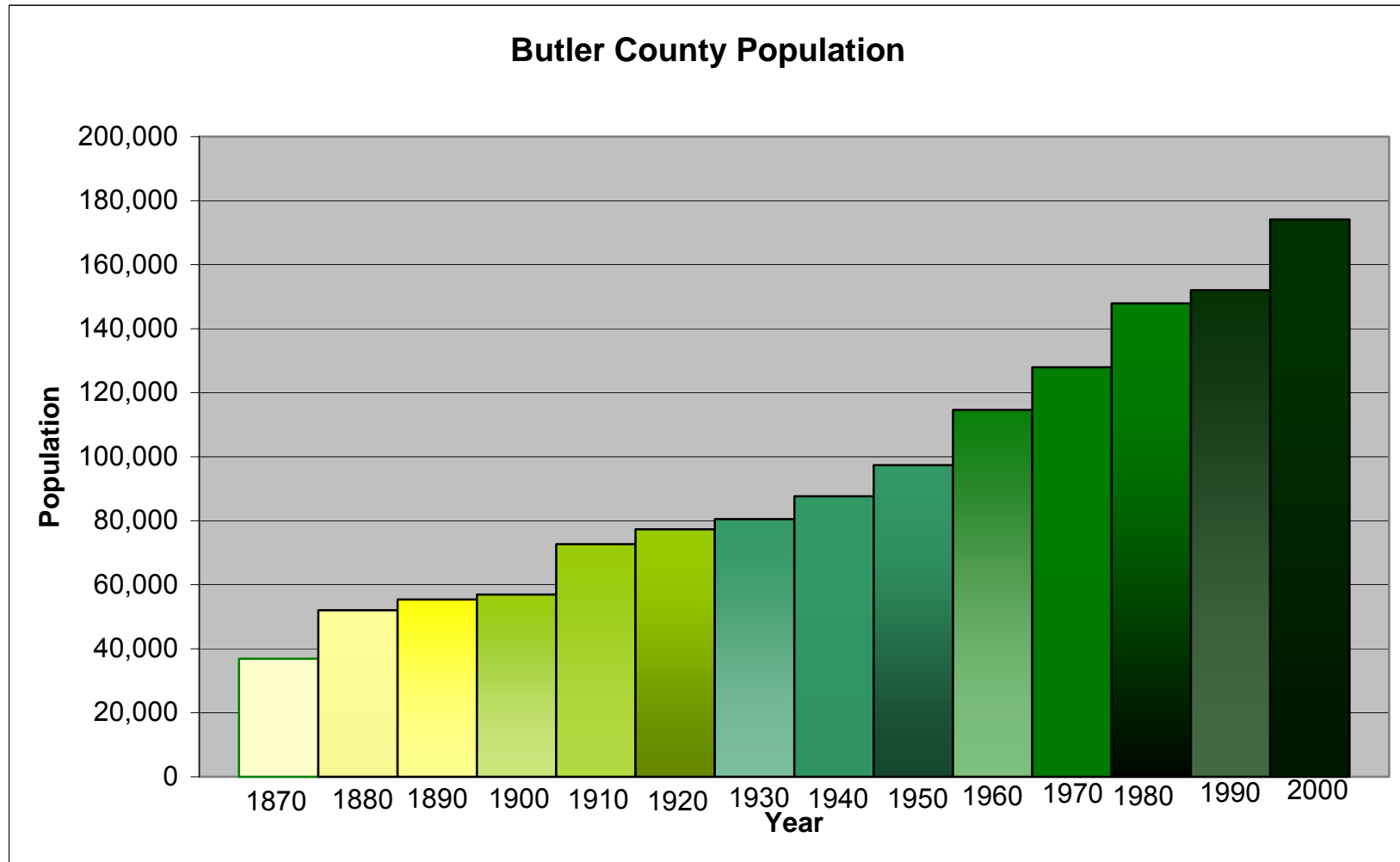
	<b><u>TOTAL</u></b>
<b>ROUTE 8 &lt;Both Directions/24 Hours&gt;</b>	
AK Steel	17,704
Airport Road	19,421
Brownsdale Road	17,197
Intersection Route 228 East and 228 West	23,113
<b>ROUTE 19 &lt;Both Directions/24 Hours&gt;</b>	
Intersection I-79, I-76, and Rt.228-Freedom Rd.	39,239
Intersection Route 528	21,833
Rochester Road	24,224
<b>ROUTE 228 &lt;Both Directions/24 Hours&gt;</b>	
Mars	17,403
Myoma Road, Seven Fields	21,995
Cranberry Township	39,009

Source: Pennsylvania Department of Transportation, Butler Office.



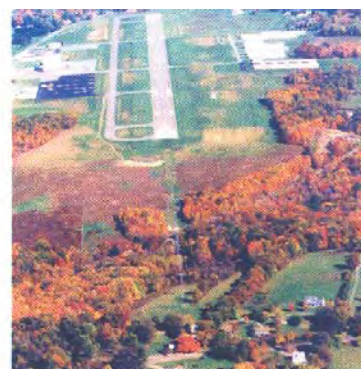
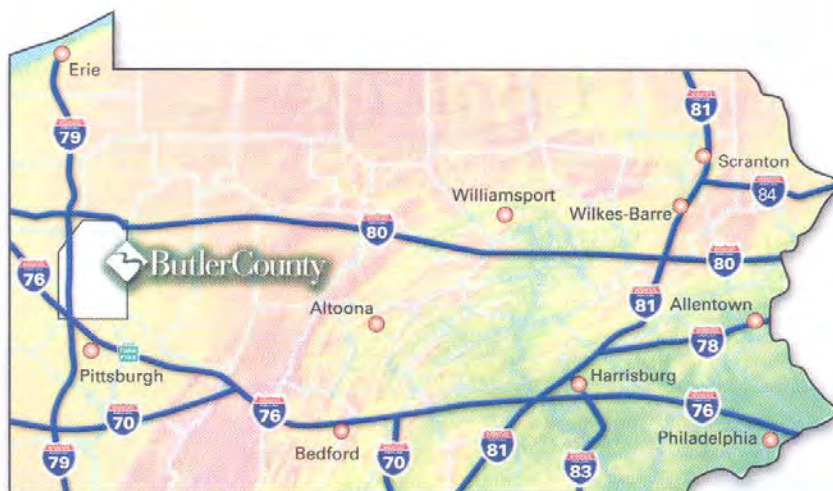
# COUNTY OF BUTLER, PENNSYLVANIA

## BUTLER COUNTY POPULATION



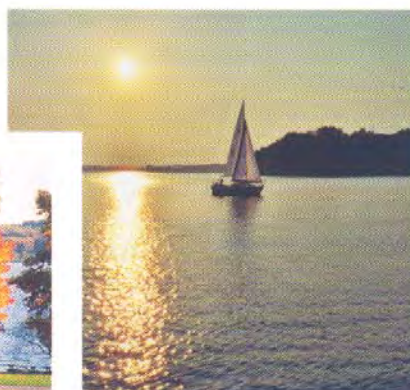
Source: Butler County Planning Commission 2000 census

# 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

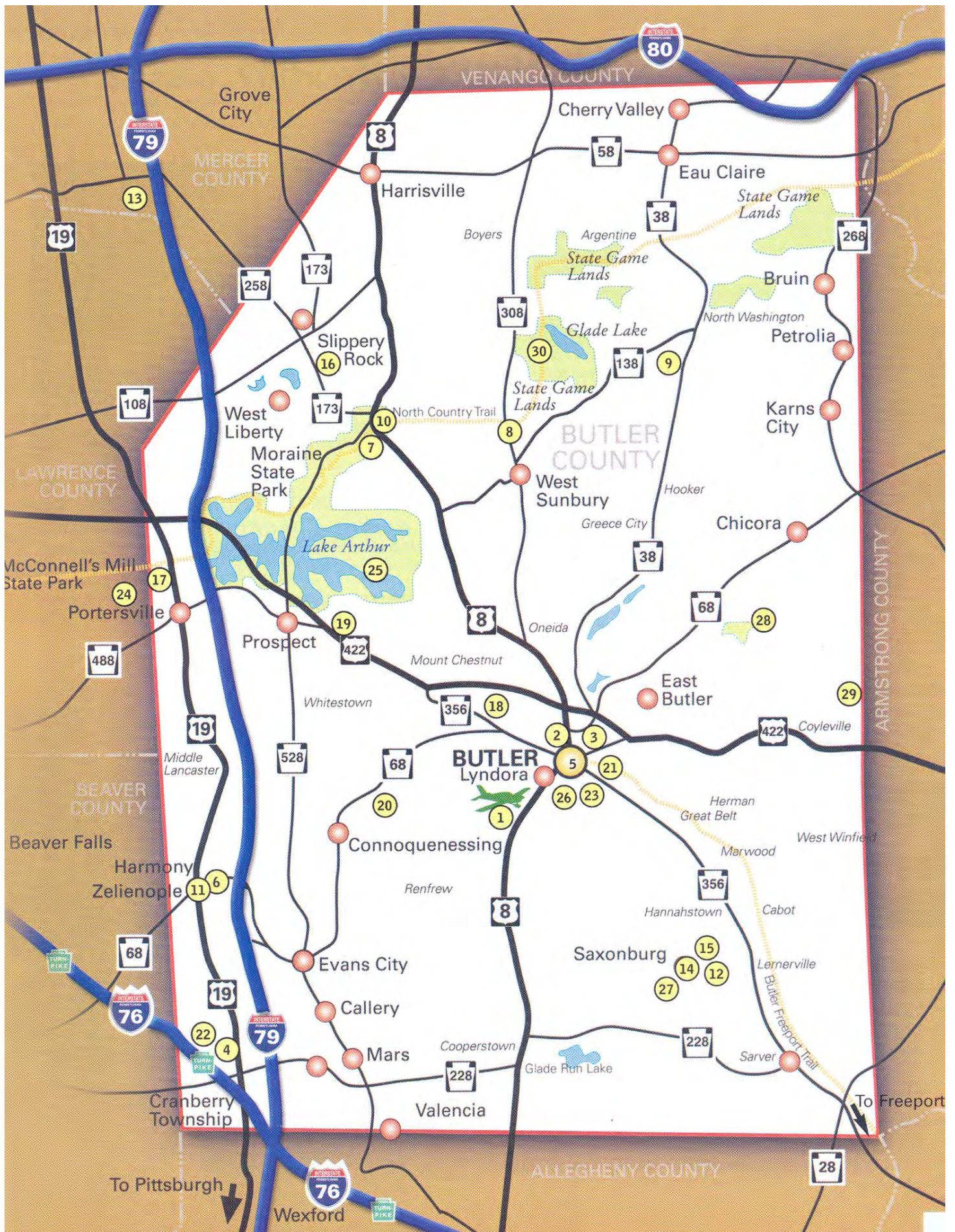
## Mileage Chart

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

## State Gamelands

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







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