

COUNTY OF INDIANA, PENNSYLVANIA

INDIANA, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

COUNTY OF INDIANA, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2012

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

County Commissioners
County of Indiana
Indiana, Pennsylvania

Report on the Financial Statements

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 INDIANA, PENNSYLVANIA as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the COUNTY OF INDIANA, PENNSYLVANIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the aggregate discretely presented component unit financial statements of Highridge Water Authority or Indiana County Municipal Services Authority, whose statements reflect total assets, net position, and revenues comprising 100% of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for them, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Highridge Water Authority and the financial statements of the Communities at Indian Haven, Inc. were not audited in accordance with Government Auditing Standards. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

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

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County Commissioners
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the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, 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 for the COUNTY OF INDIANA, PENNSYLVANIA as of December 31, 2012, and the respective changes in the financial position and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America.

Adoption of GASB Statements

As described in Note 1 to the financial statements, in 2012 the County adopted the provisions of Governmental Accounting Standards Board Statement No. 57, "OPEB Measurements By Agent Employers' and Multiple-Employer Plans", Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 62, "Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and Statement No 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – Amendment of GASB Statement No. 53".

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer contributions and funding progress, and budgetary comparison information on pages 4 through 16 and 62 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF INDIANA, PENNSYLVANIA's financial statements as a whole. The combining and individual nonmajor fund financial statements and combining discretely presented component unit financial statements on pages 65 through 80 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. We did not audit the combining discretely presented component unit financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for them, is based solely on the reports of the other auditors.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

September 17, 2013
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2012

The COUNTY OF INDIANA, hereafter referred to as the "COUNTY", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the COUNTY's financial performance during the year that ended on December 31, 2012. Please read this Management Discussion and Analysis in conjunction with the COUNTY's financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Other supplementary information

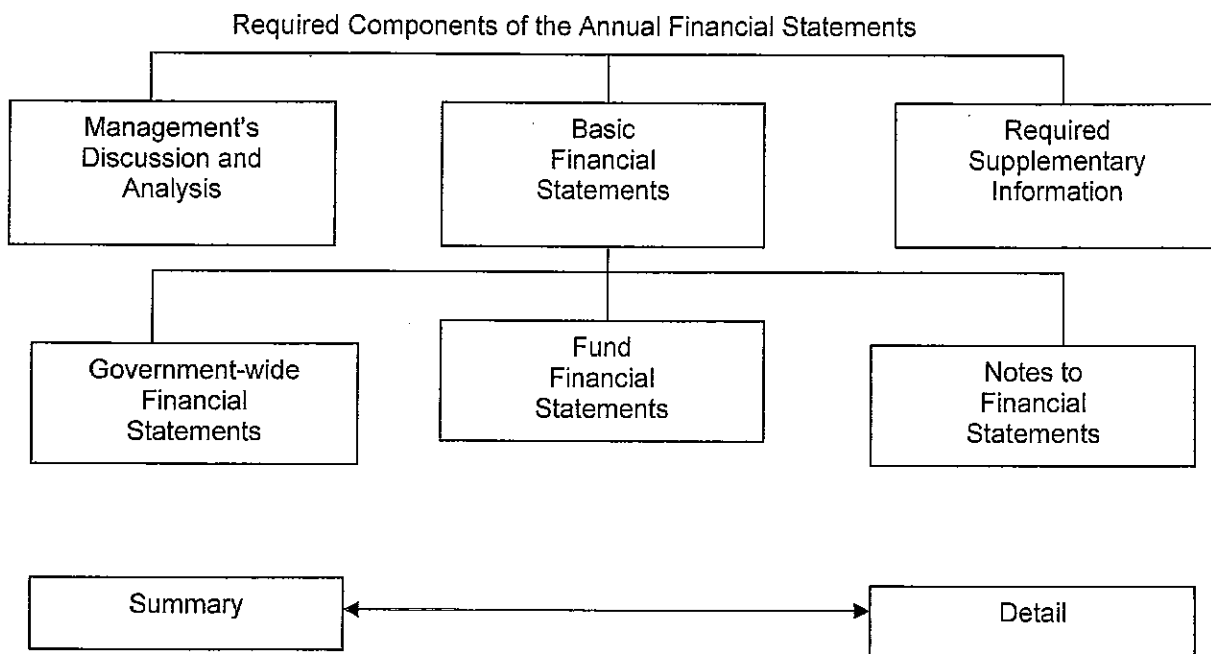
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the COUNTY's budget to actual figures for the general fund.

The basic financial statements present two different views of the COUNTY.

- *Government-wide financial statements*, the first two statements, provide information about the COUNTY's overall financial status as well as the financial status of the County's component unit's.
- *Fund financial statements*, the remaining statements, focus on individual parts of the COUNTY's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
 - *Governmental funds statements* show how general government services such as public safety, human services, public works, culture and recreation, and conservation and development are financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the COUNTY operates like a business, like the Communities at Indian Haven.
 - *Fiduciary funds statements* reflect activities involving resources that are held by the COUNTY as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the COUNTY's programs.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Table A-1: Organization of the County's annual financial report



**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

Table A-2: Major features of the government-wide and fund financial statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Communities at Indian Haven	Instances in which the County administers resources on behalf of others
Required Financial Statements	-Statement of net position -Statement of activities	-Balance Sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows	-Statement of fiduciary net position
Accounting basis and measurement focus	Accrual	Modified Accrual	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, short-term and long-term	All assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

The remainder of the overview explains the structure and contents of the government-wide and fund financial statements.

Government-wide financial statements

Government-wide financial statements report information about the COUNTY as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all the COUNTY's assets and liabilities, except fiduciary funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the COUNTY's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the economic resources measurement focus and the accrual basis of accounting, which requires that revenues be reported when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Net position is one way to measure the COUNTY's financial position. Over time, increases or decreases in the COUNTY's net position are one indicator of whether the COUNTY's financial position is improving or deteriorating. However, other non-financial factors such as changes in the COUNTY's property tax base and general economic conditions must be considered to assess the overall position of the COUNTY.

The primary government and its component units are included in the government-wide financial statements. The component units reflect the activities of the legally separate government entities over which the COUNTY can exercise influence and/or be obligated to provide financial support. The COUNTY has two discretely presented component units that it reports in the financial statements – Indiana County Municipal Services Authority and Highridge Water Authority. The County also reports one blended component unit, The Communities at Indian Haven, complete and detailed financial statements for these component units can be obtained from their administrative offices (see Note 1, Notes to the financial statements).

There are two categories of activities for the primary government:

- *Governmental activities* include the COUNTY's basic services such as general government, judicial, public safety, public works, human services, culture and recreation, and conservation and development.
- *Business-type activities* such as the Communities at Indian Haven charge a fee to customers to help cover the costs of services.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets in the fund level statements are reported as expenditures when financial resources (money) are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Government wide statements are reported on the accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Allocate net position balances as follows:
 - Net position invested in capital assets, net of related debt
 - Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - Unrestricted net position is net position that does not meet any of the above restrictions

Fund Financial Statements

Fund financial statements provide more detailed information on the COUNTY's most significant funds, not the COUNTY as a whole. Funds are accounting devices, i.e., a group of related accounts, the COUNTY uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using the modified accrual basis of accounting.

The COUNTY has three kinds of funds:

- *Governmental funds* include most of the COUNTY's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The COUNTY adopts an annual budget for the general fund, as required by state law. The County also adopts a budget for the capital projects and liquid fuels fund. A budgetary comparison of the COUNTY's general fund is presented as required supplementary information.

- *Proprietary Funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. The proprietary fund reports using the accrual basis of accounting.
- *Fiduciary Funds* are for which the COUNTY is the trustee or fiduciary. These include certain agency funds, or clearing accounts for assets held by the COUNTY in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The COUNTY is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position. These funds are excluded from the COUNTY's government-wide financial statements because the COUNTY cannot use these assets to finance its operations. The fiduciary funds are reported using the accrual basis of accounting.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY's total assets were \$121,351,851 at December 31, 2012. Of this amount, \$79,860,871 was capital assets.

GASB No. 34 required that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years. The COUNTY adopted the provisions of GASB 34 related to infrastructure on the retroactive basis.

Condensed Statement of Net Position – 2012/2011

	2012	2011	2012	2011	2012	2011
	Governmental	Governmental	Business-	Business-	Total	Total
	Activities	Activities	type	type		
	Activities	Activities	Activities	Activities	Total	Total
Capital Assets	\$ 78,082,826	\$ 66,932,344	\$ 1,778,045	\$ 1,899,541	\$ 79,860,871	\$ 68,831,885
Other Assets	<u>37,174,057</u>	<u>34,954,765</u>	<u>4,316,923</u>	<u>4,236,994</u>	<u>41,490,980</u>	<u>39,191,759</u>
Total Assets	<u>\$ 115,256,883</u>	<u>\$ 101,887,109</u>	<u>\$ 6,094,968</u>	<u>\$ 6,136,535</u>	<u>\$ 121,351,851</u>	<u>\$ 108,023,644</u>
Current Liabilities	\$ 6,471,915	\$ 3,989,266	\$ 712,092	\$ 717,889	\$ 7,184,007	\$ 4,707,155
Long-term Liabilities	<u>57,531,877</u>	<u>53,594,367</u>	<u>1,305,262</u>	<u>1,717,791</u>	<u>58,837,139</u>	<u>55,312,158</u>
Total Liabilities	<u>\$ 64,003,792</u>	<u>\$ 57,583,633</u>	<u>\$ 2,017,354</u>	<u>\$ 2,435,680</u>	<u>\$ 66,021,146</u>	<u>\$ 60,019,313</u>
Net Position:						
Net Investment In Capital Assets	\$ 28,026,379	\$ 21,931,226	\$ 61,601	\$ (202,344)	\$ 28,087,980	\$ 21,728,882
Restricted Net Position	8,270,925	7,771,669	77,290	97,174	8,348,215	7,868,843
Unrestricted Net Position	<u>14,955,787</u>	<u>14,600,581</u>	<u>3,938,723</u>	<u>3,806,025</u>	<u>18,894,510</u>	<u>18,406,606</u>
Total Net Position	<u>\$ 51,253,091</u>	<u>\$ 44,303,476</u>	<u>\$ 4,077,614</u>	<u>\$ 3,700,855</u>	<u>\$ 55,330,705</u>	<u>\$ 48,004,331</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Change in Net Position

The following statement of activities represents the change in net position for the year ended December 31, 2012. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

	Condensed Statement of Activities					
	2012	2011	2012	2011	2012	2011
	Governmental	Governmental	Business-type	Business-type	2012	2011
	Activities	Activities	Activities	Activities	Total	Total
Program Revenues:						
Charges for Services	\$ 5,084,341	\$ 5,278,989	\$ 9,232,480	\$ 9,539,857	\$ 14,316,821	\$ 14,818,846
Grants and Contributions	20,449,374	20,721,839	-	37,176	20,449,374	20,759,015
General Revenues:						
Property Taxes	18,741,529	17,487,830	-	-	18,741,529	17,487,830
Hotel Taxes	427,990	394,820	-	-	427,990	394,820
Unrestricted						
Investment Earnings	75,584	73,300	4,839	7,164	80,423	80,464
Transfers	407,071	(1,135,656)	(407,071)	1,135,656	-	-
Miscellaneous Revenue	210,199	327,525	3,567	9,997	213,766	337,522
Gain/(Loss) on disposal of assets	10,914	(13,415)	-	-	10,914	(13,415)
Total Revenues	<u>\$ 45,407,002</u>	<u>\$ 43,135,232</u>	<u>\$ 8,833,815</u>	<u>\$ 10,729,850</u>	<u>\$ 54,240,817</u>	<u>\$ 53,865,082</u>
Expenses:						
General Government - Administrative	\$ 6,067,509	\$ 4,951,832	\$ -	\$ -	\$ 6,067,509	\$ 4,951,832
General Government - Judicial	6,087,990	5,467,295	-	-	6,087,990	5,467,295
Public Safety	10,659,488	11,224,825	-	-	10,659,488	11,224,825
Public Works	822,684	822,638	-	-	822,684	822,638
Human Services	9,740,383	10,607,138	8,457,056	8,739,227	18,197,439	19,346,365
Culture and Recreation	1,243,863	1,498,081	-	-	1,243,863	1,498,081
Conservation and Development	2,153,913	3,639,236	-	-	2,153,913	3,639,236
Interest on Long-Term Debt	1,681,557	2,017,008	-	-	1,681,557	2,017,008
Total Expenses	<u>38,457,387</u>	<u>40,228,053</u>	<u>8,457,056</u>	<u>8,739,227</u>	<u>46,914,443</u>	<u>48,967,280</u>
Change in Net Position	<u>6,949,615</u>	<u>2,907,179</u>	<u>376,759</u>	<u>1,990,623</u>	<u>7,326,374</u>	<u>4,897,802</u>
Net Position - January 1	<u>44,303,476</u>	<u>41,396,297</u>	<u>3,700,855</u>	<u>1,710,232</u>	<u>48,004,331</u>	<u>43,106,529</u>
Net Position - December 31	<u>\$ 51,253,091</u>	<u>\$ 44,303,476</u>	<u>\$ 4,077,614</u>	<u>\$ 3,700,855</u>	<u>\$ 55,330,705</u>	<u>\$ 48,004,331</u>

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2012, property taxes brought in \$18,741,529.

Net Cost of Governmental and Business-type Activities

	2012 Total Cost of Services	2011 Total Cost of Services	2012 Net Cost of Services	2011 Net Cost of Services
Program:				
General Government-Administrative	\$ 6,067,509	\$ 4,951,832	\$ (4,044,577)	\$ (3,275,237)
General Government-Judicial	6,087,990	5,467,295	(3,243,450)	(2,751,300)
Public Safety	10,659,488	11,224,825	(6,815,596)	(7,690,105)
Public Works	822,684	822,638	5,482,630	3,274,505
Human Services	9,740,383	10,607,138	(1,338,280)	(412,208)
Culture and Recreation	1,243,863	1,498,081	(1,112,227)	(1,360,504)
Conservation and Development	2,153,913	3,639,236	(170,615)	4,632
Interest on Long-Term Debt	1,681,557	2,017,008	(1,681,557)	(2,017,008)
Communities at Indian Haven	8,457,056	8,737,227	775,424	837,806
Total	\$ 46,914,443	\$ 48,965,280	\$ (12,148,248)	\$ (13,389,419)

The COUNTY relied on property taxes and other general revenues to fund 25.9% of its governmental and business-type activities in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Capital Assets

The COUNTY's investment in capital assets at December 31, 2012, net of accumulated depreciation, was \$79,860,871. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2012:

	2012		2011		2012		2011	
	Governmental	Governmental	Business-type	Business-type	2012	2011	2012	2011
	Activities	Activities	Activities	Activities	Total	Total	Total	Total
Land	\$ 1,846,994	\$ 1,846,994	\$ -	\$ -	\$ 1,846,994	\$ 1,846,994	\$ 1,846,994	\$ 1,846,994
Building and Improvements	42,745,379	42,626,928	4,252,176	4,173,154	46,997,555	46,800,082	46,997,555	46,800,082
Equipment and machinery	9,611,201	8,833,417	3,338,063	3,266,187	12,949,264	12,099,604	12,949,264	12,099,604
Construction in Progress	32,560,977	20,694,913	-	-	32,560,977	20,694,913	32,560,977	20,694,913
Infrastructure	17,474,905	17,474,905	-	-	17,474,905	17,474,905	17,474,905	17,474,905
Capitalized Interest	-	-	165,318	165,318	165,318	165,318	165,318	165,318
Accumulated Depreciation	<u>(26,156,630)</u>	<u>(24,544,813)</u>	<u>(5,977,512)</u>	<u>(5,705,118)</u>	<u>(32,134,142)</u>	<u>(30,249,931)</u>	<u>(32,134,142)</u>	<u>(30,249,931)</u>
Total Net Capital Assets	<u>\$ 78,082,826</u>	<u>\$ 66,932,344</u>	<u>\$ 1,778,045</u>	<u>\$ 1,899,541</u>	<u>\$ 79,860,871</u>	<u>\$ 68,831,885</u>	<u>\$ 79,860,871</u>	<u>\$ 68,831,885</u>

Detailed information about the COUNTY's capital assets can be found in Note 6, Notes to the Financial Statements.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Debt Administration

At December 31, 2012, the COUNTY had \$61,474,753 of debt outstanding. Debt increased 29% from the previous year. The following is a summary of debt obligations for the 2012 year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and Notes payable:					
General obligation notes	\$ 55,176,421	\$ 47,218,803	\$(42,636,915)	\$ 59,758,309	\$ 3,025,823
Total bonds and notes payable	<u>55,176,421</u>	<u>47,218,803</u>	<u>(42,636,915)</u>	<u>59,758,309</u>	<u>3,025,823</u>
Other Liabilities:					
Capital Lease Obligations	169,607	83,046	(70,320)	182,333	88,050
Compensated absences	728,180	-	(23,072)	705,108	-
Total Other Liabilities	<u>897,787</u>	<u>83,046</u>	<u>(93,392)</u>	<u>887,441</u>	<u>88,050</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 56,074,208</u>	<u>\$ 47,301,849</u>	<u>\$(42,730,307)</u>	<u>\$ 60,645,750</u>	<u>\$ 3,113,873</u>
<u>Business-Type Activities:</u>					
General Obligation Notes	\$ 2,113,432	\$ -	\$ (396,988)	\$ 1,716,444	\$ 411,182
Capital Lease Obligations	5,120	-	(5,120)	-	-
Business-Type Activities	<u>\$ 2,118,552</u>	<u>\$ -</u>	<u>\$ (402,108)</u>	<u>\$ 1,716,444</u>	<u>\$ 411,182</u>

During 2012, the County drew approximately \$8 million on General Obligation Note Series C of 2010 to fund various construction projects within the County and also issued General Obligation note Series E of 2012 for approximately \$6.6 million to fund the pension plan. The County also refinanced 4 General Obligation Notes during 2012. See Note 10 for more information regarding long-term debt.

GOVERNMENTAL FUNDS

The COUNTY uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the COUNTY's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the COUNTY's net resources available for spending at the end of the year.

The COUNTY's governmental funds include the general fund and various special revenue funds. The general fund is the chief operating fund for the COUNTY. Special revenue funds are restricted to specific legislated use. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Revenues:		
Taxes	\$ 18,941,839	\$ 17,883,568
Intergovernmental Revenues	20,449,374	20,721,839
Charges for Services	5,110,177	5,278,989
Interest	43,120	40,836
Other	210,199	327,525
Debt Proceeds	47,963,888	40,929,368
Amounts Received from Loans	767,077	738,206
Disposal of Fixed Assets	15,762	16,985
Capital Lease Proceeds	83,046	44,000
Operation Transfers In	900,892	167,334
	<u>94,485,374</u>	<u>86,148,650</u>
Total Revenues	\$ <u>94,485,374</u>	\$ <u>86,148,650</u>

There are several factors relating to increases/decreases in revenues from 2011 to 2012. Tax revenue increased \$1,058,271 primarily due to a 1.98 millage increase. Debt proceeds increased due to refinancing notes in December 2012 and issuing new debt for capital projects. An increase in capital lease proceeds of \$39,046 was due to the purchase of vehicles.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Expenditures:		
General Government- Administrative	\$ 5,132,678	\$ 5,297,682
General Government-Judicial	6,123,417	6,236,773
Public Safety	17,582,181	17,255,106
Public Works	693,116	462,590
Human Services	9,697,123	10,626,662
Culture and Recreation	1,103,234	1,097,847
Conservation and Development	2,151,737	3,633,804
Debt Service	2,457,757	3,222,515
Capital outlay	4,703,387	3,790,148
Payment to Escrow Agent for Debt Refunding	41,950,000	26,235,425
Amounts loaned to others	150,741	209,137
Operating Transfers Out	493,821	5,546,694
	<u>92,239,192</u>	<u>83,614,383</u>
Total Expenditures	\$ <u>92,239,192</u>	\$ <u>83,614,383</u>

Payment to Escrow Agent for Debt Refunding increase is due to refinancing notes in December 2012. Operating Transfers Out decrease was due to the one time pension note financing in December 2011. Capital Outlay increased primarily due to 911 upgrade projects.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending balances for governmental funds and net position for proprietary funds at December 31, 2012 and 2011 were as follows:

<u>Fund</u>	<u>2012 Governmental Funds</u>	<u>2011 Governmental Funds</u>	<u>2012 Proprietary Funds</u>	<u>2011 Proprietary Funds</u>
General Fund	\$ 7,358,717	\$ 6,695,194	\$ -	\$ -
Medical Assistance Transportation	148,457	641,337	-	-
Community Program for Restoration	277,009	177,697	-	-
Revolving Loan	1,807,860	1,578,205	-	-
Airport Construction	74,885	(1,365,950)	-	-
Nonmajor Governmental Funds	5,595,942	5,290,205	-	-
Communities at Indian Haven	-	-	4,077,614	3,700,855
Total	<u>\$ 15,262,870</u>	<u>\$ 13,016,688</u>	<u>\$ 4,077,614</u>	<u>\$ 3,700,855</u>

The reasons for the changes in governmental fund balances are explained above in the governmental funds revenues and expenditures sections.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

BUDGETARY HIGHLIGHTS

The COUNTY adopts an annual appropriated budget for its general fund, capital improvements fund, and liquid fuels fund. Detailed information about the COUNTY's 2012 general fund budget can be found in Required Supplemental Information.

Overall the COUNTY had a favorable variance of \$7,163,234 for actual results in comparison to budget. Numerous factors went in to these results. Revenue had a positive variance of \$108,728 due mainly to increased governmental grants. Expenditures had a positive variance of \$7,118,920 for actual results in comparison to budget, largely resulting from a positive variance in debt service expenditures as a result of a note refinancing, which was offset by the proceeds from long term debt.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The COUNTY has refinanced debt to take advantage of current lower interest rates. A federal mandate has required the COUNTY to upgrade its 911 Public Safety Radio Communications System which should be operational in late 2013. 2014 Budget will be a challenge due to the 30 mill real estate tax cap for operations which the COUNTY has met in 2013. Countywide tax reassessment has begun to address this issue as well as create fairness to all taxpayers of Indiana County.

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 financial information or requests for additional information should be directed to:

County of Indiana
County Commissioners
825 Philadelphia Street
Indiana, PA 15701

Phone: 724-465-3805

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

Assets	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and Cash Equivalents	\$ 10,354,683	\$ 1,491,076	\$ 11,845,759	\$ 1,503,795
Investments	1,115,414	-	1,115,414	-
Restricted Assets				
Cash and Cash Equivalents	-	77,290	77,290	1,427,112
Resident's Cash	-	33,602	33,602	-
Receivables (Net, where applicable, of Allowance for Uncollectibles)				
Accounts	429,084	1,385,248	1,814,332	1,121,529
Taxes	1,940,118	-	1,940,118	-
Loans	12,527,149	-	12,527,149	-
Due From Other Governments	5,092,152	-	5,092,152	-
Deferred Issuance Costs on Bonds, Net	-	13,333	13,333	376,869
Prepaid Assets	-	27,129	27,129	-
Inventory	-	-	-	54,901
Net Pension Asset	5,328,940	1,485,958	6,814,898	-
Other Assets	189,804	-	189,804	61,792
Internal Balances	196,713	(196,713)	-	-
Trustee Held Funds	-	-	-	49,393
Intangible Assets	-	-	-	1,684,544
Capital Assets: (Net)				
Depreciable	43,674,855	1,778,045	45,452,900	115,101,125
Non-depreciable	34,407,971	-	34,407,971	-
Total Assets	\$ 115,256,883	\$ 6,094,968	\$ 121,351,851	\$ 121,381,060
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 2,589,085	\$ 188,249	\$ 2,777,334	\$ 2,957,500
Accrued Expenses	396,807	67,628	464,435	191,195
Unearned Revenues	120,800	-	120,800	-
Funds Held in Fiduciary Capacity	-	33,602	33,602	-
Accrued Interest Payable on Debt	65,805	11,431	77,236	189,207
Line of Credit	-	-	-	390,325
Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	3,025,823	411,182	3,437,005	2,478,716
Capital Lease Payable	88,050	-	88,050	28,114
Non-Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	56,732,486	1,305,262	58,037,748	64,208,637
Capital Lease Payable	94,283	-	94,283	43,279
Compensated Absences	705,108	-	705,108	-
Total Liabilities	64,003,792	2,017,354	66,021,146	70,486,973
Net Position				
Net Investment in Capital Assets	28,026,379	61,601	28,087,980	44,174,186
Restricted Net Position				
Program Purposes	8,270,925	-	8,270,925	-
Bond Indenture	-	-	-	1,007,394
Capital projects	-	77,290	77,290	419,718
Unrestricted	14,955,787	3,938,723	18,894,510	5,292,789
Total Net Position	\$ 51,253,091	\$ 4,077,614	\$ 55,330,705	\$ 50,894,087

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Primary Government Business-Type Activities
Primary Government:							
Governmental Activities:							
General Government - Administrative	\$ 6,087,509	\$ 1,457,342	\$ 565,590	\$ -	\$ (4,044,577)	\$ -	\$ (4,044,577)
General Government - Judicial	6,087,990	1,396,258	1,446,282	-	(3,243,450)	-	(3,243,450)
Public Safety	10,659,488	1,896,094	1,315,577	632,221	(6,815,596)	-	(6,815,596)
Public Works	822,684	35,860	98,045	6,171,409	5,482,630	-	5,482,630
Human Services	9,740,383	128,022	8,274,081	-	(1,338,280)	-	(1,338,280)
Culture and Recreation	1,243,863	101,636	30,000	-	(1,112,227)	-	(1,112,227)
Conservation and Development	2,153,913	69,129	1,914,169	-	(170,615)	-	(170,615)
Interest on Long-Term Debt	1,681,557	-	-	-	(1,681,557)	-	(1,681,557)
Total Governmental Activities	38,457,387	5,084,341	13,645,744	6,803,630	(12,923,672)	-	(12,923,672)
Business-Type Activities:							
Communities at Indian Haven	8,457,056	9,232,480	-	-	775,424	-	775,424
Total Business-Type Activities	8,457,056	9,232,480	-	-	775,424	-	775,424
Total Primary Government	\$ 46,914,443	\$ 14,316,821	\$ 13,645,744	\$ 6,803,630	\$ (12,923,672)	\$ 775,424	\$ (12,148,248)
Component Units:							
Indiana County Municipal Services Authority	\$ 6,682,712	\$ 5,114,682	\$ -	\$ 4,433,487	\$ -	\$ -	\$ 2,865,457
Highridge Water Authority	3,255,181	2,821,010	-	-	-	-	(417,171)
Total Component Units	\$ 9,920,693	\$ 7,935,692	\$ -	\$ 4,433,487	\$ -	\$ -	\$ 2,448,286
General Revenues:							
Taxes:							
Property					18,741,529	-	18,741,529
Hotel Taxes					427,990	-	427,990
Unrestricted Investment Earnings					75,584	4,839	80,423
Gain From Sale of Assets					10,914	-	10,914
Miscellaneous					210,199	3,567	213,766
Contributed Capital Transfers					407,071	(407,071)	-
Total General Revenues					19,873,287	(398,665)	19,474,622
Change in Net Position					6,949,615	376,759	7,326,374
Net Position - Beginning					44,303,476	3,700,885	48,004,331
Net Position - Ending					\$ 51,253,091	\$ 4,077,614	\$ 55,330,705

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Medical Assistance Transportation	Community Program for Restoration	Revolving Loan Fund	Airport Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 2,424,948	\$ 522,821	\$ 282,922	\$ 1,807,707	\$ 125,816	\$ 5,190,469	\$ 10,354,683
Investments	-	-	-	-	-	1,115,414	1,115,414
Receivables:							
Taxes	1,940,118	-	-	-	-	-	1,940,118
Other governmental grants	2,125,053	-	-	-	2,074,816	892,273	5,092,152
Other	1,088,545	-	196	780	-	84,648	1,174,169
Loans	10,810,611	-	1,410,090	135,086	-	371,362	12,527,149
Due from other funds	3,062,651	-	-	-	-	19,513	3,082,194
Other assets	134,143	-	-	-	-	55,661	189,804
Total assets	\$ 21,386,109	\$ 522,821	\$ 1,693,208	\$ 1,943,573	\$ 2,200,632	\$ 7,729,340	\$ 35,475,683
Liabilities							
Accounts Payable	\$ 1,327,095	\$ 219,830	\$ 6,109	\$ 627	\$ 125,747	\$ 909,677	\$ 2,589,085
Accrued liabilities	396,807	-	-	-	-	-	396,807
Due to other funds	-	33,734	-	-	2,000,000	851,747	2,885,481
Due to other governments	185,545	-	-	-	-	-	185,545
Deferred revenues	1,507,334	120,800	-	-	-	-	1,628,134
Deferred loans receivable	10,810,611	-	1,410,090	135,086	-	371,974	12,527,761
Total liabilities	14,027,392	374,364	1,416,199	135,713	2,125,747	2,133,398	20,212,813
Fund Balances							
Reserved							
Nonspendable	134,143	-	-	-	-	55,661	189,804
Restricted	494,753	148,457	277,009	1,807,860	-	5,542,846	8,270,925
Assigned	241,862	-	-	-	-	-	241,862
Unassigned	6,487,959	-	-	-	74,885	(2,565)	6,560,279
Total fund balances	7,358,717	148,457	277,009	1,807,860	74,885	5,595,942	15,262,870
Total liabilities and fund balances	\$ 21,386,109	\$ 522,821	\$ 1,693,208	\$ 1,943,573	\$ 2,200,632	\$ 7,729,340	\$ 35,475,683

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2012

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds	\$	15,262,870
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$104,239,456 and the accumulated depreciation is \$26,156,630.		78,082,826
Revenues not available to pay for current period expenditures and therefore reported as unearned revenue in the funds:		
Loans Receivable	11,407,617	
Installment Sales of County Property	1,120,144	
Real estate taxes	1,507,334	14,035,095
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds:		5,328,940
Drawdowns of debt made in the subsequent year to pay for current expenditures are included as an accrued other financing source at the fund level but only recorded as a liability on the statement of net position.		(745,085)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:		
Long-term debt	(59,758,309)	
Accrued interest on long-term debt	(65,805)	
Capital Lease Payable	(182,333)	
Compensated absences	(705,108)	(60,711,555)
Total net position of governmental activities	\$	<u>51,253,091</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Medical Assistance Transportation	Community Program for Restoration	Revolving Loan Fund	Airport Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes, Real estate	\$ 18,513,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,513,849
Taxes, Hotel	-	-	-	-	-	427,990	427,990
Intergovernmental revenue	7,009,351	1,407,001	-	-	5,634,458	6,398,564	20,449,374
Charges for services	434,754	-	-	-	-	1,131,266	1,566,020
Departmental charges	3,834,822	-	-	9,335	-	-	3,544,157
Interest income	29,615	276	52	88	39	13,049	43,120
Other revenue	47,139	12	36,824	89	-	126,135	210,189
Total Revenues	29,569,530	1,407,289	36,876	9,513	5,634,497	8,097,004	44,754,709
Expenditures							
Current operating:							
General government	4,831,302	-	-	-	-	301,376	5,132,678
Judicial	5,090,632	-	-	-	-	1,032,785	6,123,417
Public safety	16,417,980	-	-	-	-	1,164,201	17,582,181
Public works	350,993	-	-	-	-	342,133	693,116
Human services	5,431,258	1,900,169	-	-	-	2,365,696	9,697,123
Culture and recreation	555,118	-	-	-	-	548,116	1,103,234
Conservation and development	274,052	-	7,991	5,154	-	1,864,540	2,151,737
Debt service	662,850	-	-	-	-	24,065	686,915
Principal	1,769,348	-	-	-	-	1,494	1,770,842
Interest	-	-	-	-	-	177,304	4,703,387
Capital outlay	-	1,900,169	7,991	5,154	4,525,863	7,821,910	49,644,630
Total Expenditures	35,393,523	(492,880)	26,885	4,359	1,108,614	275,094	(4,889,921)
Excess (deficiency) of revenues over expenditures	(5,813,993)	(492,880)	26,885	4,359	1,108,614	275,094	(4,889,921)
Other financing sources (uses)							
Proceeds from long term debt	47,963,888	-	-	-	-	-	47,963,888
Payments to Escrow Agent for Debt Refunding	(41,950,000)	-	-	-	-	-	(41,950,000)
Proceeds from capital lease	83,046	-	-	-	-	-	83,046
Amounts received from loans	440,768	-	70,427	225,381	-	30,501	767,077
Disposal of fixed assets	4,988	-	-	-	-	10,774	15,762
Transfers in	428,266	-	-	-	332,221	140,405	900,892
Amounts loaned to others	(44,799)	-	-	(85)	-	(105,857)	(150,741)
Transfers out	(448,541)	-	-	-	-	(45,180)	(493,621)
Total other financing sources (uses)	6,477,516	-	70,427	225,296	332,221	30,643	7,136,103
Net change in fund balance	663,523	(492,880)	99,312	229,655	1,440,835	305,737	2,246,162
Fund balance (deficit), beginning of year	6,665,194	641,337	177,697	1,578,205	(1,365,950)	5,290,205	13,016,688
Fund balance, end of year	7,358,717	148,457	277,009	1,807,860	74,885	5,595,942	15,262,870

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2012

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

Net Change in fund balances - total governmental funds	\$	2,246,182
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlays	12,905,491	
Net book value of assets disposed	(4,848)	
Depreciation expense	<u>(1,750,161)</u>	11,150,482
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.</p>		
Proceeds from long-term debt	(47,218,803)	
Change in interest payable on long-term debt	89,285	
Principal repayments and payments to escrow agent for debt refunding	<u>42,636,915</u>	(4,492,603)
<p>The acquisition of capital assets through capital lease arrangements are only expensed when the monthly payments made on the leases at the fund level. Such transactions only effect net position when new capital leases are entered into. This amount is the difference between capital lease payments and new capital lease obligations.</p>		
Payments made on capital lease obligations	70,320	
New capital assets acquired through capital leases	<u>(83,046)</u>	(12,726)
<p>Changes in loans receivable are reflected as an increase to revenue and expense in the fund statements, but shown as an increase or decrease to loans receivable on the statement of net position. The amortization of the discount on the loans receivable is reported as interest earnings in the statement of activities.</p>		
Loan discount amortized in current year	32,464	
Amounts loaned to others	150,741	
Amounts received from loans	<u>(792,913)</u>	(609,708)
Governmental funds do not report the changes in compensated absences:		23,072
<p>Drawdowns of debt made in the subsequent year to pay for current year expenditures are included as an accrued other financing source at the fund level but only recorded as a liability on the statement of net position. The accrued revenue is not recorded on the statement of activities</p>		
		(745,085)
<p>Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.</p>		
Current year	1,507,334	
Prior year	<u>(1,279,654)</u>	227,680
<p>The change in the net pension asset does not require financial resources and is therefore not reported in the funds but is shown as an expense in the statement of activities.</p>		
		<u>(837,679)</u>
Changes in net position of governmental activities	\$	<u>6,949,615</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2012

Assets	Business-Type Activities - Enterprise Fund The Communities at Indian Haven
Current Assets:	
Cash and cash equivalents	\$ 1,491,076
Resident's cash	33,602
Accounts Receivable	1,385,248
Prepaid expenses and other current assets	27,129
Total current assets	2,937,055
Noncurrent assets:	
Bond issuance costs	13,333
Cash, funded depreciation	77,290
Pension Asset	1,485,958
Capital Assets (net of accumulated depreciation of \$5,974,693)	1,778,045
Total noncurrent assets	3,354,626
Total assets	6,291,681
Liabilities	
Current liabilities:	
Accounts payable	\$ 188,249
Accrued expenses	67,628
Due to other funds	196,713
Funds held in Fiduciary Capacity	33,602
Accrued interest payable	11,431
Current portion of long-term debt	411,182
Total current liabilities	908,805
Noncurrent liabilities:	
Notes payable	1,305,262
Total noncurrent liabilities	1,305,262
Total liabilities	2,214,067
Net Position	
Invested in Capital Assets, net of Related Debt	61,601
Restricted	77,290
Unrestricted	3,938,723
Total net position	4,077,614
Total liabilities and net position	\$ 6,291,681

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities - Enterprise Fund <hr/> The Communities at Indian Haven <hr/>
Operating Revenues	
Receipts from Providing Services	\$ 9,232,480
Other Revenue	<u>3,567</u>
Total Operating Revenues	<u>9,236,047</u>
Operating Expenses	
Human Services	8,111,029
Depreciation and amortization	<u>275,728</u>
Total Operating Expenses	<u>8,386,757</u>
Operating Income	849,290
Nonoperating Revenues (Expenses)	
Interest Income	4,839
Interest Expense	<u>(70,299)</u>
Total Nonoperating Revenues (Expenses)	<u>(65,460)</u>
Excess of revenues over expenditures	783,830
Transfers to other funds	<u>(407,071)</u>
Total other financing sources (uses)	<u>(407,071)</u>
Changes in Net Position	376,759
Net Position - Beginning of Year	<u>3,700,855</u>
Net Position - End of Year	<u>\$ 4,077,614</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2012

	2012
Cash flows from operating activities	
Cash received from residents	\$ 9,652,575
Other receipts	3,567
Cash paid for goods and services	(7,977,511)
Net cash provided by operating activities	1,678,631
Cash flows from investing activities	
Interest income	4,839
Net decrease in cash, funded depreciation	19,884
Net cash provided by investing activities	24,723
Cash flows from capital and related financing activities	
Purchase of capital assets	(150,898)
Principal payments on note payable	(396,988)
Interest paid	(64,777)
Payments on capital lease obligation	(5,120)
Net cash used in capital and related financing activities	(617,783)
Cash flows from financing activities	
Transfers from other funds	(407,071)
Net cash used in financing activities	(407,071)
Net increase in cash and cash equivalents	678,500
Beginning cash and cash equivalents	812,576
Ending cash and cash equivalents	\$ 1,491,076
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	\$ 849,290
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	275,728
Decrease in pension asset	224,153
Decrease (increase) in assets	
Accounts receivable, net of allowances	420,095
Prepaid expenses	243
Increase (decrease) in liabilities	
Accounts payable	1,225
Accrued expenses	(15,590)
Due to other funds	(76,513)
Net cash provided by operating activities	\$ 1,678,631

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

	<u>Employee Retirement</u>	<u>Other Agency Funds</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 971,916	\$ 2,017,265	\$ 2,989,181
Investments	<u>34,960,895</u>	<u>104,352</u>	<u>35,065,247</u>
Total Assets	<u>\$ 35,932,811</u>	<u>\$ 2,121,617</u>	<u>\$ 38,054,428</u>
<u>Liabilities</u>			
Liabilities			
Due to other governments	\$ -	\$ 1,100,452	\$ 1,100,452
Funds Held in Fiduciary Capacity	<u>-</u>	<u>1,021,165</u>	<u>1,021,165</u>
Total Liabilities	<u>-</u>	<u>2,121,617</u>	<u>2,121,617</u>
<u>Net Position</u>			
Employees' Pension Benefits	<u>35,932,811</u>	<u>-</u>	<u>35,932,811</u>
Total Net Position	<u>\$ 35,932,811</u>	<u>\$ -</u>	<u>\$ 35,932,811</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF INDIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Employee Retirement Trust Fund</u>
Additions:	
Contributions:	
Employee	\$ 801,351
Total Contributions	<u>801,351</u>
Investment Income:	
Net appreciation in Fair Value of Investments	2,944,099
Interest and Dividends	<u>764,335</u>
Total Investment Income	3,708,434
Less: Investment Expense	<u>(221,450)</u>
Net Investment Income	<u>3,486,984</u>
Total Additions	<u>4,288,335</u>
Deductions	
Employee Benefits Paid	1,055,046
Members' Contributions Refunded	278,040
Administrative Expenses	<u>58,694</u>
Total Deductions	<u>1,391,780</u>
Net Increase	2,896,555
Net Position Held In Trust For Employees' Pension Benefits: Beginning of Year	<u>33,036,256</u>
End of Year	<u>\$ 35,932,811</u>

The accompanying notes are an integral part of the financial statements.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the County's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

The County of Indiana (the "County") was formed in 1803. The County operates under the direction of an elected three member Board of Commissioners and provides the following services: general administrative services, tax assessment and collections, judicial, public improvements, public safety, public works, human services, culture and recreation, and conservation and development. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB"). In the government-wide and the fund level financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A) Reporting Entity

The County follows the criteria promulgated by the Governmental Auditing Standards Board ("GASB") for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements include those of the County of Indiana (the "Primary Government") and its Component Units. The Component Units discussed below are included in the County's financial reporting entity because of their operational or financial relationship with the County.

1. Component Units

In conformity with GAAP, the financials of Component Units have been included in the financial reporting entity either as a Blended Component Unit or as a Discretely Presented Component Unit.

a. Blended Component Unit

Some component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The only component unit reported in this way is The Communities at Indian Haven, Inc.

The Communities at Indian Haven, Inc. (Indian Haven) is a 108 bed skilled nursing facility located in Indiana, Pennsylvania.

Indian Haven reports on a calendar year basis.

b. Discretely Presented Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Units described below have been included in the financial reporting entity as discretely presented Component Units.

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) Reporting Entity (Continued)

1. Component Units (Continued)

b. Discretely Presented Component Units (Continued)

The Highridge Water Authority (the "Water Authority") was created pursuant to the Municipal Authorities Act of 1945. The organizational meeting was held April 25, 1991, at which time the By-laws were adopted. The purpose of the Water Authority is to acquire and provide water service to customers in the southern Indiana County and northeastern Westmoreland County areas. The County guarantees the debt of the Water Authority. A copy of the separate Financial Statements can be obtained at the Highridge Water Authority, 17 Maple Avenue, Blairsville, PA 15717.

The Water Authority operates on a calendar year basis.

The Indiana County Municipal Services Authority (the "Municipal Services Authority") is a body politic and corporate organized on April 23, 1972 under provisions of the Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382, as amended and supplemented, known as the Municipality Authorities Act of 1945. The purpose of the Municipal Services Authority is to provide water and sewage service to areas of Indiana, Armstrong and Cambria Counties, Pennsylvania. The County guarantees the debt of the Municipal Services Authority. A copy of the separate Financial Statements can be obtained at the Indiana County Municipal Services Authority, 602 Kolter Drive, Indiana, PA 15701.

The Municipal Services Authority operates on a calendar year basis.

2. Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for the organization does not extend beyond making the appointments. These organizations include:

- Farmland Preservation
- Indiana County Airport Authority
- Indiana County Conservation District
- Indiana County Hospital Authority
- Indiana County Housing Authority
- Indiana County Redevelopment Authority
- Indiana County Solid Waste Authority
- Indiana County Transportation Authority
- Indiana County Development Corporation

3. Joint Venture

The County participates in a joint venture with another governmental entity. Based upon the foregoing criteria, the County has determined that the joint venture should not be included in its financial reporting entity. The Armstrong-Indiana Mental Health and Mental Retardation Program was created for the

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Joint Venture (Continued)

delivery of various human services activities to the counties of Indiana and Armstrong. The counties exercise joint control and both counties have an ongoing financial responsibility to the joint venture. However, neither county has an ongoing financial interest or equity interest in the joint venture.

Condensed financial information for the joint venture as of and for the year ended June 30, 2012, is as follows:

Assets	\$ 2,386,546
Liabilities	<u>\$ 2,386,546</u>
Net Position	<u>\$ -</u>
Revenues	\$ 7,097,177
Expenditures	<u>\$ 7,097,177</u>
Net (Loss)	<u>\$ -</u>

B) Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., statement of net position, and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a given function, or segment, are affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of the year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The County reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general County government, boards, commissions, the court system, and health and welfare services.
- Medical Assistance Transportation is used to account for the Medical Assistance Transportation Program within that County. This program receives grant funding from the state and federal government to provide transportation to eligible residents of the County.
- Community Program for Restoration is used to account for a revolving loan program within the County which uses program income from several federal grant programs to make low interest loans to residents of the County for eligible projects such as house repairs or repairs of property damage.
- The Revolving Loan Fund is used to account the revolving loan program the County administers to stimulate economic development within the County by granting loans with low interest rates to businesses in the County. The loan program was originally established in 1993 with grant funding from the United States Economic Development Administration.
- The Airport Construction Fund is used to account for resources used in construction at the Jimmy Stewart Airport, which is run by the Indiana County Airport Authority. The fund consists primarily of Federal and State Grant revenues and local matching funds that pay the construction costs of the airport construction projects.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

The County reports the following major proprietary fund:

- The Communities at Indian Haven, an enterprise fund, is used to account for the operations of the County's nursing home.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Communities at Indian Haven functions as a business-type activity, as defined by the Governmental Accounting Standards Board (GASB). Indian Haven's financial statements have been prepared using the economic resource focus and the accrual basis of accounting. Indian Haven applies on the Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, except for those that conflict with GASB pronouncements.

Additionally, the County reports the following fiduciary fund types:

- The Indiana County Employee's Retirement System Fund is a Pension Trust Fund used to account for the pension plan contributions of the County and its employees and the related benefit payments and other plan costs.
- The Agency Fund is used to account for assets held by certain County offices that are subsequently disbursed to the County, other governments, and other activities for which is was collected.

D) Assets, Liabilities, and Net Position or Fund Balance

1. Cash and Cash Equivalents

The County considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments of the County are reported at fair value. Investments that do not have an established market value are reported at estimated values.

3. Interfund Transactions

The County affects a variety of transactions between funds to finance operations. Certain interfund transactions have not been paid or received as of December 31, 2012, and appropriate interfund receivables or payables have been established accordingly.

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activity column in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. The County adopted the provisions of GASB 34 related to infrastructure on the retroactive basis. Capital assets are recorded at historical costs or

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balance (Continued)

4. Capital Assets (Continued)

estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair 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 its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets of the County are depreciated using the straight line method over the following intended useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	20-40
Equipment and Vehicles	5-15
Infrastructure	50

5. Allowance for Doubtful Accounts

Taxes receivable have been reported net of allowance for doubtful accounts of \$743,141.

6. Inventories

The County's inventories consist entirely of central supplies and are therefore valued at historical cost.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position and bond discounts, premiums, and issuance costs are deferred and amortized over the life of the bonds using the straight line method.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

8. Compensated Absences

County policy permits employees to accumulate a limited amount of earned but unused vacation and sick leave time. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balance (Continued)

9. Unearned/Deferred Revenues

Unearned revenues are reported in the government-wide and enterprise fund financial statements. Deferred revenues are reported in the governmental fund financial statements. Unearned and deferred revenues represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. The County deems revenues received within 365 days of year end to be available with the exception of property taxes which must be received within 60 days of year end to be deemed available.

10. Net Position/Fund Balances

The government-wide financial statements utilize a net position presentation. Net position are categorized as net capital assets, restricted and unrestricted.

- *Net Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follows:

- *Non-spendable* – This classification consists of accounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact.
- *Restricted* – This classification consists of amounts that are restricted to specific purposes. The County's restricted fund balances consist of external enabling legislation for the state, federal, or local government.
- *Committed* – This classification consists of amounts used for specific purposes imposed by formal action of the County's Board of Commissioners. The removal or modification of the use of committed funds can only be accomplished by a formal action of the Commissioners prior to fiscal year end.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Net Position/Fund Balances (Continued)

- Assigned – This classification consists of amounts constrained by the County's intent to be used for specific purposes that are neither restricted or committed. The County Commissioners have delegated the authority to assign fund balance for specific purposes to the Financial Supervisor.
- Unassigned – This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund permitted to report a positive unassigned fund balance.

The County's GASB 54 policy is to first apply expenditures against any restricted fund balances, committed fund balances, assigned fund balances, and then unassigned fund balances, in that order.

11. Accounting 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 certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

12. Adoption of Governmental Accounting Standards Board Statements

In December 2009 the GASB issued Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans.*" The adoption of the remaining provisions of this statement had no effect on the financial reporting information of the County.

In December 2011, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* The adoption of this statement had no effect on the financial reporting information of the County.

In December 2011 the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The adoption of this statement had no effect on the financial reporting information of the County.

In June 2012, the GASB issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" The adoption of this statement resulted in the renaming of the residual measure of all other elements presented in a statement of financial position as "net position", rather than "net assets".

In June 2012 the GASB issued Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.*" The adoption of this statement had no effect on the financial reporting information of the County.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balance (Continued)

13. Pending Changes in Accounting Principles

In November 2010 the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The County is required to adopt Statement No. 61 for its calendar year 2013 financial statements.

In March 2012, The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The County is required to adopt statement No. 65 for its calendar year 2013 financial statements.

In March 2012, The GASB issued Statement No. 66, *Technical Corrections-2012 An Amendment of GASB Statements No. 10 and No. 62*. The County is required to adopt statement No. 66 for its calendar year 2013 financial statements.

In June 2012, The GASB issued Statement No. 67, *Financial Reporting for Pension Plans-an Amendment of GASB Statement No 25*. The County is required to adopt statement No. 67 for its calendar year 2014 financial statements.

In June 2012, The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension- an Amendment of GASB Statement No. 27*. The County is required to adopt statement No. 68 for its calendar year 2015 financial statements.

In January 2013, The GASB issued Statement No. 69 *Government Combinations and Disposals of Government Operations*. The County is required to adopt statement No. 69 for its calendar year 2014 financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The County is required to adopt statement No. 70 for its fiscal year 2014 financial statements.

The County has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Component Unit – Summary of Significant Accounting Policies

Highridge Water Authority

Basis of Accounting

The financial statements of the authority have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the balance sheet, the authority considers non-restricted, highly liquid short-term investments that have an original maturity of three months or less to be cash equivalents.

Property

Property is stated at cost. Depreciation is provided on a straight-line basis over the estimated useful life of the respective asset which lives range from 5 to 125 years. Maintenance and repairs are charged to income as incurred and renewals and betterments are capitalized.

Goodwill

The excess acquisition cost over the fair market value of net position acquired is being amortized using the straight-line method over a period of 40 years. Amortization expense for 2012 amounted to \$73,985.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Indiana County Municipal Services Authority

Basis of Accounting

The financial statements of the authority have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

The Municipal Services Authority considers all liquid investments that are readily convertible to cash with an original maturity of three months or less to be cash equivalents.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Component Unit – Summary of Significant Accounting Policies (Continued)

Indiana County Municipal Services Authority (Continued)

Accounts receivable – trade

Accounts receivable – trade are reported at net realizable value. Accounts are charged to bad debt expense when deemed uncollectible based on a periodic review by management. The allowance for doubtful accounts is estimated based upon periodic review of individual accounts. The allowance for doubtful accounts was approximately \$220,000.

Designated assets

Designated assets consist of cash and money market accounts that are designed for the following purposes:

Debt Service Fund – Established to account for funds held for payment of principal and interest on water and sewer revenue bonds designated by bond indentures as debt service reserves.

Debt Service Reserve and Repair Fund – Established in compliance with requirements of the United States Department of Agriculture, Rural Utilities Service (“RUS”) notes to accumulate funds for the purpose of paying the cost of repairing or replacing any damage of the water system which may be caused by any unforeseen catastrophe.

Construction Fund – Established to control funds from various sources to be used for the purchase and renovation of water and sewage facilities.

Utility plant

Utility plant is recorded at historical cost and consists of utility plant, equipment, furniture and fixtures. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

The Municipal Services Authority follows the policy of capitalizing interest on assets constructed for its own use as a component of the cost of utility plant. In 2012, \$386,243 of interest was capitalized as part of the various construction projects.

Capital Grants and contributions

The Municipal Services Authority receives capital grants from certain federal and state agencies to be used for various purposes connected with the planning and construction of water and sewage systems and equipment. Capital grants of the Municipal Services Authority are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Component Unit – Summary of Significant Accounting Policies (Continued)

Indiana County Municipal Services Authority (Continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: BUDGETARY DATA

Commonwealth of Pennsylvania statutes require that all County Governments establish budgetary systems and approve annual operating budgets. The County's annual budget relates to only the General Fund and the Liquid Fuels Fund, and is based on estimates of revenues and expenditures approved by the Board of County Commissioners. The County of Indiana adopted the 2012 budget on the same basis of accounting as reported in the fund financial statements. The County of Indiana follows these procedures in establishing the budgetary data reflected in the financial statements:

County Budget Process

1. During the fall, preliminary individual budgets are prepared by each department or agency and are reviewed by the Commissioners.
2. During November, the County Commissioners, or their designee, meet with the head of each department and agency to review proposed changes to the preliminary budget.
3. The Commissioners' Office then reassembles the preliminary budget data and prepares a final budget draft including all proposed expenditures and the financing plan, incorporating any revisions or adjustments evolving from the departmental meetings.
4. In early December, the final budget is presented at a public Commissioners' meeting. In accordance with statutes contained in the County Code, public notice is given that the proposed budget is available for inspection for a twenty-day period.
5. Prior to December 31, after the twenty-day inspection period, the County Commissioners, at a public meeting properly announced, the final budget is adopted by resolution.
6. Formal budgeting integration is employed as a planning device. The budget adopted is on the modified accrual basis. Budget amounts are as originally adopted, or as amended by the County Commissioners.

- Level of Control

The County maintains budgeting control at the individual fund level.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2: BUDGETARY DATA (CONTINUED)

- Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of the department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners. Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with other departments.

NOTE 3: DEPOSIT AND INVESTMENT RISK

As of December 31, 2012, the County had the following investments:

	<u>Cost</u>	<u>Market</u>
Governmental Funds		
Total Nonmajor Governmental Funds		
Certificates of Deposit	\$ 1,115,414	\$ 1,115,414
Total Governmental Funds	<u>1,115,414</u>	<u>1,115,414</u>
Fiduciary Funds		
Agency Funds		
Certificates of Deposit	104,352	104,352
Retirement Fund		
U.S. Government Securities	2,090,630	2,152,480
Corporate Bonds	2,026,721	2,098,654
Municipal Bonds	16,035	15,767
Common Stock	7,825,285	9,022,193
Mutual Funds	15,950,271	17,960,077
International Stock	<u>3,646,334</u>	<u>3,711,724</u>
Total Fiduciary Funds	<u>31,659,628</u>	<u>35,065,247</u>
Total Investments	<u>\$ 32,775,042</u>	<u>\$ 36,180,661</u>

As of December 31, 2012, the County's governmental activities and Agency Fund investments were contained entirely within Certificates of Deposit and will mature within 1 year.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2012, the County's retirement fund had the following investments and maturities:

Investment Type	Fair Value	1 Year	1-5 Years	6-10 Years	10+ Years
Corporate Bonds	\$ 2,098,654	\$ 51,507	\$ 896,520	\$ 524,156	\$ 626,471
Municipal Bonds	15,767	-	15,767	-	-
US Government Agencies	<u>2,152,480</u>	<u>33,289</u>	<u>982,916</u>	<u>308,176</u>	<u>828,099</u>
Total	<u>\$ 4,266,901</u>	<u>\$ 84,796</u>	<u>\$ 1,895,203</u>	<u>\$ 832,332</u>	<u>\$ 1,454,570</u>

Interest Rate Risk - The County does not have a formal investment policy for the County's operating funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's Retirement Fund investment policy states that the trustees exercise good judgment in the selection of securities or in the selection of a plan administrator.

Credit Risk - The County has no formal investment policy for its operating funds that addresses credit risk. As of December 31, 2012, the County's operating investments were all maintained in Certificates of Deposit.

The County's Retirement Investment Policy states fixed income securities must be rated as investment grade by Moody's and/or Standard's and Poor's.

As of December 31, 2012, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Corporate Bonds	AAA	16%
Corporate Bonds	AA	15%
Corporate Bonds	A	45%
Corporate Bonds	BBB	3%
Corporate Bonds	Below BBB	21%

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2012, the County's cash balances for its governmental activities, business-type activities and agency fund were \$13,973,916 and its bank balances were \$14,369,365. Of these bank balances, \$13,619,365 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. The entire cash and cash equivalent balance in the Retirement Fund was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2012 because the custodians hold the securities in an account that designates the County as the owner of the securities.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Concentration of Credit Risk – The County has no formal investment policy for operating investments pertaining to the concentration of credit risk. More than 5 percent of the County's investments are in Government Agencies, the Vanguard High Yield Corporate Fund, the DFA US Small Cap Fund, the IShares Russell 1000 Growth Index Fund, and the Passive Intermediate Aggregate Bond Index. These investments are 52% of the total investments of the County and 52% of the investments of the aggregate remaining fund information.

The County's Retirement Investment Policy states only that the plan administrator exercise good judgment in investing retirement funds.

Component Units

Indiana County Municipal Services Authority

At December 31, 2012, the carrying amount of the Authority's cash deposits was \$712,876 and the bank balance was \$918,895. Of the bank balance, \$328,161 was not covered by federal depository insurance. The Authority grants credit without collateral to its customers. The Authority's service area is located in portions of Indiana, Armstrong, and Cambria Counties, Pennsylvania. The Authority charges residents within its service area based upon usage and connection charges. The ability of each of the Authority's customers to honor their obligations to the Authority is dependent upon economic and other factors affecting the customers.

NOTE 4: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes for the calendar year are levied on March 1 of each year. Any unpaid real estate taxes attach as an enforceable lien on property as of January 1 of the following year. Taxes are levied on March 1 and payable with a 2% discount to April 30, with no discount or penalty to June 30, and with a 5% penalty from July 1 to December 31. In some instances certain tax collectors have been allowed to extend the discount and face value periods due to unusual office hours of these tax collectors by a few days. The County bills these taxes which are collected by local tax collectors.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on bonded or funded debt. In 2012 the County had total millage of 32.40, of which 7.40 mills were reserved for principal and interest on debt, and 25.00 mills for general County purposes.

The County's 2012 real estate taxes are based on assessed values established by the County's Bureau of Assessments. Assessed values of real property are generally 100% of the market value as determined by the Indiana County Tax Assessment Office. The total 2012 real estate taxes levied was \$18,578,528 based on a total County assessed valuation of \$573,411,350. Based on the 2012 levy of 32.40 mills, a property owner would pay \$32.40 per \$1,000 of assessed valuation.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 5: LOANS RECEIVABLE

The County has various loans outstanding that are used for multiple purposes within the County. The county has 6 revolving loan programs in which the County loans money to local small businesses or home owners for various reasons- home repairs, working capital for the businesses, new equipment for the businesses, etc. These loans are reported in the Enterprise Zone, Community Program for Restoration, Revolving Loan, Emergency Repair, Community Revitalization Program, and Affordable Housing Funds and had a total balance of \$1,916,538 as of December 31, 2012. All loans are fully deferred at the fund level.

The County also contracts with the Indiana County Development Corporation (ICDC) in which the County obtains loans and immediately loans that money to ICDC with the same terms. The activity on these loans is reported in the General Fund. All loans are fully deferred in the General Fund at the fund level.

In addition to the loans the County has two installment sale agreements with ICDC in which ICDC is buying land and Buildings from the County. These agreements are treated the same as the loans receivable for financial statement purposes. A summary of the long-term General Fund receivables is shown below:

	Balance at 12/31/2011	Payments Received from Others	Amounts Loaned to Others	Discounts	Balance at 12/31/2012
Commerce Center I installment sale	\$ 1,087,680	\$ -	\$ -	\$ 32,464	\$ 1,120,144
Airport Authority Pomissory Note (LOC)	-	-	44,799	-	44,799
Corporate Campus Innovation Center Loan	15,216	15,216	-	-	-
Indian Springs Road Project Loan	324,090	54,514	-	-	269,576
Corporate Campus Multi- Tenant Building Loan	2,177,255	171,591	-	-	2,005,664
Indian Springs Multi- Tenant Building Loan	<u>7,369,875</u>	<u>199,447</u>	<u>-</u>	<u>-</u>	<u>7,170,428</u>
Total	<u>\$ 10,974,116</u>	<u>\$ 440,768</u>	<u>\$ 44,799</u>	<u>\$ 32,464</u>	<u>\$ 10,610,611</u>

Commerce Center I installment sale

In August 2005, the County entered into an installment sales agreement of \$1,250,000 with ICDC for the sale of 4.64 acres of land and building in the Indiana County Commerce Park, owned and operated by the County. Terms of the agreement provide for payments from ICDC in the amount of excess revenues collected over expenses incurred on the property as defined in the agreement, with the full amount collected by December 31, 2016. As of December 31, 2012, ICDC had generated no revenues from the property and has yet to make any payments to the County. The agreement provided no interest and has been discounted at 6.00% to \$892,896 and a discount of \$357,104.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 5: LOANS RECEIVABLE (CONTINUED)

The total unamortized discount is \$194,784 at December 31, 2012. The discount will be amortized over the term of the agreement. Current year amortization of \$32,464 has been recognized as interest income in the statement of activities with a net balance due from ICDC at December 31, 2012 in the amount of \$1,120,144.

Airport Authority Promissory Note

In 2012 the County entered into an agreement with the airport authority for a \$600,000. The purpose of the loan is for the airport authority to provide a local share to secure a match from the Bureau of Aviation that would allow the airport authority to complete the parallel taxiway to serve the new runway. The agreement provided interest at a rate of 1% annually. At December 31, 2012 the county had loaned \$44,799 of \$600,000 to the airport authority.

A description of the loans receivable can be found in the long-term debt summary in Note 10.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 1,846,994	\$ -	\$ -	\$ 1,846,994
Construction in Progress	20,694,913	11,866,064	-	32,560,977
Total Capital Assets, Not Being Depreciated	<u>22,541,907</u>	<u>11,866,064</u>	<u>-</u>	<u>34,407,971</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	42,626,928	118,451	-	42,745,379
Equipment and Vehicles	8,833,417	920,976	(143,192)	9,611,201
Infrastructure	17,474,905	-	-	17,474,905
Total Capital Assets, Being Depreciated	<u>68,935,250</u>	<u>1,039,427</u>	<u>(143,192)</u>	<u>69,831,485</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(13,065,364)	(1,030,206)	-	(14,095,570)
Equipment and Vehicles	(5,646,169)	(631,033)	138,344	(6,138,858)
Infrastructure	(5,833,280)	(88,922)	-	(5,922,202)
Total Accumulated Depreciation	<u>(24,544,813)</u>	<u>(1,750,161)</u>	<u>138,344</u>	<u>(26,156,630)</u>
Total Capital Assets, Being Depreciated, Net	<u>44,390,437</u>	<u>(710,734)</u>	<u>(4,848)</u>	<u>43,674,855</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,932,344</u>	<u>\$ 11,155,330</u>	<u>\$ (4,848)</u>	<u>\$ 78,082,826</u>

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

BUSINESS TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 4,173,154	\$ 79,022	\$ -	\$ 4,252,176
Equipment and Vehicles	3,266,187	71,876	-	3,338,063
Capitalized Interest	165,318	-	-	165,318
Total Capital Assets, Being Depreciated	7,604,659	150,898	-	7,755,557
Less Accumulated Depreciation	(5,705,118)	(272,394)	-	(5,977,512)
Total Capital Assets, Being Depreciated, Net	1,899,541	(121,496)	-	1,778,045
Business Type Activities Capital Assets, Net	\$ 1,899,541	\$ (121,496)	\$ -	\$ 1,778,045

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

Governmental Activities:	
General Government - Administrative	\$ 266,276
General Government - Judicial	92,897
Public Safety	1,036,105
Public Works	132,623
Human Services	40,225
Culture and Recreation	178,174
Conservation and Development	3,861
Total Depreciation Expense - Governmental Activities	\$ 1,750,161
Business Type Activities:	
Human Services	\$ 272,394
Total Depreciation Expense - Business Type Activities	\$ 272,394

Component Unit – Capital AssetsHighridge Water Authority

Capital assets and accumulated depreciation as of December 31, 2012 is as follows:

Buildings	\$ 45,874,161
Land and improvements	375,001
Total	46,249,162
Less accumulated depreciation	14,618,740
Capital Assets, net	\$ 31,630,422

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Unit – Capital Assets (Continued)Indiana County Municipal Services Authority

Capital assets and accumulated depreciation as of December 31, 2012 is as follows:

Fixed equipment	\$ 88,524,275
Moveable equipment	910,628
Vehicles	583,311
Construction in progress	<u>22,107,909</u>
Total	112,126,123
Less accumulated depreciation	<u>28,655,420</u>
Capital Assets, net	<u>\$ 83,470,703</u>

NOTE 7: RESTRICTED ASSETS

Business Type Activities

The County has restricted cash of \$77,290 in the business type activities which is restricted for capital purchases and repairs to existing capital assets.

The County also has restricted of \$33,602 that is owed to residents of the nursing home.

Component Unit – Designated AssetsIndiana County Municipal Services Authority

Restricted Assets at December 31, 2012 are as follows:

Debt Service Fund	\$ 882,566
Debt Service Reserve and Repair Fund	124,828
Construction Fund	<u>419,718</u>
Total	<u>\$ 1,427,112</u>

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

The Employees' Retirement Trust Fund Plan ("Plan") is a contributory defined benefit single employer retirement plan covering all full-time employees of the County. Part-time employees are not covered by the plan. Part-time employees are employees who are expected to work less than 1,000 hours per year in the 12 months after their hire and in each 12 month period thereafter. The Plan is included in the financial statements of the County as a pension trust fund. The plan provides retirement, disability and death benefits to plan members and their beneficiaries pursuant to Act 96 of 1971 of the Commonwealth of Pennsylvania (County Pension Law). Cost of living adjustments are provided at the discretion of the County Retirement Board.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

At December 31, 2012, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	159
Terminated Employees Entitled to Benefits but not yet Receiving Them	34
Active Plan Participants	<u>453</u>
Total	<u>646</u>

Investments

All investments of the pension trust fund are reported as fair value. Investments that do not have an established market value are reported at estimated fair value.

Funding

Employees are required to contribute a portion of their salaries (5% of earnings in 2010) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan may be financed through investment earnings.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the aggregate actuarial cost funding method.

The annual required contribution was determined based on the actuarial valuation dated December 31, 2012. The aggregate actuarial cost method was used to determine costs. Under this method, the valuation assets of the plan are subtracted from the present value of all projected benefits. The result, when divided by the present value of future compensations, gives a percentage normal cost factor which is applied to the estimated 2009 compensation of all members to arrive at the normal cost at the beginning of the year. However, a schedule of funding progress is required to be presented as supplementary information using the entry age cost method to provide information that serves as a surrogate for the funding progress of the plan.

The following actuarial assumptions were made when preparing the actuarial report:

Investment Rate of Return	7.5% per annum, compounded annually (including inflation at 3%)
Projected Salary increases	3.5% (including inflation at 3%)

The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress have been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. As of December 31, 2012, the most recent actuarial valuation date, the Plan was 102.6 percent funded.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

The actuarial accrued liability for benefits was \$35,031,078, and the actuarial value of the assets was \$35,932,811, resulting in an unfunded actuarial accrued liability (UAAL) of \$(901,733). The actuarial value of the assets as a percentage of the actuarial accrued liability was 102.6%. The covered payroll was \$15,837,801, and the ratio of the UAAL to the covered payroll was 5.7%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost and Pension Obligation

The County's Annual Required Contribution for 2012 was determined as part of the December 31, 2012 actuarial valuation. The County's annual pension cost and net pension asset to the pension plan for 2012 are shown below:

Annual Required Contribution	\$ 666,624
Less: Interest on Net Pension Asset	(590,755)
Add: Adjustment to Annual Required Contribution	<u>985,963</u>
Annual Pension Cost	1,061,832
Contribution Made	<u>-</u>
Change in Net Pension Asset (Obligation)	(1,061,832)
Net Pension Asset - January 1, 2012	<u>7,876,730</u>
Net Pension Asset - December 31, 2012	<u>\$ 6,814,898</u>

Annual Pension Cost - Three-year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Annual Pension Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Asset</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
December 31, 2010	\$ 1,564,682	\$ 1,426,385	91%	\$ 2,628,080	\$ 2,025,960	\$ 602,120
December 31, 2011	\$ 1,271,579	\$ 6,520,229	513%	\$ 7,876,730	\$ 6,166,619	\$ 1,710,111
December 31, 2012	\$ 1,061,832	\$ -	0%	\$ 6,814,898	\$ 5,328,940	\$ 1,485,958

Component Unit – Retirement PlanHighridge Water Authority

The Authority adopted a retirement plan covering all eligible employees effective January 1, 1995. Terms of the plan require Authority contributions at 50 cents per hour worked on a monthly basis. Participants are 100% vested after 5 years. Contributions for 2012 amounted to \$26,731.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Component Unit – Retirement Plan (Continued)Indiana County Municipal Services Authority

The Authority has a defined contribution retirement plan which provides retirement benefits for all full-time employees. The Authority contributed an amount equal to 5% of the full-time employees' gross salaries. Employees become 10% vested after two years of employment. An additional 20% is vested for each additional year of employment until they are fully vested after 7 years. Pension expense was approximately \$54,000.

NOTE 9: LINE OF CREDIT

Component Unit – Line of CreditIndiana County Municipal Services Authority

The Authority has available a \$500,000 unsecured line of credit with First Commonwealth Bank, which is due on demand, with interest at 75% of the prime rate (2.75% at December 31, 2012). Borrowings were \$346,384 at December 31, 2012.

The Authority also has available a \$150,000 unsecured line of credit with First Commonwealth Bank, which is due on demand, with interest at 70% of the prime rate (2.75 at December 31, 2012). Borrowings were \$43,941 at December 31, 2012.

NOTE 10: LONG-TERM OBLIGATIONS

A summary of changes in long-term debt obligations for 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and Notes payable:					
General obligation notes	\$ 55,176,421	\$ 47,218,803	\$(42,636,915)	\$ 59,758,309	\$ 3,025,823
Total bonds and notes payable	<u>55,176,421</u>	<u>47,218,803</u>	<u>(42,636,915)</u>	<u>59,758,309</u>	<u>3,025,823</u>
Other Liabilities:					
Capital Lease Obligations	169,607	83,046	(70,320)	182,333	88,050
Compensated absences	728,180	-	(23,072)	705,108	-
Total Other Liabilities	<u>897,787</u>	<u>83,046</u>	<u>(93,392)</u>	<u>887,441</u>	<u>88,050</u>
Governmental Activities Long-Term Liabilities	<u>\$ 56,074,208</u>	<u>\$ 47,301,849</u>	<u>\$(42,730,307)</u>	<u>\$ 60,645,750</u>	<u>\$ 3,113,873</u>
<u>Business-Type Activities:</u>					
General Obligation Notes	\$ 2,113,432	\$ -	\$ (396,988)	\$ 1,716,444	\$ 411,182
Capital Lease Obligations	5,120	-	(5,120)	-	-
Business-Type Activities Long-Term Liabilities	<u>\$ 2,118,552</u>	<u>\$ -</u>	<u>\$(402,108)</u>	<u>\$ 1,716,444</u>	<u>\$ 411,182</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

An analysis of debt service requirements to maturity for the governmental and business-type activities on these obligations follows (with the exception of capital leases and compensated absences liability):

<u>Governmental Activities</u>			
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Year Ended December 31:			
2013	\$ 3,025,823	\$ 1,767,125	\$ 4,792,948
2014	3,435,710	1,730,662	5,166,372
2015	3,410,721	1,622,970	5,033,691
2016	3,526,984	1,512,506	5,039,490
2017	3,602,699	1,396,104	4,998,803
2018-2022	18,560,958	4,378,045	22,939,003
2023-2027	16,316,638	2,486,091	18,802,729
2028-2032	7,571,903	587,059	8,158,962
2033-2037	<u>306,873</u>	<u>5,009</u>	<u>311,882</u>
Total	<u>\$ 59,758,309</u>	<u>\$ 15,485,571</u>	<u>\$ 75,243,880</u>
 <u>Business-Type Activities</u>			
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Year Ended December 31:			
2013	\$ 411,182	\$ 50,342	\$ 461,524
2014	424,498	37,026	461,524
2015	438,246	23,278	461,524
2016	<u>442,518</u>	<u>9,085</u>	<u>451,603</u>
Total	<u>\$ 1,716,444</u>	<u>\$ 119,731</u>	<u>\$ 1,836,175</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below:

Governmental Activities

<u>Issuance</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2012</u>
1997	\$ 1,300,000	Finance construction and development of the Indiana County Corporate Campus Innovation Center. The loan has an interest rate of 5.595% per annum with a final maturity in April 2012. This loan was loaned to ICDC under the same terms	\$ -
2002	\$ 1,250,000	Finance the Indian Springs Road Rehabilitation Project. The loan has an interest rate of 4.875% per annum with a final maturity in May 2018. This loan was loaned to ICDC under the same terms.	\$ 269,577
Series C of 2005	\$ 4,250,000	To finance the construction of a multi-tenant building at the Indiana County Corporate Campus. The loan has an interest rate of 3.97%	\$ 2,005,664
2005	\$ 150,000	To finish the construction of the Microwave Radio Communication project. The loan has a variable interest rate of 67% of the prime rate. The loan has a final maturity date of September 2013.	\$ 19,715
2006	\$ 8,000,000	To finance the construction of a multi-tenant building on Indian Springs Road. The loan has an interest rate of 4.76% per annum and a final maturity of July 2033. As of December 31, 2007 only \$7,667,248 had been drawn against the loan. The County has a loan agreement with ICDC with the same amount and terms as this loan.	\$ 7,170,428
Series C of 2010	\$ 15,000,000	For the expenses related to construction and upgrades to the County's 911 system and various other capital projects within the County. The loan has an interest rate of 3.64% with a final maturity in January 2033.	\$ 5,585,671
Series A of 2010	\$ 4,128,295	To refinance General Obligation Note, Series B of 2005. The loan has an interest rate of 3.31% with a final maturity in December 2025.	\$ 3,902,951

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities (Continued)

<u>Issuance</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2012</u>
Series B of 2012	\$ 9,125,000	To refinance General Obligation Note, Series A of 2011, related to the construction of the new jail. The loan has an interest rate of 2.54% with a final maturity in December 2028.	\$ 9,125,000
Series C of 2012	\$ 9,125,000	To refinance General Obligation Note, Series B of 2011, related to the construction of the new jail. The loan has an interest rate of 2.54% with a final maturity in December 2028.	\$ 9,125,000
Series D of 2012	\$ 3,550,000	To refinance General Obligation Note, Series C of 2011, related to the construction of the new jail and other projects within the County. The loan has an interest rate of 2.54% with a final maturity in December 2028.	\$ 3,550,000
Taxable Series F of 2012	\$ 3,800,000	To refinance General Obligation Note, Series D of 2011, related to the funding of the pension plan. The loan has an interest rate of 4.625% with a final maturity in December 2027.	\$ 3,800,000
Taxable Series G of 2012	\$ 6,150,000	To fund the County's Unfunded Actuarial Accrued Liability in the Pension Plan. The loan has an interest rate of 4.2% with a final maturity in December 2021.	\$ 6,150,000
Series A of 2012	\$ 9,100,000	To refinance a portion of the Series C of 2010, related to capital projects. The loan has an interest rate of 2.54% with a final maturity in December of 2030.	\$ 9,100,000
Series E of 2012	\$ 138,356	For the expenses related to construction and upgrades to the County's 911 system and various other capital projects within the County. The loan has an interest rate of 2.54% with a final maturity in December 2028.	\$ 138,356
Prothonotary Commercial loan	\$ 40,000	For expenses related to software upgrades in the Prothonotary's Office	\$ 38,029
Total Long-Term Obligations			<u>\$ 59,758,309</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Business-Type Activities

<u>Issuance</u>	Amount of <u>Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2012</u>
Series B of 2010	\$2,511,831	To extinguish the General Obligation Note of 2005. The note has an interest rate of 3.20% with a final maturity in December, 2016. The Communities at Indian Haven owed this amount on the debt as of December 31, 2012.	<u>\$ 1,716,444</u>

Capital Leases

The County has entered into capital leases for equipment to be used in operations. Amortization expense has been included with depreciation. Future minimum lease payments at December 31, 2012 and present value of capital lease obligations were:

<u>Year ended December 31</u>	<u>Governmental Activities</u>
2013	\$ 96,311
2014	64,436
2015	28,190
2016	4,711
2017	<u>1,572</u>
Total Minimum Lease Payments	195,220
Less amount representing interest	<u>12,887</u>
Present value of net minimum lease payments	<u>182,333</u>
Less: Amount Due Within One Year	<u>88,050</u>
	<u>\$ 94,283</u>

In addition to the above liabilities, the County issued a Tax anticipation note in 2012, bearing interest at 1.69%, which was repaid before December 31, 2012.

Component Units

In addition to the long term debt above, the County also guarantees debt for the Indiana County Municipal Services Authority and the Highridge Water Authority. The schedule on the next page summarizes the activity on this debt for 2012.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Highridge Water Authority

	Balance as of December 31, 2011	Additions	Reductions	Balance as of December 31, 2012
Debt guaranteed by Indiana County:				
Water Revenue Bonds, series of 2008	\$ 5,235,000	\$ -	\$ -	\$ 5,235,000
PennVest Loan	3,271,982		(241,827)	3,030,155
Other long-term debt:				
PennVest Loan	4,811,103	-	(221,957)	4,589,146
PennVest Loan	442,279	-	(31,162)	411,117
PennVest Loan	616,023	-	(81,789)	534,234
Interest only until project is complete	153,109	2,423,679	-	2,576,788
Total Long-Term Debt	\$ 14,529,496	\$ 2,423,679	\$ (576,735)	\$ 16,376,440

An analysis of debt service requirements to maturity on these obligations follows:

<u>Year ended December 31</u>	<u>Principal Payments</u>
2013	\$ 589,209
2014	896,428
2015	918,742
2016	915,242
2017	929,620
Thereafter	<u>9,550,411</u>
Total	<u>\$ 13,799,652</u>

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Indiana County Municipal Services Authority

	<u>Balance as of</u> <u>December 31, 2012</u>
Debt Guaranteed by Indiana County:	
Iselin Sewage Project	\$ 163,888
Sewage Renovation I	5,077,803
Sewage Renovation III	1,934,776
Sewage Renovation IV - Cherry Tree	816,583
Sewage Renovation VI	1,156,290
Crooked Creek Water Project	10,932,509
Cherry Tree Water System Project	759,958
Other Long-Term Debt:	
S&T Truck Note	12,626
Water Bond Refinance I & II	1,574,662
Water Bond VII	217,630
Water Bond VIII	175,810
Heilwood Water Bond	233,191
West Lebanon Reservoir Bond	69,431
Water Bond XIV Interim Financing	349,821
Water Bond XI	3,018,458
Water Bond XII	6,155,843
Water Bond XIII	3,988,755
Parkwood Interim Financing	499,521
Water Bond XIII Interim Financing	425,000
Pine Grove Sewer Bonds	10,825,000
Sewage Renovation III Refinance	694,634
Sewage Renovation VII	123,275
Sewage Renovation V	504,616
Sewage Renovation X	2,007,895
Sewage Renovation IX - Alverda	<u>1,169,726</u>
Total	<u>\$ 52,887,701</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

An analysis of debt service requirements to maturity on these obligations follows:

<u>Year ended December 31</u>	<u>Principal Payments</u>
2013	\$ 1,889,507
2014	1,897,570
2015	1,901,138
2016	1,846,077
2017	1,543,319
Thereafter	<u>35,837,582</u>
	44,915,193
Interim Construction Loans to be refinanced upon closing of project (All Long-Term)	<u>7,972,508</u>
Total	<u>\$ 52,887,701</u>

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

Certain funds have paid the expenditures of the other funds and the amounts have not been repaid at year end, resulting in interfund balances. Interfund receivable and payable balances of each major fund as of December 31, 2012, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 3,062,681	\$ -
Medical Assistance Transportation	-	33,734
Community Program for Restoration	-	-
Airport Construction Fund	-	2,000,000
Other Governmental Funds	19,513	851,747
Total Governmental Fund Type	<u>3,082,194</u>	<u>2,885,481</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	-	196,713
Total Proprietary Fund Type	<u>-</u>	<u>196,713</u>
Total Interfund Balances	<u>\$ 3,082,194</u>	<u>\$ 3,082,194</u>

The outstanding balances between the funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur, and (3) payments between funds are made.

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 12: INTERFUND OPERATING TRANSFERS

Interfund operating transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 428,266	\$ 448,641
Airport Costruction	332,221	\$ -
Other Governmental Funds	<u>140,405</u>	<u>45,180</u>
Total Governmental Fund Type	<u>900,892</u>	<u>493,821</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	<u>-</u>	<u>407,071</u>
Total Proprietary Fund Type	<u>-</u>	<u>407,071</u>
Total Interfund Transfers	<u>\$ 900,892</u>	<u>\$ 900,892</u>

Certain funds are required to fund a portion or all of the expenses of other funds or cover deficits in those funds. The County records operating transfers to account for these transactions.

NOTE 13: NET PATIENT SERVICE REVENUE

The Communities at Indian Haven, Inc.

Indian Haven has agreements with third-party payors that provide for payments to Indian Haven at amounts different from its established rates. A significant portion of Indian Haven's revenues are derived from third-party payor programs. A summary of the principal payment arrangements with third-party payors follows:

- Medical Assistance – Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.
- Medicare – Nursing and ancillary services rendered to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic, and other factors, and the reimbursement methodology is subject to various limitations and adjustments.

Indian Haven is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic, and other factors. Indian Haven is required to clinically assess its residents at predetermined periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare Programs. Indian Haven also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Indian Haven under these agreements includes prospectively determined rates per day or discounts from established charges.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 14: FUND BALANCES

Under GASB 54, fund balances are recored as non-spendable, restricted, committed, assigned, and unassigned. The following fund balances are recorded on the fund level of the financial statements:

<u>Fund:</u>	<u>Fund balance:</u>	<u>Balances</u>
Major Funds:		
General Fund	<u>Non-spendable:</u>	
	These amounts were charged to Inventories	\$ 11,961
	These amounts are prepaid expenses	122,182
	<u>Restricted Funds:</u>	
	These funds are restricted for the Victim Witness program	9,825
	These funds are restricted for ACT 13	483,778
	These funds are restricted for the Sheriff under Act 66	1,150
	<u>Assigned Funds:</u>	
	These funds are assigned Indian Haven Excess Transfer	150,000
	These funds are assigned for Assessment Appeals	53,460
	These funds are assigned for children and youth playground equipment	62
	These funds are assigned for the Coroner suicide task force	500
	These funds are assigned for the 911 system upgrade	15,000
	These funds are assigned for America's Promis	1,547
	These funds are assigned for transfer to West Nile	8,972
	These funds are assigned for the Points of Light festival	857
	These funds are assigned for Children and Youth	5,308
	These funds are assigned for Homeland Security programs	108
	These funds are assigned for JNET	4,599
	These funds are assigned for the benefit of courthouse employees	1,449
Medical Assistance Transportation	<u>Restricted Funds:</u>	
	These funds are restricted for the Medical Assistance Transportation Program.	148,457
Community Program for Restoration	<u>Restricted Funds:</u>	
	These funds are restricted for the Community Program for Restoration.	277,009
Revolving Loan Fund	<u>Restricted Funds:</u>	
	These funds are restricted for the Revolving Loan Program.	1,807,860
Nonmajor Governmental Funds		
Special Revenue Funds	<u>Non-spendable:</u>	
	These amounts are prepaid expenses	55,661
	<u>Restricted Funds:</u>	
	These funds are restricted within the departments of General Government	373,631
	These funds are restricted within the Judicial System	919,155
	These funds are restricted within the Public Safety programs	331,872
	These funds are restricted within the Human Service programs	49,954
	These funds are restricted within the Public Works programs	1,654,194
	These funds are restricted within the Culture and Recreation programs	50,934
	These funds are restricted within the Conservation and Development programs	1,898,953
Capital Project Funds	<u>Restricted Funds:</u>	
	These funds are restricted for the Public Works programs	264,153

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 15: LITIGATION

The County is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the County's financial statements.

NOTE 16: RISK MANAGEMENT

The County participates in the Pennsylvania Counties' Workers' Compensation Trust (the "Trust") insurance pool for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors, and payroll costs for the year. The Trust has an audit performed each year and the County may be required to pay an additional premium as a result of the audit, or, the County may be entitled to a refund as a result of the audit. For the year ended December 31, 2012, the County paid insurance premiums of \$345,465 to the Trust.

NOTE 17: SUBSEQUENT EVENTS

During 2012, the County issued a Tax Anticipation Note in the amount of \$4,687,741. The note is due by December 31, 2013, at an interest rate of 1.359%.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2012

Schedule of Employer Contributions		
Year Ended December 31	Annual Required Contribution	Percentage Contributed
2007	51,487	100%
2008	204,056	100%
2009	1,572,061	64%
2010	1,426,385	100%
2011	1,140,869	572%
2012	666,624	0%

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

Valuation Date	December 31, 2012
Actuarial cost method	Aggregate*
Amortization method	Not applicable*
Remaining amortization period	Not applicable*
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.50%
Includes inflation at:	3.00%
Cost-of-living adjustments	None

* The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Information about the funded status and funding progress was prepared using the entry age actuarial cost method for that purpose and is intended to serve as a surrogate for the funded status and funding progress of the plan.

Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	\$ 26,592,287	\$ 31,606,018	\$ 5,013,731	84.14%	\$ 14,835,743	33.79%
1/1/2012	33,036,256	34,041,975	1,005,719	97.05%	15,254,558	6.59%
1/1/2013	35,932,811	35,031,078	(901,733)	102.57%	15,837,801	-5.69%

** The actuarial cost method for the plan is the aggregate cost method, however, the above information is presented using the entry age actuarial cost method to provide information that serves as a surrogate for the funding progress of the plan.

COUNTY OF INDIANA, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes, Real estate	\$ 18,583,285	\$ 18,583,285	\$ 18,513,849	\$ (69,436)
Intergovernmental grants	5,520,762	6,630,468	7,009,351	378,883
Charges for services	616,716	616,716	434,754	(181,962)
Departmental charges	3,534,026	3,546,311	3,534,822	(11,489)
Interest income	13,150	13,150	29,615	16,465
Other revenue	70,872	70,872	47,139	(23,733)
Total Revenues	<u>28,338,811</u>	<u>29,460,802</u>	<u>29,569,530</u>	<u>108,728</u>
Expenditures				
Current operating:				
General government	5,316,211	5,098,388	4,831,302	267,086
Judicial	5,160,988	5,252,518	5,090,632	161,886
Public safety	9,621,595	17,459,912	16,417,980	1,041,932
Public works	313,377	313,377	350,983	(37,606)
Human services	5,581,748	5,608,398	5,431,258	177,140
Culture and recreation	605,911	605,911	555,118	50,793
Conservation and development	277,401	287,464	274,052	13,412
Miscellaneous	(858,102)	(858,102)	-	(858,102)
Debt service	4,237,928	8,734,577	2,432,198	6,302,379
Total Expenditures	<u>30,257,057</u>	<u>42,502,443</u>	<u>35,383,523</u>	<u>7,118,920</u>
Excess (deficiency) of revenues over expenditures	<u>(1,918,246)</u>	<u>(13,041,641)</u>	<u>(5,813,993)</u>	<u>7,227,648</u>
Other financing sources (uses)				
Proceeds from long term debt	-	6,948,904	47,963,888	41,014,984
Payments to Escrow Agent for Debt Refunding	-	-	(41,950,000)	(41,950,000)
Proceeds from capital lease	-	-	83,046	83,046
Amounts loaned to others	-	-	(44,799)	(44,799)
Amounts received from loans	-	-	440,768	440,768
Disposal of fixed assets	-	-	4,988	4,988
Transfers in	-	10,063	428,266	418,203
Transfer to employee retirement	-	-	-	-
Transfers out	(84,816)	(417,037)	(448,641)	(31,604)
Total other financing sources (uses)	<u>(84,816)</u>	<u>6,541,930</u>	<u>6,477,516</u>	<u>(64,414)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (2,003,062)</u>	<u>\$ (6,499,711)</u>	<u>\$ 663,523</u>	<u>\$ 7,163,234</u>

**OTHER
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2012

<u>Assets</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and cash equivalents	\$ 148,483	\$ 5,041,986	\$ 5,190,469
Investments	117,720	997,694	1,115,414
Receivables:			
Other governmental grants	-	892,273	892,273
Other	-	84,648	84,648
Loans	-	371,362	371,362
Due from other funds	-	19,513	19,513
Prepaid expenses	-	55,661	55,661
 Total assets	 <u>\$ 266,203</u>	 <u>\$ 7,463,137</u>	 <u>\$ 7,729,340</u>
 <u>Liabilities</u>			
Accounts Payable	\$ 2,050	\$ 907,627	\$ 909,677
Due to other funds	-	851,747	851,747
Deferred Loans receivable	-	371,974	371,974
 Total liabilities	 <u>2,050</u>	 <u>2,131,348</u>	 <u>2,133,398</u>
 <u>Fund Balance</u>			
Fund balance:			
Nonspendable	-	55,661	55,661
Restricted	264,153	5,278,693	5,542,846
Unassigned	-	(2,565)	(2,565)
 Total fund balance	 <u>264,153</u>	 <u>5,331,789</u>	 <u>5,595,942</u>
 Total liabilities and fund balance	 <u>\$ 266,203</u>	 <u>\$ 7,463,137</u>	 <u>\$ 7,729,340</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes, Hotel	\$ -	\$ 427,990	\$ 427,990
Intergovernmental revenue	-	6,398,564	6,398,564
Charges for services	-	1,131,266	1,131,266
Interest income	971	12,078	13,049
Other revenue	-	126,135	126,135
Total Revenues	<u>971</u>	<u>8,096,033</u>	<u>8,097,004</u>
Expenditures			
Current operating:			
General government	125,122	176,254	301,376
Judicial	-	1,032,785	1,032,785
Public safety	-	1,164,201	1,164,201
Public works	-	342,133	342,133
Human services	-	2,365,696	2,365,696
Culture and recreation	-	548,116	548,116
Conservation and development	-	1,864,540	1,864,540
Debt service			
Principal	-	24,065	24,065
Interest	-	1,494	1,494
Capital outlay	-	177,504	177,504
Total Expenditures	<u>125,122</u>	<u>7,696,788</u>	<u>7,821,910</u>
Excess (deficiency) of revenues over expenditures	<u>(124,151)</u>	<u>399,245</u>	<u>275,094</u>
Other financing sources (uses)			
Amounts loaned to others	-	(105,857)	(105,857)
Amounts received from loans	-	30,501	30,501
Disposal of fixed assets	-	10,774	10,774
Transfers in	86,420	53,985	140,405
Transfers out	-	(45,180)	(45,180)
Total other financing sources (uses)	<u>86,420</u>	<u>(55,777)</u>	<u>30,643</u>
Net change in fund balance	(37,731)	343,468	305,737
Fund balance, beginning of year	<u>301,884</u>	<u>4,988,321</u>	<u>5,290,205</u>
Fund balance, end of year	<u>\$ 264,153</u>	<u>\$ 5,331,789</u>	<u>\$ 5,595,942</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	Human Services Development	Rental Assistance	Bridge Housing	Case Management	Welfare to Work	Child Care Information Service	Early Care and Education	Children's Advisory Commission
Assets								
Cash and cash equivalents	\$ 26,142	\$ -	\$ -	\$ -	\$ 6,294	\$ 131,736	\$ -	\$ 5,636
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	1,615	-	-	-
Other	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 26,142	\$ -	\$ -	\$ -	\$ 7,909	\$ 131,736	\$ -	\$ 5,636
Liabilities								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 2,539	\$ 129,309	\$ -	\$ -
Due to other funds	13,894	-	-	-	5,370	2,129	-	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	13,894	-	-	-	7,909	131,438	-	-
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	12,248	-	-	-	-	298	-	5,636
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	12,248	-	-	-	-	298	-	5,636
Total liabilities and fund balance	\$ 26,142	\$ -	\$ -	\$ -	\$ 7,909	\$ 131,736	\$ -	\$ 5,636

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	Working Wardrobe	Enhanced 911	Hazardous Materials	Wireless 911	West Nile	Jail Commissary	Help America Vote Act	County Record's Improvement
Assets								
Cash and cash equivalents	\$ 9,560	\$ 141,594	\$ 75,875	\$ 287,915	\$ -	\$ 119,170	\$ 428	\$ 63,028
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	5,307	7,094	-	-	-	-	9,117	-
Other	-	42,500	-	-	-	9,933	-	1,812
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	14,279	-	-	-	-	-
Total assets	\$ 14,867	\$ 191,188	\$ 90,154	\$ 287,915	\$ -	\$ 129,103	\$ 9,545	\$ 64,840
Liabilities								
Accounts Payable	\$ 31	\$ -	\$ 3,795	\$ -	\$ -	\$ 2,217	\$ -	\$ -
Due to other funds	12,576	193,753	9,805	157,268	-	-	9,545	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	12,607	193,753	13,600	157,268	-	2,217	9,545	-
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	14,279	-	-	-	-	-
Restricted	2,260	-	62,275	130,647	-	126,886	-	64,840
Unassigned	-	(2,565)	-	-	-	-	-	-
Total fund balance (deficit)	2,260	(2,565)	76,554	130,647	-	126,886	-	64,840
Total liabilities and fund balance	\$ 14,867	\$ 191,188	\$ 90,154	\$ 287,915	\$ -	\$ 129,103	\$ 9,545	\$ 64,840

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	Register and Recorder Improvement	Assessment Uniform Parcel ID	Recorder's Uniform Parcel ID	Domestic Relations	Drug Task Force	DA Special Investigations	DA Grants	Sheriff Public Safety Training
Assets								
Cash and cash equivalents	\$ 25,643	\$ 29,572	\$ 9,561	\$ 951,988	\$ 9,450	\$ 16,796	\$ -	\$ 5,019
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	299,153	-	-	1,248	-
Other	-	854	854	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	137	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 25,643	\$ 30,426	\$ 10,415	\$ 1,251,141	\$ 9,450	\$ 16,933	\$ 1,248	\$ 5,019
Liabilities								
Accounts Payable	\$ -	\$ -	\$ -	\$ 234	\$ 7,433	\$ -	\$ 570	\$ -
Due to other funds	-	-	10,000	375,147	911	137	678	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	-	-	10,000	375,381	8,344	137	1,248	-
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	25,643	30,426	415	875,760	1,106	16,796	-	5,019
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	25,643	30,426	415	875,760	1,106	16,796	-	5,019
Total liabilities and fund balance	\$ 25,643	\$ 30,426	\$ 10,415	\$ 1,251,141	\$ 9,450	\$ 16,933	\$ 1,248	\$ 5,019

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant
Assets								
Cash and cash equivalents	\$ 21,486	\$ 8,787	\$ 35,700	\$ 3,066	\$ 37,694	\$ 23,942	\$ 13,611	\$ 1,496
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	27,225
Other	1,312	-	22,175	1,028	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	6,306
Prepaid expenses	41,382	-	-	-	-	-	-	-
Total assets	\$ 64,180	\$ 8,787	\$ 57,875	\$ 4,094	\$ 37,694	\$ 23,942	\$ 13,611	\$ 35,027
Liabilities								
Accounts Payable	\$ 2,324	\$ -	\$ 56,718	\$ -	\$ 11,376	\$ 2,441	\$ 750	\$ 14,966
Due to other funds	-	-	1,157	-	-	979	-	13,765
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	2,324	-	57,875	-	11,376	3,420	750	28,721
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	41,382	-	-	-	-	-	-	-
Restricted	20,474	8,787	-	4,094	26,318	20,522	12,861	6,306
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	61,856	8,787	-	4,094	26,318	20,522	12,861	6,306
Total liabilities and fund balance	\$ 64,180	\$ 8,787	\$ 57,875	\$ 4,094	\$ 37,694	\$ 23,942	\$ 13,611	\$ 35,027

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	HOME Investment	Escrow Fund	Affordable Housing and Act 137		Emergency Repair	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development
Assets									
Cash and cash equivalents	\$ 30,238	\$ 7,302	\$ 143,467	\$ 9,438	\$ 3,013	\$ 365,567	\$ 37,079	\$ 26,571	
Investments	-	-	90,519	-	-	-	-	-	-
Receivables:									
Other governmental grants	8,000	-	-	-	4,652	-	-	487,960	-
Other	-	-	4,180	-	-	-	-	-	-
Loans	-	-	111,940	84,133	-	-	118,000	-	-
Due from other funds	1,070	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Total assets	\$ 39,308	\$ 7,302	\$ 350,106	\$ 93,571	\$ 7,665	\$ 365,567	\$ 155,079	\$ 514,531	
Liabilities									
Accounts Payable	\$ 848	\$ 6,253	\$ -	\$ 52	\$ 7,653	\$ -	\$ -	\$ 500,000	
Due to other funds	21,701	-	1,070	-	12	-	-	12,000	
Deferred loans receivable	-	-	112,552	84,133	-	-	118,000	-	
Total liabilities	22,549	6,253	113,622	84,185	7,665	-	118,000	512,000	
Fund Balance (Deficit)									
Fund balance (deficit):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	16,759	1,049	236,484	9,386	-	365,567	37,079	2,531	
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance (deficit)	16,759	1,049	236,484	9,386	-	365,567	37,079	2,531	
Total liabilities and fund balance	\$ 39,308	\$ 7,302	\$ 350,106	\$ 93,571	\$ 7,665	\$ 365,567	\$ 155,079	\$ 514,531	

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	SPC Team PA	Keystone Innovation Zone	Enterprise Zone	Planning Fund	Indiana County Code Division	Liquid Fuels	Health and Human Services Sub-Committee	Homeless Assistance Program	Total
Assets									
Cash and cash equivalents	\$ 9,506	\$ -	\$ 1,181,028	\$ 2,203	\$ 358,410	\$ 757,746	\$ 12,508	\$ 36,721	\$ 5,041,986
Investments	-	-	-	-	-	907,175	-	-	997,694
Receivables:									
Other governmental grants	-	-	-	12,500	-	28,402	-	-	892,273
Other	-	-	-	-	-	-	-	-	84,648
Loans	-	-	57,289	-	-	-	-	-	371,362
Due from other funds	12,000	-	-	-	-	-	-	-	19,513
Prepaid expenses	-	-	-	-	-	-	-	-	55,661
Total assets	\$ 21,506	\$ -	\$ 1,238,317	\$ 14,703	\$ 358,410	\$ 1,693,923	\$ 12,508	\$ 36,721	\$ 7,463,137
Liabilities									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 106,103	\$ 39,129	\$ -	\$ 12,896	\$ 907,627
Due to other funds	-	-	-	6,306	-	-	444	3,100	851,747
Deferred loans receivable	-	-	57,289	-	-	-	-	-	371,974
Total liabilities	-	-	57,289	6,306	106,103	39,129	444	15,996	2,131,348
Fund Balance (Deficit)									
Fund balance (deficit):									
Nonspendable	-	-	-	-	-	-	-	-	55,661
Restricted	21,506	-	1,181,028	8,397	252,307	1,654,194	12,064	20,725	5,278,693
Unassigned	-	-	-	-	-	-	-	-	(2,565)
Total fund balance (deficit)	21,506	-	1,181,028	8,397	252,307	1,654,194	12,064	20,725	5,331,789
Total liabilities and fund balance	\$ 21,506	\$ -	\$ 1,238,317	\$ 14,703	\$ 358,410	\$ 1,693,923	\$ 12,508	\$ 36,721	\$ 7,463,137

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Human Services Development	Rental Assistance	Bridge Housing	Case Management	Welfare to Work	Child Care Information Service	Early Care and Education	Children's Advisory Commission
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	88,610	54,981	30,420	29,712	26,557	1,860,611	26,923	-
Charges for services	400	-	-	-	-	-	-	5,695
Interest income	9	2	1	1	1	11	3	1
Other revenue	-	-	-	-	8,500	-	290	-
Total Revenues	89,019	54,983	30,421	29,713	35,058	1,860,622	27,176	5,696
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	62,638	54,094	26,886	31,961	35,063	1,860,888	27,969	3,134
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	62,638	54,094	26,886	31,961	35,063	1,860,888	27,969	3,134
Excess (deficiency) of revenues over expenditures	26,381	(9,111)	3,535	(2,248)	(5)	(66)	(793)	2,562
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	5,837	-	155	-	-	-	-
Transfers out	-	-	(5,993)	-	-	-	-	-
Total other financing sources (uses)	-	5,837	(5,993)	155	-	-	-	-
Net change in fund balance	26,381	(3,294)	(2,458)	(2,093)	(5)	(66)	(793)	2,562
Fund balance (deficit), beginning of year	(14,133)	3,294	2,458	2,093	5	364	793	3,074
Fund balance (deficit), end of year	\$ 12,248	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 5,636

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wireless	West Nile	Jail Commissary	Help America Vote Act	County Record's Improvement
Revenues								
Texas, Hotel		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	17,939	79,029	41,247	435,978	-	-	11,014	-
Charges for services	-	490,469	42,581	-	-	83,313	-	21,964
Interest income	1	64	53	62	2	56	-	17
Other revenue	96	-	3,000	-	-	-	-	-
Total Revenues	18,036	569,562	86,881	436,040	2	83,369	11,014	22,001
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	40,987
Judicial	-	-	-	-	-	-	-	-
Public safety	-	478,653	163,190	408,711	40	81,005	-	-
Public works	-	-	-	-	-	-	-	-
Human services	18,156	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	22,094	-	-	-	-	-	-
Interest	-	1,363	-	-	-	-	-	-
Capital outlay	-	-	8,235	-	-	-	-	-
Total Expenditures	18,156	502,110	171,425	408,711	40	81,005	-	40,987
Excess (deficiency) of revenues over expenditures	(119)	67,452	(84,544)	29,329	(38)	2,364	11,014	(18,986)
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	30,000	-	-	-	-	-
Transfers out	-	-	-	-	(10,178)	-	(11,017)	-
Total other financing sources (uses)	-	-	30,000	-	(10,178)	-	(11,017)	-
Net change in fund balance	(119)	67,452	(54,544)	29,329	(10,216)	2,364	(3)	(18,986)
Fund balance (deficit), beginning of year	2,378	(70,017)	131,098	101,318	10,216	124,522	3	63,626
Fund balance (deficit), end of year	2,260	(2,565)	76,554	130,647	-	126,886	-	64,640

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Register and Recorder's Improvement	Assessment Uniform Parcel ID	Recorder's Uniform Parcel ID	Domestic Relations	Drug Task Force	DA Special Investigations	DA Grants	Sheriff Public Safety Training
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	911,757	73,300	-	1,248	-
Charges for services	32,832	10,413	10,413	44,732	-	32,201	-	-
Interest income	3	7	2	4,525	-	5	-	-
Other revenue	-	-	-	-	4,900	-	-	1,551
Total Revenues	32,835	10,420	10,415	961,014	78,200	32,206	1,248	1,551
Expenditures								
Current operating:								
General government	24,272	7,783	10,000	-	-	-	-	-
Judicial	-	-	-	922,880	89,942	22,530	1,248	951
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	24,272	7,783	10,000	922,880	89,942	22,530	1,248	951
Excess (deficiency) of revenues over expenditures	8,563	2,637	415	38,134	8,258	9,676	-	600
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	(5,000)	5,000	-	1,000
Transfers out	-	-	-	-	-	(3,000)	-	-
Total other financing sources (uses)	-	-	-	(5,000)	(5,000)	2,000	-	1,000
Net change in fund balance	8,563	2,637	415	38,134	3,258	11,676	-	1,600
Fund balance (deficit), beginning of year	17,080	27,789	-	837,626	(2,152)	5,120	-	3,419
Fund balance (deficit), end of year	\$ 25,643	\$ 30,426	\$ 415	\$ 875,760	\$ 1,106	\$ 16,796	\$ -	\$ 5,019

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant
Revenues								
Taxes, Hotel	\$ -	\$ -	427,990	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	3,914	531,523
Charges for services	17,787	300	-	7,841	41,787	48,972	-	-
Interest income	145	2	6	1	2	7	3	-
Other revenue	40,000	-	-	-	9,018	25,162	-	-
Total Revenues	57,912	302	427,996	7,842	50,807	74,141	3,917	531,523
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	15,234	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	436,424	9,334	46,094	56,264	-	-
Conservation and development	-	-	-	-	-	-	4,413	513,519
Debt service	-	-	-	-	-	-	-	-
Principal	1,971	-	-	-	-	-	-	-
Interest	131	-	-	-	-	-	-	-
Capital outlay	15,220	-	-	-	-	37,487	-	-
Total Expenditures	32,556	-	436,424	9,334	46,094	93,751	4,413	513,519
Excess (deficiency) of revenues over expenditures	25,356	302	(8,428)	(1,492)	4,713	(19,610)	(596)	18,004
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	10,774	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	10,774	-	-
Net change in fund balance	25,356	302	(8,428)	(1,492)	4,713	(8,836)	(596)	18,004
Fund balance (deficit), beginning of year	36,500	8,485	8,428	5,886	21,805	29,358	13,457	(11,698)
Fund balance (deficit), end of year	61,856	8,787	-	4,094	26,318	20,522	12,861	6,306

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	112,464	-	-	-	146,584	278,408	-	975,460
Charges for services	-	-	69,129	-	-	-	-	-
Interest income	-	1	452	2	-	149	45	8
Other revenue	-	-	33,281	-	-	-	-	-
Total Revenues	112,464	1	102,862	2	146,584	278,557	15	975,468
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	144,269	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	122,365	-	135,165	15,108	-	58,718	-	1,011,500
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	122,365	-	135,165	15,108	144,269	58,718	-	1,011,500
Excess (deficiency) of revenues over expenditures	(9,921)	1	(32,303)	(15,106)	2,315	219,839	15	(38,032)
Other financing sources (uses)								
Amounts loaned to others	-	-	-	12,143	-	-	(118,000)	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	8,000	-	-
Transfers out	-	-	(8,000)	-	-	-	-	(1,992)
Total other financing sources (uses)	-	-	(8,000)	12,143	-	8,000	(118,000)	(1,992)
Net change in fund balance	(9,921)	1	(40,303)	(2,963)	2,315	227,839	(117,985)	(38,024)
Fund balance (deficit), beginning of year	26,680	1,048	276,787	12,349	(2,315)	137,728	155,064	40,555
Fund balance (deficit), end of year	\$ 16,759	\$ 1,049	\$ 236,484	\$ 9,386	\$ -	\$ 365,567	\$ 37,079	\$ 2,531

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	SPC Team PA	Keystone Innovation Zone	Enterprise Zone	Planning Fund	Indiana County Code Division	Liquid Fuels	Health and Human Services Sub-Committee	Homeless Assistance Program	Total
Revenues									
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 427,990
Intergovernmental revenue	-	-	-	12,500	-	636,951	-	111,554	6,398,564
Charges for services	-	-	-	-	133,564	-	36,873	-	1,131,266
Interest income	6	-	1,623	2	82	4,732	5	9	12,078
Other revenue	-	-	-	-	375	-	-	-	126,135
Total Revenues	6	1,623	1,623	12,502	134,021	541,683	36,878	111,563	8,096,033
Expenditures									
Current operating:									
General government	9,182	-	-	11,847	72,183	-	-	-	176,254
Judicial	-	-	-	-	-	-	-	-	1,032,785
Public safety	-	-	-	-	-	-	34,602	-	1,164,201
Public works	-	-	-	-	-	342,133	-	-	342,133
Human services	-	-	-	-	-	-	-	90,838	2,365,696
Culture and recreation	-	-	-	-	-	-	-	-	548,116
Conservation and development	-	2,000	1,732	-	-	-	-	-	1,864,540
Debt service	-	-	-	-	-	-	-	-	24,065
Principal	-	-	-	-	-	-	-	-	1,494
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	116,562	-	-	177,504
Total Expenditures	9,182	2,000	1,732	11,847	72,183	458,695	34,602	90,838	7,696,788
Excess (deficiency) of revenues over expenditures	(9,176)	(2,000)	(109)	655	61,838	82,988	2,276	20,725	399,245
Other financing sources (uses)									
Amounts loaned to others	-	-	-	-	-	-	-	-	(105,857)
Amounts received from loans	-	-	30,501	-	-	-	-	-	30,501
Disposal of fixed assets	-	-	-	-	-	-	-	-	10,774
Transfers in	-	1,993	-	-	-	-	2,000	-	53,985
Transfers out	-	-	-	-	-	-	-	-	(45,180)
Total other financing sources (uses)	-	1,993	30,501	-	-	-	2,000	-	(65,777)
Net change in fund balance	(9,176)	(7)	30,392	655	61,838	82,988	4,276	20,725	343,466
Fund balance (deficit), beginning of year	30,682	7	1,150,636	7,742	190,469	1,571,206	7,768	-	4,988,321
Fund balance (deficit), end of year	\$ 21,506	\$ -	\$ 1,181,028	\$ 8,397	\$ 252,307	\$ 1,654,194	\$ 12,064	\$ 20,725	\$ 5,331,789

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2012

Assets	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Current Assets:			
Cash and cash equivalents	\$ 170,795	\$ 1,333,000	\$ 1,503,795
Restricted cash and cash equivalents	1,427,112	-	1,427,112
Accounts Receivable	842,153	279,376	1,121,529
Prepaid expenses and other current assets	24,310	37,482	61,792
Inventories	-	54,901	54,901
Total current assets	2,464,370	1,704,759	4,169,129
Noncurrent assets:			
Capital Assets (net of accumulated depreciation)	83,470,703	31,630,422	115,101,125
Intangible Assets	-	1,684,544	1,684,544
Bond Issuance Costs	376,869	-	376,869
Trustee held funds	-	49,393	49,393
Total noncurrent assets	83,847,572	33,364,359	117,211,931
Total assets	\$ 86,311,942	\$ 35,069,118	\$ 121,381,060
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	\$ 286,452	\$ 2,671,048	\$ 2,957,500
Accrued Expenses	62,197	128,998	191,195
Accrued Interest Payable	148,445	40,762	189,207
Current portion of long-term debt	1,889,507	589,209	2,478,716
Current portion of capital lease	28,114	-	28,114
Line of credit	390,325	-	390,325
Total current liabilities	2,805,040	3,430,017	6,235,057
Noncurrent liabilities:			
Capital lease	43,279	-	43,279
Long-term debt	50,998,194	13,210,443	64,208,637
Total noncurrent liabilities	51,041,473	13,210,443	64,251,916
Total Liabilities	53,846,513	16,640,460	70,486,973
Net Position			
Invested in Capital Assets, net of related debt	30,740,033	13,434,153	44,174,186
Restricted per bond indenture	1,007,394	-	1,007,394
Restricted for construction	419,718	-	419,718
Unrestricted	298,284	4,994,505	5,292,789
Total net position	32,465,429	18,428,658	50,894,087
Total liabilities and net position	\$ 86,311,942	\$ 35,069,118	\$ 121,381,060

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Operating Revenues			
Charges for services	\$ 5,114,682	\$ 2,821,010	\$ 7,935,692
Other revenue	<u>580,234</u>	<u>483,535</u>	<u>1,063,769</u>
Total Operating Revenues	<u>5,694,916</u>	<u>3,304,545</u>	<u>8,999,461</u>
Operating Expenses			
General and administration	360,076	491,082	851,158
Operating costs	2,573,830	1,314,389	3,888,219
Depreciation and amortization	<u>2,635,127</u>	<u>1,150,541</u>	<u>3,785,668</u>
Total Operating Expenses	<u>5,569,033</u>	<u>2,956,012</u>	<u>8,525,045</u>
Operating Income	125,883	348,533	474,416
Nonoperating Revenues (Expenses)			
Interest Income	192	-	192
Contributed Capital	-	2,125,570	2,125,570
Interest Expense	(1,113,679)	(282,169)	(1,395,848)
Grants for construction	<u>4,433,487</u>	<u>-</u>	<u>4,433,487</u>
Total Nonoperating Revenues (Expenses)	<u>3,320,000</u>	<u>1,843,401</u>	<u>5,163,401</u>
Changes in Net Position	<u>3,445,883</u>	<u>2,191,934</u>	<u>5,637,817</u>
Net Position - Beginning of Year	29,019,546	16,236,724	45,256,270
Net Position - End of Year	<u>\$ 32,465,429</u>	<u>\$ 18,428,658</u>	<u>\$ 50,894,087</u>