

COUNTY OF INDIANA, PENNSYLVANIA

INDIANA, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

REISSUED

COUNTY OF INDIANA, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2013

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Statement of Fiduciary Net Position - Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Employee Retirement Fund	27
Notes to Financial Statements	28-60
Required Supplemental Information	
Employee Retirement Plan – Schedule of Employer Contributions and Funding Progress	62
Budgetary Comparison Schedule – General Fund	63
Other Supplemental Information	
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66
Combining Balance Sheet – Nonmajor Special Revenue Funds	67-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	73-78
Combining Statement of Net Position – Discrete Component Units	79
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position – Discrete Component Units	80

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, 2013, 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

Harrisburg

830 Sir Thomas Court, Suite 100
Harrisburg, PA 17109
717.561.9200 Fax 717.561.9202

Philadelphia

2370 York Road, Suite A-5
Jamison, PA 18929
215.918.2277 Fax 215.918.2302

Pittsburgh

3800 McKnight E. Drive, Suite 3805
Pittsburgh, PA 15237
412.367.7102 Fax 412.367.7103

Zelenkofske Axelrod LLC

County Commissioners
County of Indiana
Page 2

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, 2013, 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 2013 the COUNTY OF INDIANA adopted the provisions of Governmental Accounting Standards Board's Statement No. 61 "*The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*," the provisions of Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," and the provisions of Statement No. 66, "*Technical Corrections – 2012- An Amendment of GASB Statements No. 10 and No. 62*".

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.

Zelenkofske Axelrod LLC

County Commissioners
County of Indiana
Page 3

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 26, 2014
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013

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, 2013. 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

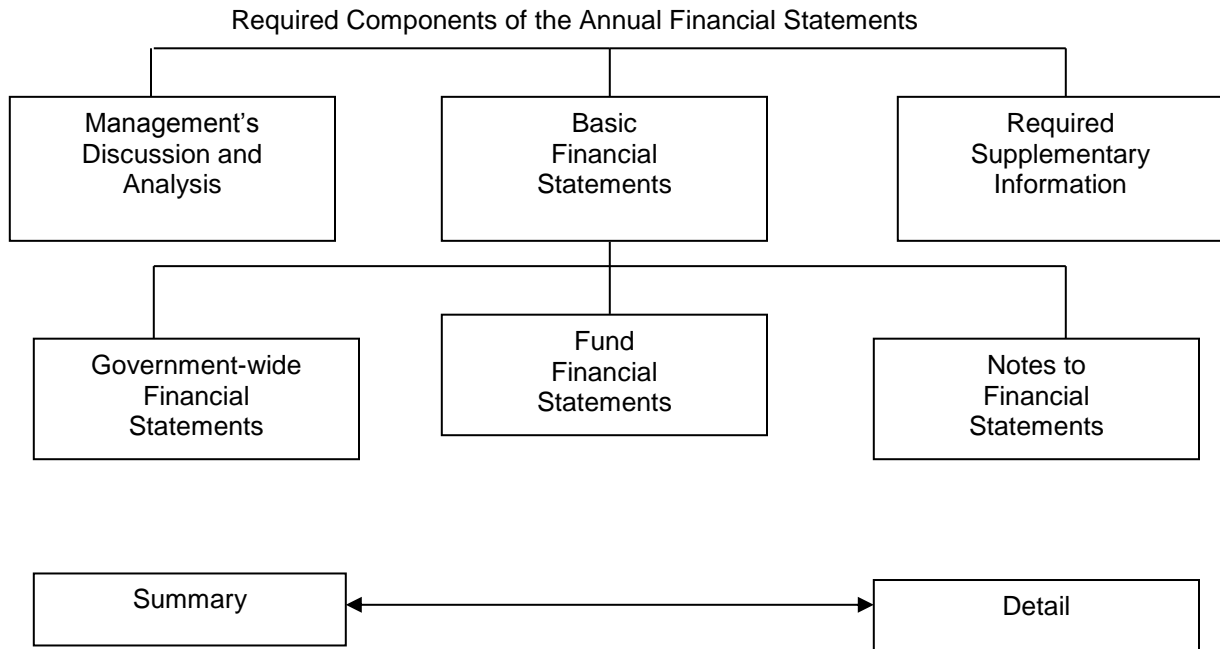
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the 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, 2013**

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

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		
		<u>Governmental</u>	<u>Proprietary</u>	<u>Fiduciary</u>
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, 2013

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, 2013

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, 2013**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY's total assets were \$126,764,159 at December 31, 2013. Of this amount, \$82,812,263 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 – 2013/2012

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-	Business-	Total	Total
	Activities	Activities	type	type		
	Activities	Activities	Activities	Activities	Total	Total
Capital Assets	\$ 81,177,288	\$ 78,082,826	\$ 1,634,975	\$ 1,778,045	\$ 82,812,263	\$ 79,860,871
Other Assets	40,011,570	37,174,057	3,930,547	4,500,303	43,942,117	41,674,360
Total Assets	<u>\$ 121,188,858</u>	<u>\$ 115,256,883</u>	<u>\$ 5,565,522</u>	<u>\$ 6,278,348</u>	<u>\$ 126,754,380</u>	<u>\$ 121,535,231</u>
Current Liabilities	\$ 6,628,550	\$ 6,471,915	\$ 746,614	\$ 908,805	\$ 7,375,164	\$ 7,380,720
Long-term Liabilities	57,093,661	57,531,877	884,077	1,305,262	57,977,738	58,837,139
Total Liabilities	<u>\$ 63,722,211</u>	<u>\$ 64,003,792</u>	<u>\$ 1,630,691</u>	<u>\$ 2,214,067</u>	<u>\$ 65,352,902</u>	<u>\$ 66,217,859</u>
Net Position:						
Net Investment In Capital Assets	\$ 31,602,572	\$ 28,026,379	\$ 326,400	\$ 61,601	\$ 31,928,972	\$ 28,087,980
Restricted Net Position	8,139,757	8,270,925	63,719	77,290	8,203,476	8,348,215
Unrestricted Net Position	17,724,318	14,955,787	3,544,712	3,925,390	21,269,030	18,881,177
Total Net Position	<u>\$ 57,466,647</u>	<u>\$ 51,253,091</u>	<u>\$ 3,934,831</u>	<u>\$ 4,064,281</u>	<u>\$ 61,401,478</u>	<u>\$ 55,317,372</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Change in Net Position

The following statement of activities represents the change in net position for the year ended December 31, 2013. 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					
	2013 Governmental Activities	2012 Governmental Activities	2013 Business-type Activities	2012 Business-type Activities	2013 Total	2012 Total
Program Revenues:						
Charges for Services	\$ 5,066,865	\$ 5,084,341	\$ 9,213,044	\$ 9,232,480	\$ 14,279,909	\$ 14,316,821
Grants and Contributions	16,035,993	20,449,374	-	-	16,035,993	20,449,374
General Revenues:						
Property Taxes	21,595,465	18,741,529	-	-	21,595,465	18,741,529
Hotel Taxes	378,385	427,990	-	-	378,385	427,990
Unrestricted						
Investment Earnings	75,906	75,584	875	4,839	76,781	80,423
Transfers	586,016	407,071	(586,016)	(407,071)	-	-
Miscellaneous Revenue	175,132	210,199	3,727	3,567	178,859	213,766
Gain/(Loss) on disposal of assets	254	10,914	-	-	254	10,914
Total Revenues	<u>\$ 43,914,016</u>	<u>\$ 45,407,002</u>	<u>\$ 8,631,630</u>	<u>\$ 8,833,815</u>	<u>\$ 52,545,646</u>	<u>\$ 54,240,817</u>
Expenses:						
General Government - Administrative	\$ 6,721,125	\$ 6,067,509	\$ -	\$ -	\$ 6,721,125	\$ 6,067,509
General Government - Judicial	6,310,687	6,087,990	-	-	6,310,687	6,087,990
Public Safety	11,306,455	10,659,488	-	-	11,306,455	10,659,488
Public Works	703,393	822,684	-	-	703,393	822,684
Human Services	8,032,307	9,740,383	8,761,080	8,453,722	16,793,387	18,194,105
Culture and Recreation	1,214,565	1,243,863	-	-	1,214,565	1,243,863
Conservation and Development	1,585,890	2,153,913	-	-	1,585,890	2,153,913
Interest on Long-Term Debt	1,826,038	1,681,557	-	-	1,826,038	1,681,557
Total Expenses	<u>37,700,460</u>	<u>38,457,387</u>	<u>8,761,080</u>	<u>8,453,722</u>	<u>46,461,540</u>	<u>46,911,109</u>
Change in Net Position	<u>6,213,556</u>	<u>6,949,615</u>	<u>(129,450)</u>	<u>380,093</u>	<u>6,084,106</u>	<u>7,329,708</u>
Net Position - January 1	<u>51,253,091</u>	<u>44,303,476</u>	<u>4,064,281</u>	<u>3,684,188</u>	<u>55,317,372</u>	<u>47,987,664</u>
Net Position - December 31	<u>\$ 57,466,647</u>	<u>\$ 51,253,091</u>	<u>\$ 3,934,831</u>	<u>\$ 4,064,281</u>	<u>\$ 61,401,478</u>	<u>\$ 55,317,372</u>

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

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 2013, property and per capita taxes brought in \$21,595,465.

Net Cost of Governmental and Business-type Activities

	2013 Total Cost of Services	2012 Total Cost of Services	2013 Net Cost of Services	2012 Net Cost of Services
Program:				
General Government-Administrative	\$ 6,721,125	\$ 6,067,509	\$ (4,821,618)	\$ (4,044,577)
General Government-Judicial	6,310,687	6,087,990	(2,971,878)	(3,243,450)
Public Safety	11,306,455	10,659,488	(7,983,839)	(6,815,596)
Public Works	703,393	822,684	3,021,644	5,482,630
Human Service	8,032,307	9,740,383	(837,363)	(1,338,280)
Culture and Recreation	1,214,565	1,243,863	(1,096,029)	(1,112,227)
Conservation and Development	1,585,890	2,153,913	(82,481)	(170,615)
Interest on Long-Term Debt	1,826,038	1,681,557	(1,826,038)	(1,681,557)
Communities at Indian Haven	<u>8,761,080</u>	<u>8,453,722</u>	<u>451,964</u>	<u>778,758</u>
Total	<u>\$ 46,461,540</u>	<u>\$ 46,911,109</u>	<u>\$ (16,145,638)</u>	<u>\$ (12,144,914)</u>

The COUNTY relied on property taxes and other general revenues to fund 35.5% of its governmental and business-type activities in 2013.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Capital Assets

The COUNTY's investment in capital assets at December 31, 2013, net of accumulated depreciation, was \$82,812,263. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2013:

Capital Assets

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
Land	\$ 2,016,564	\$ 1,846,994	\$ -	\$ -	\$ 2,016,564	\$ 1,846,994
Building and Improvements	64,963,093	42,745,379	4,307,645	4,252,176	69,270,738	46,997,555
Equipment and machinery	10,424,634	9,611,201	3,406,472	3,338,063	13,831,106	12,949,264
Construction in Progress	13,511,724	32,560,977	-	-	13,511,724	32,560,977
Infrastructure	18,235,428	17,474,905	-	-	18,235,428	17,474,905
Capitalized Interest	-	-	165,318	165,318	165,318	165,318
Accumulated Depreciation	<u>(27,974,155)</u>	<u>(26,156,630)</u>	<u>(6,244,460)</u>	<u>(5,977,512)</u>	<u>(34,218,615)</u>	<u>(32,134,142)</u>
Total Net Capital Assets	<u>\$ 81,177,288</u>	<u>\$ 78,082,826</u>	<u>\$ 1,634,975</u>	<u>\$ 1,778,045</u>	<u>\$ 82,812,263</u>	<u>\$ 79,860,871</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, 2013**

Debt Administration

At December 31, 2013, the COUNTY had \$60,693,183 of debt outstanding. Debt increased 1% from the previous year. The following is a summary of debt obligations for the 2013 year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds and Notes Payable:					
General Obligation Notes	\$ 59,758,309	\$ 11,383,129	\$ (11,851,113)	\$ 59,290,325	\$ 2,940,390
Total Bonds and Notes Payable	<u>59,758,309</u>	<u>11,383,129</u>	<u>(11,851,113)</u>	<u>59,290,325</u>	<u>2,940,390</u>
Other Liabilities:					
Capital Lease Obligations	182,333	-	(88,050)	94,283	60,867
Compensated Absences	<u>705,108</u>	<u>5,202</u>	<u>-</u>	<u>710,310</u>	<u>-</u>
Total Other Liabilities	<u>887,441</u>	<u>5,202</u>	<u>(88,050)</u>	<u>804,593</u>	<u>60,867</u>
Governmental Activities					
Long-Term Liabilities	<u>60,645,750</u>	<u>11,388,331</u>	<u>(11,939,163)</u>	<u>60,094,918</u>	<u>3,001,257</u>
<u>Business-Type Activities</u>					
General Obligation Notes	\$ 1,716,444	\$ -	\$ (407,869)	\$ 1,308,575	\$ 424,498
Business-Type Activities					
Long-Term Liabilities	<u>\$ 1,716,444</u>	<u>\$ -</u>	<u>\$ (407,869)</u>	<u>\$ 1,308,575</u>	<u>\$ 424,498</u>

During 2013, the County drew approximately \$2.4 million on General Obligation Note Series E of 2012 to fund capital projects, and also refinanced General Obligation Note Series B of 2010 and General Obligation Note Series C of 2010. 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, 2013

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Revenues:		
Taxes	\$ 21,694,643	\$ 18,941,839
Intergovernmental Revenues	16,035,992	20,449,374
Charges for Services	5,066,864	5,110,177
Interest	43,442	43,120
Other	175,132	210,199
Debt Proceeds	10,783,180	47,963,888
Amounts Received from Loans	717,082	767,077
Disposal of Fixed Assets	6,170	15,762
Capital Lease Proceeds	-	83,046
Operation Transfers In	<u>678,599</u>	<u>900,892</u>
Total Revenues	<u>\$ 55,201,104</u>	<u>\$ 94,485,374</u>

There are several factors relating to increases/decreases in revenues from 2012 to 2013. Tax revenue increased \$2,752,804 primarily due to a 5.0 millage increase. Debt proceeds decreased due to differing refinancing amounts from 2012 versus 2013. There were no new capital leases in 2013.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Expenditures:		
General Government- Administrative	\$ 5,822,739	\$ 5,132,678
General Government-Judicial	6,359,415	6,123,417
Public Safety	11,264,854	17,582,181
Public Works	3,458,934	693,116
Human Services	8,052,188	9,697,123
Culture and Recreation	1,083,637	1,103,234
Conservation and Development	1,678,629	2,151,737
Debt Service	4,336,309	2,457,757
Capital Outlay	553,631	4,703,387
Payment to Escrow Agent for Debt Refunding	9,266,540	41,950,000
Amounts Loaned to Others	1,910,714	150,741
Operating Transfers Out	<u>92,583</u>	<u>493,821</u>
Total Expenditures	<u>\$ 53,880,173</u>	<u>\$ 92,239,192</u>

Payment to Escrow Agent for Debt Refunding decrease is due to refinancing notes in December 2012. Public Safety decreased primarily due to 911 upgrade project in final stages of completion. Public Works increased primarily due to airport capital project. Debt service decreased due to refinancing notes.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending balances for governmental funds and net position for proprietary funds at December 31, 2013 and 2012 were as follows:

<u>Fund</u>	<u>2013 Governmental Funds</u>	<u>2012 Governmental Funds</u>	<u>2013 Proprietary Funds</u>	<u>2012 Proprietary Funds</u>
General Fund	\$ 9,341,780	\$ 7,358,717	\$ -	\$ -
Medical Assistance Transportation	49,736	148,457	-	-
Community Program for Restoration	293,988	277,009	-	-
Revolving Loan	1,003,482	1,807,860	-	-
Airport Construction	(120,055)	74,885	-	-
Nonmajor Governmental Funds	6,014,870	5,595,942	-	-
Communities at Indian Haven	-	-	3,934,831	4,064,281
Total	<u>\$ 16,583,801</u>	<u>\$ 15,262,870</u>	<u>\$ 3,934,831</u>	<u>\$ 4,064,281</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, 2013**

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 2013 general fund budget can be found in Required Supplemental Information.

Overall the COUNTY had a favorable variance of \$6,701,849 for actual results in comparison to budget. Numerous factors went in to these results. Revenue had a positive variance of \$963,143 due mainly to increased governmental grants. Expenditures had a positive variance of \$5,773,135 for actual results in comparison to budget, largely resulting from the debt refinancing.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The COUNTY has refinanced debt to reposition cash flow since the COUNTY is at the 30 mill real estate tax cap for operations. Countywide tax reassessment has begun to address this issue as well as create fairness to all taxpayers of Indiana County. Health care costs will be a challenge for the 2015 Budget due to the Affordable Care Act and contract negotiations.

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, 2013

Assets	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and Cash Equivalents	\$ 11,880,856	\$ 1,559,628	\$ 13,440,484	\$ 1,416,036
Investments	1,131,578	-	1,131,578	-
Restricted Assets				
Cash and Cash Equivalents	-	63,719	63,719	1,437,400
Resident's Cash	-	35,683	35,683	-
Receivables (Net, where applicable, of Allowance for Uncollectibles)				
Accounts	439,930	1,550,830	1,990,760	940,692
Taxes	2,206,208	-	2,206,208	-
Loans	13,800,201	-	13,800,201	-
Due From Other Governments	4,755,401	-	4,755,401	249,797
Prepaid Assets	-	28,941	28,941	-
Inventory	-	-	-	61,624
Net Pension Asset	4,551,015	1,277,795	5,828,810	-
Other Assets	660,332	-	660,332	397,554
Internal Balances	586,049	(586,049)	-	-
Trustee Held Funds	-	-	-	199,402
Intangible Assets	-	-	-	1,582,391
Capital Assets: (Net)				
Depreciable	65,649,000	1,634,975	67,283,975	114,707,464
Non-depreciable	15,528,288	-	15,528,288	-
Total Assets	\$ 121,188,858	\$ 5,565,522	\$ 126,754,380	\$ 120,992,360
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 2,307,783	\$ 194,023	\$ 2,501,806	\$ 315,646
Accrued Expenses	867,464	84,297	951,761	209,811
Unearned Revenues	34,002	-	34,002	-
Due to Other Governments	277,936	-	277,936	-
Funds Held in Fiduciary Capacity	-	35,683	35,683	-
Accrued Interest Payable on Debt	140,108	8,113	148,221	192,572
Line of Credit	-	-	-	246,384
Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	2,940,390	424,498	3,364,888	2,989,857
Capital Lease Payable	60,867	-	60,867	45,525
Non-Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	56,349,935	884,077	57,234,012	65,263,095
Capital Lease Payable	33,416	-	33,416	79,448
Compensated Absences	710,310	-	710,310	-
Total Liabilities	63,722,211	1,630,691	65,352,902	69,342,338
Net Position				
Net Investment in Capital Assets	31,602,572	326,400	31,928,972	44,553,963
Restricted Net Position				
Program Purposes	8,138,056	-	8,138,056	-
Bond Indenture	-	-	-	1,120,243
Capital projects	-	63,719	63,719	317,157
Unrestricted	17,726,019	3,544,712	21,270,731	5,658,659
Total Net Position	\$ 57,466,647	\$ 3,934,831	\$ 61,401,478	\$ 51,650,022

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

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	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
General Government - Administrative	\$ 6,721,125	\$ 1,358,182	\$ 541,325	\$ -	\$ (4,821,618)	\$ -	\$ (4,821,618)	
General Government - Judicial	6,310,687	1,607,896	1,730,913	-	(2,971,878)	-	(2,971,878)	
Public Safety	11,306,455	1,745,290	1,577,326	-	(7,983,839)	-	(7,983,839)	
Public Works	703,393	-	882,560	2,842,477	3,021,644	-	3,021,644	
Human Services	8,032,307	146,774	7,048,170	-	(837,363)	-	(837,363)	
Culture and Recreation	1,214,565	88,229	30,307	-	(1,096,029)	-	(1,096,029)	
Conservation and Development	1,585,890	120,494	1,382,915	-	(82,481)	-	(82,481)	
Interest on Long-Term Debt	1,826,038	-	-	-	(1,826,038)	-	(1,826,038)	
Total Governmental Activities	37,700,460	5,066,865	13,193,516	2,842,477	(16,597,602)	-	(16,597,602)	
Business-Type Activities:								
Communities at Indian Haven	8,761,080	9,213,044	-	-	-	451,964	451,964	
Total Business-Type Activities	8,761,080	9,213,044	-	-	-	451,964	451,964	
Total Primary Government	\$ 46,461,540	\$ 14,279,909	\$ 13,193,516	\$ 2,842,477	\$ (16,597,602)	\$ 451,964	\$ (16,145,638)	
Component Units:								
Indiana County Municipal Services Authority	\$ 6,733,167	\$ 5,749,942	\$ -	\$ 755,554				\$ (227,671)
Highridge Water Authority	3,283,408	2,700,302	-	-				(583,106)
Total Component Units	\$ 10,016,575	\$ 8,450,244	\$ -	\$ 755,554				\$ (810,777)
General Revenues:								
Taxes:								
Property					21,595,465	-	21,595,465	-
Hotel Taxes					378,385	-	378,385	-
Unrestricted investment earnings					75,906	875	76,781	230
Gain From Sale of Assets					254	-	254	176,154
Miscellaneous					175,132	3,727	178,859	965,643
Contributed Capital					-	-	-	424,685
Transfers					586,016	(586,016)	-	-
Total General Revenues					22,811,158	(581,414)	22,229,744	1,566,712
Change in Net Position					6,213,556	(129,450)	6,084,106	755,935
Net Position - Beginning (as restated, Note 17)					51,253,091	4,064,281	55,317,372	50,894,087
Net Position - Ending					\$ 57,466,647	\$ 3,934,831	\$ 61,401,478	\$ 51,650,022

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

COUNTY OF INDIANA, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	Medical Assistance Transportation	Community Program for Restoration	Revolving Loan Fund	Airport Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 4,416,004	\$ 180,270	\$ 302,805	\$ 1,016,723	\$ 95,266	\$ 5,869,788	\$ 11,880,856
Investments	-	-	2,531	-	-	1,129,047	1,131,578
Receivables:							
Taxes	2,206,208	-	-	-	-	-	2,206,208
Other governmental grants	2,480,052	27,340	-	-	1,689,895	558,114	4,755,401
Other	548,755	-	-	9,000	-	79,571	637,326
Loans	11,226,083	-	1,408,207	941,517	-	224,394	13,800,201
Due from other funds	3,615,565	-	52	-	-	26,270	3,641,887
Other assets	642,130	1,118	-	-	-	17,084	660,332
Total assets	<u>\$ 25,134,797</u>	<u>\$ 208,728</u>	<u>\$ 1,713,595</u>	<u>\$ 1,967,240</u>	<u>\$ 1,785,161</u>	<u>\$ 7,904,268</u>	<u>\$ 38,713,789</u>
<u>Liabilities</u>							
Accounts Payable	\$ 1,707,814	\$ 93,887	\$ 11,400	\$ 576	\$ 156,839	\$ 337,267	\$ 2,307,783
Accrued liabilities	791,388	-	-	-	76,076	-	867,464
Due to other funds	3,253	31,103	-	21,665	1,672,301	1,327,737	3,056,059
Due to other governments	277,936	-	-	-	-	-	277,936
Unearned revenues	-	34,002	-	-	-	-	34,002
Deferred loans receivable	11,226,083	-	1,408,207	941,517	-	224,394	13,800,201
Total liabilities	<u>14,006,474</u>	<u>158,992</u>	<u>1,419,607</u>	<u>963,758</u>	<u>1,905,216</u>	<u>1,889,398</u>	<u>20,343,445</u>
<u>Deferred Inflows of Resources</u>							
Unavailable Revenue - Property Taxes	<u>1,786,543</u>	-	-	-	-	-	<u>1,786,543</u>
Total Deferred Inflows of Resources	<u>1,786,543</u>	-	-	-	-	-	<u>1,786,543</u>
<u>Fund Balances</u>							
Reserved							
Nonspendable	642,129	-	-	-	-	17,084	659,213
Restricted	765,547	49,736	293,988	1,003,482	-	6,025,303	8,138,056
Assigned	2,111,159	-	-	-	-	-	2,111,159
Unassigned	5,822,945	-	-	-	(120,055)	(27,517)	5,675,373
Total fund balances	<u>9,341,780</u>	<u>49,736</u>	<u>293,988</u>	<u>1,003,482</u>	<u>(120,055)</u>	<u>6,014,870</u>	<u>16,583,801</u>
Total liabilities and fund balances	<u>\$ 25,134,797</u>	<u>\$ 208,728</u>	<u>\$ 1,713,595</u>	<u>\$ 1,967,240</u>	<u>\$ 1,785,161</u>	<u>\$ 7,904,268</u>	<u>\$ 38,713,789</u>

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, 2013

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

Total fund balances of governmental funds		\$ 16,583,801
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$109,151,443 and the accumulated depreciation is \$27,974,155.		81,177,288
Revenues not available to pay for current period expenditures and therefore reported as unearned revenue in the funds:		
Loans Receivable	12,647,814	
Installment Sales of County Property	1,152,608	
Real estate taxes	1,786,543	15,586,965
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds:		4,551,015
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.		(197,396)
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	(59,290,325)	
Accrued interest on long-term debt	(140,108)	
Capital Lease Payable	(94,283)	
Compensated absences	(710,310)	(60,235,026)
Total net position of governmental activities		<u>\$ 57,466,647</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, 2013

	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	\$ 21,316,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,316,258
Taxes, Hotel	-	-	-	-	-	378,385	378,385
Intergovernmental revenue	6,957,083	1,161,652	-	-	2,842,477	5,074,780	16,035,992
Charges for services	645,350	-	-	24,860	-	952,315	1,622,525
Departmental charges	3,444,339	-	-	-	-	-	3,444,339
Interest income	35,493	99	40	40	21	7,749	43,442
Other revenue	78,190	-	54,907	-	-	42,035	175,132
Total Revenues	32,476,713	1,161,751	54,947	24,900	2,842,498	6,455,264	43,016,073
Expenditures							
Current operating:							
General government	5,621,121	-	-	-	-	201,618	5,822,739
Judicial	5,309,902	-	-	-	-	1,049,513	6,359,415
Public safety	10,198,703	-	-	-	-	1,066,151	11,264,854
Public works	270,596	-	-	-	3,037,438	150,900	3,458,934
Human services	5,446,678	1,260,472	-	-	-	1,345,038	8,052,188
Culture and recreation	613,453	-	-	-	-	470,184	1,083,637
Conservation and development	220,107	-	74,026	22,847	-	1,361,649	1,678,629
Debt service							
Principal	2,541,935	-	-	-	-	42,638	2,584,573
Interest	1,750,746	-	-	-	-	990	1,751,736
Capital outlay	-	-	-	-	-	553,631	553,631
Total Expenditures	31,973,241	1,260,472	74,026	22,847	3,037,438	6,242,312	42,610,336
Excess (deficiency) of revenues over expenditures	503,472	(98,721)	(19,079)	2,053	(194,940)	212,952	405,737
Other financing sources (uses)							
Proceeds from long term debt	10,783,180	-	-	-	-	-	10,783,180
Payments to Escrow Agent for Debt Refunding	(9,266,540)	-	-	-	-	-	(9,266,540)
Proceeds from capital lease	-	-	-	-	-	-	-
Amounts received from loans	446,333	-	36,058	93,569	-	141,122	717,082
Disposal of fixed assets	6,170	-	-	-	-	-	6,170
Transfers in	586,016	-	-	-	-	92,583	678,599
Amounts loaned to others	(1,010,714)	-	-	(900,000)	-	-	(1,910,714)
Transfers out	(64,854)	-	-	-	-	(27,729)	(92,583)
Total other financing sources (uses)	1,479,591	-	36,058	(806,431)	-	205,976	915,194
Net change in fund balance	1,983,063	(98,721)	16,979	(804,378)	(194,940)	418,928	1,320,931
Fund balance (deficit), beginning of year	7,358,717	148,457	277,009	1,807,860	74,885	5,595,942	15,262,870
Fund balance, end of year	\$ 9,341,780	\$ 49,736	\$ 293,988	\$ 1,003,482	\$ (120,055)	\$ 6,014,870	\$ 16,583,801

The accompanying notes are in 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, 2013

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

Net Change in fund balances - total governmental funds	\$	1,320,931
<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	5,007,078	
Loss on assets disposed	(5,916)	
Depreciation expense	<u>(1,912,396)</u>	3,088,767
<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	(11,383,129)	
Change in interest payable on long-term debt	(74,302)	
Principal repayments and payments to escrow agent for debt refunding	<u>11,851,113</u>	393,682
<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	88,050	
New capital assets acquired through capital leases	<u>-</u>	88,050
<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	1,910,714	
Amounts received from loans	<u>(717,082)</u>	1,226,096
Governmental funds do not report the changes in compensated absences:		(5,202)
<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>		599,949
<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	1,786,543	
Prior year	<u>(1,507,334)</u>	279,209
<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>(777,925)</u>
Changes in net position of governmental activities	\$	<u><u>6,213,556</u></u>

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2013

Assets	Business-Type Activities - Enterprise Fund <u>The Communities at Indian Haven</u>
Current Assets:	
Cash and cash equivalents	\$ 1,559,628
Resident's cash	35,683
Accounts Receivable	1,550,830
Prepaid expenses and other current assets	<u>28,941</u>
Total current assets	<u>3,175,082</u>
Noncurrent assets:	
Cash, funded depreciation	63,719
Pension Asset	1,277,795
Capital Assets (net of accumulated depreciation of \$6,244,460)	<u>1,634,975</u>
Total noncurrent assets	<u>2,976,489</u>
Total assets	<u><u>6,151,571</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 194,023
Accrued expenses	84,297
Due to other funds	586,049
Funds held in Fiduciary Capacity	35,683
Accrued interest payable	8,113
Current portion of long-term debt	<u>424,498</u>
Total current liabilities	<u>1,332,663</u>
Noncurrent liabilities:	
Notes payable	<u>884,077</u>
Total noncurrent liabilities	<u>884,077</u>
Total liabilities	<u>2,216,740</u>
Net Position	
Net investment in capital assets	326,400
Restricted	63,719
Unrestricted	<u>3,544,712</u>
Total net position	<u>3,934,831</u>
Total liabilities and net position	<u><u>\$ 6,151,571</u></u>

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, 2013

	Business-Type Activities - Enterprise Fund <hr/> The Communities at Indian Haven <hr/>
Operating Revenues	
Receipts from Providing Services	\$ 9,213,044
Other Revenue	<u>3,727</u>
Total Operating Revenues	<u>9,216,771</u>
Operating Expenses	
Human Services	8,440,350
Depreciation and amortization	<u>269,767</u>
Total Operating Expenses	<u>8,710,117</u>
Operating Loss	506,654
Nonoperating Revenues (Expenses)	
Interest Income	875
Interest Expense	<u>(50,963)</u>
Total Nonoperating Expenses	<u>(50,088)</u>
Excess of revenues under expenditures	456,566
Transfers to other funds	<u>(586,016)</u>
Total other financing uses	<u>(586,016)</u>
Change in Net Position	(129,450)
Net Position - Beginning of Year	<u>4,064,281</u>
Net Position - End of Year	<u>\$ 3,934,831</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, 2013

	2013
Cash flows from operating activities	
Cash received from residents	\$ 9,047,462
Other receipts	3,727
Cash paid for goods and services	(7,822,220)
Net cash provided by operating activities	1,228,969
Cash flows from investing activities	
Interest income	875
Net decrease in cash, funded depreciation	13,571
Net cash provided by investing activities	14,446
Cash flows from capital and related financing activities	
Purchase of capital assets	(126,697)
Principal payments on note payable	(407,869)
Interest paid	(54,281)
Net cash used in capital and related financing activities	(588,847)
Cash flows from financing activities	
Transfers to other funds	(586,016)
Net cash used in financing activities	(586,016)
Net increase in cash and cash equivalents	68,552
Beginning cash and cash equivalents	1,491,076
Ending cash and cash equivalents	\$ 1,559,628
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ 506,654
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	269,767
Decrease in pension asset	208,163
Decrease (increase) in assets	
Accounts receivable, net of allowances	(165,582)
Prepaid expenses	(1,812)
Increase (decrease) in liabilities	
Accounts payable	5,774
Accrued expenses	16,669
Due to other funds	389,336
Net cash provided by operating activities	\$ 1,228,969

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

COUNTY OF INDIANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Employee Retirement</u>	<u>Other Agency Funds</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 468,234	\$ 1,338,445	\$ 1,806,679
Investments	<u>41,075,811</u>	<u>104,609</u>	<u>41,180,420</u>
Total Assets	<u>\$ 41,544,045</u>	<u>\$ 1,443,054</u>	<u>\$ 42,987,099</u>
<u>Liabilities</u>			
Liabilities			
Due to other governments	\$ -	\$ 1,213,908	\$ 1,213,908
Funds Held in Fiduciary Capacity	<u>-</u>	<u>229,146</u>	<u>229,146</u>
Total Liabilities	<u>-</u>	<u>1,443,054</u>	<u>1,443,054</u>
<u>Net Position</u>			
Employees' Pension Benefits	<u>41,544,045</u>	<u>-</u>	<u>41,544,045</u>
Total Net Position	<u>\$ 41,544,045</u>	<u>\$ -</u>	<u>\$ 41,544,045</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, 2013

	<u>Employee Retirement Trust Fund</u>
Additions:	
Contributions:	
Employee	\$ <u>775,238</u>
Total Contributions	<u>775,238</u>
Investment Income:	
Net appreciation in Fair Value of Investments	3,849,304
Interest and Dividends	<u>2,747,612</u>
Total Investment Income	6,596,916
Less: Investment Expense	<u>(125,845)</u>
Net Investment Income	<u>6,471,071</u>
Total Additions	<u>7,246,309</u>
Deductions	
Employee Benefits Paid	1,399,201
Members' Contributions Refunded	214,204
Administrative Expenses	<u>21,670</u>
Total Deductions	<u>1,635,075</u>
Net Increase	5,611,234
Net Position Held In Trust For Employees' Pension Benefits: Beginning of Year	<u>35,932,811</u>
End of Year	<u>\$ <u>41,544,045</u></u>

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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").

A) Reporting Entity

The County follows the criteria promulgated by the Governmental Auditing Standards Board ("GASB") No. 61 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, 2013

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, 2013

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

A) Reporting Entity (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, 2013, is as follows:

Assets	\$ <u>1,669,136</u>
Liabilities	\$ <u>1,720,335</u>
Net Position	\$ <u>(51,199)</u>
Revenues	\$ <u>7,513,324</u>
Expenditures	\$ <u>7,525,401</u>
Net (Loss)	\$ <u>(12,077)</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, 2013

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, 2013

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, 2013

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.

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, 2013, 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, 2013

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 \$859,906.

6. 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 and premiums 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.

7. 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, 2013

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

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

8. Unearned Revenues

Unearned revenues are reported in the government-wide and enterprise fund financial statements. Unearned 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.

9. Net Position/Fund Balances

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

- *Net Investment in 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, 2013

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

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

9. 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.

10. 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.

11. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

12. Adoption of Governmental Accounting Standards Board Statements

In November 2010 the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The adoption of this statement had no effect on the financial reporting information of the County.

In March 2012, The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of GASB 65 resulted in the reclassification of deferred inflows of resources, certain items that were previously reported as liabilities.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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

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

12. Adoption of Governmental Accounting Standards Board Statements (Continued)

The County adopted the provisions of GASB Statement No. 66, “*Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*”. The adoption of this statement had no effect on the financial reporting information of the County.

13. Pending Changes in Accounting Principles

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.

In November 2013, the GASB issued Statement No. 71, “*Pension Transition for Contributions made subsequent to the measurement date – amendment of GASB Statement No.68.*” The County is required to adopt Statement No. 71 for its calendar year 2015 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, 2013

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 2013 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, 2013

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 \$250,000.

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 2013, \$366,967 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, 2013

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 2013 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, 2013

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, 2013, the County had the following investments:

	<u>Cost</u>	<u>Market</u>
Governmental Funds		
Total Nonmajor Governmental Funds	\$ 1,131,578	\$ 1,131,578
Certificates of Deposit		
Total Governmental Funds	<u>1,131,578</u>	<u>1,131,578</u>
Fiduciary Funds		
Agency Funds		
Certificates of Deposit	104,352	104,609
Retirement Fund		
U.S. Government Securities	4,670,593	4,577,424
Corporate Bonds	2,971,276	2,960,549
Municipal Bonds	36,035	35,440
Common Stock	2,993,872	3,869,465
Certificates of Deposit	767,629	767,629
Mutual Funds	20,770,987	25,696,946
International Stock	<u>2,712,190</u>	<u>3,168,359</u>
Total Fiduciary Funds	35,026,934	41,180,421
Total Investments	<u>\$ 36,158,512</u>	<u>\$ 42,311,999</u>

As of December 31, 2013, 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, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2013, 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	\$ 2,960,549	\$ 96,159	\$ 1,646,330	\$ 983,463	\$ 234,596
Certificates of Deposit	767,629	-	767,629	-	-
Municipal Bonds	35,440	-	35,440	-	-
US Government Agencies	4,577,424	-	1,034,323	1,624,295	1,918,806
Total	<u>\$ 8,341,042</u>	<u>\$ 96,159</u>	<u>\$ 3,483,722</u>	<u>\$ 2,607,758</u>	<u>\$ 2,153,402</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, 2013, 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, 2013, the County's retirement investments had a credit rating as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investment Type</u>
Corporate Bonds	AAA	15%
Corporate Bonds	AA	17%
Corporate Bonds	A	50%
Corporate Bonds	BBB	8%
Corporate Bonds	Below BBB	10%

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, 2013, the County's cash balances for its governmental activities, business-type activities and agency fund were \$14,842,648 and its bank balances were \$15,579,141. Of these bank balances, \$14,829,141 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, 2013 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, 2013

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 Unit

Indiana County Municipal Services Authority

At December 31, 2013, the carrying amount of the Authority's cash deposits was \$738,731 and the bank balance was \$1,122,194. Of the bank balance, \$504,026 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 2013 the County had total millage of 37.40, of which 7.40 mills were reserved for principal and interest on debt, and 30.00 mills for general County purposes.

The County's 2013 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 2013 real estate taxes levied was \$21,497,643 based on a total County assessed valuation of \$574,803,280. Based on the 2013 levy of 37.40 mills, a property owner would pay \$37.40 per \$1,000 of assessed valuation.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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 \$2,574,118 as of December 31, 2013. 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 <u>12/31/2012</u>	Payments Received from Others	Amounts Loaned to Others	<u>Discounts</u>	Balance at <u>12/31/2013</u>
Commerce Center I installment sale	\$ 1,120,144	\$ -	\$ -	\$ 32,464	\$ 1,152,608
Airport Authority Promissary Note (LOC)	44,799	-	555,201	-	600,000
KCAC Project	-	-	473,920	-	473,920
Commerce Center Park II loan	-	-	-	-	-
Corporate Campus Innovation Center Loan	-	-	-	-	-
Indian Springs Road Project Loan	269,576	57,230	-	-	212,346
Corporate Campus Multi- Tenant Building Loan	2,005,664	178,844	-	-	1,826,820
Indian Springs Multi- Tenant Building Loan	<u>7,170,428</u>	<u>210,260</u>	<u>-</u>	<u>-</u>	<u>6,960,168</u>
Total	<u>\$ 10,610,611</u>	<u>\$ 446,334</u>	<u>\$ 1,029,121</u>	<u>\$ 32,464</u>	<u>\$ 11,225,862</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, 2013, 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, 2013

NOTE 5: LOANS RECEIVABLE (CONTINUED)

The total unamortized discount is \$227,248 at December 31, 2013. 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, 2013 in the amount of \$1,152,608.

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, 2013 the county had loaned \$555,201 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, 2013 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 1,846,994	\$ 169,570	\$ -	\$ 2,016,564
Construction in Progress	<u>32,560,977</u>	<u>-</u>	<u>(19,049,253)</u>	<u>13,511,724</u>
Total Capital Assets, Not Being Depreciated	<u>34,407,971</u>	<u>169,570</u>	<u>(19,049,253)</u>	<u>15,528,288</u>
Capital Assets, Being Depreciated:				
Building and Improvements	42,745,379	22,251,643	(33,929)	64,963,093
Equipment and Vehicles	9,611,201	917,656	(104,453)	10,424,404
Infrastructure	<u>17,474,905</u>	<u>760,523</u>	<u>-</u>	<u>18,235,428</u>
Total Capital Assets, Being Depreciated	<u>69,831,485</u>	<u>23,929,822</u>	<u>(138,382)</u>	<u>93,622,925</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(14,095,570)	(1,081,213)	5,916	(15,170,867)
Equipment and Vehicles	(6,277,202)	(738,459)	89,185	(6,926,476)
Infrastructure	<u>(5,783,858)</u>	<u>(92,724)</u>	<u>-</u>	<u>(5,876,582)</u>
Total Accumulated Depreciation	<u>(26,156,630)</u>	<u>(1,912,396)</u>	<u>95,101</u>	<u>(27,973,925)</u>
Total Capital Assets, Being Depreciated, Net	<u>43,674,855</u>	<u>22,017,426</u>	<u>(43,281)</u>	<u>65,649,000</u>
Governmental Activities Capital Assets, Net	<u>\$ 78,082,826</u>	<u>\$ 22,186,996</u>	<u>\$ (19,092,534)</u>	<u>\$ 81,177,288</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Building and Improvements	\$ 4,252,176	\$ 55,469	\$ -	\$ 4,307,645
Equipment and Vehicles	3,335,244	71,228	-	3,406,472
Capital Interest	165,318	-	-	165,318
Total Capital Assets, Being Depreciated	<u>7,752,738</u>	<u>126,697</u>	<u>-</u>	<u>7,879,435</u>
Less Accumulated Depreciation	(5,974,693)	(269,767)	-	(6,244,460)
Total Capital Assets, Being Depreciated, Net	<u>1,778,045</u>	<u>(143,070)</u>	<u>-</u>	<u>1,634,975</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,778,045</u>	<u>\$ (143,070)</u>	<u>\$ -</u>	<u>\$ 1,634,975</u>

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

Governmental Activities:

General Government-Administrative	\$ 227,496
General Government-Judicial	122,875
Public Safety	1,095,657
Public Works	252,609
Human Services	35,226
Culture and Recreation	176,415
Conservation and Development	<u>2,118</u>

Total Depreciation Expense-Governmental Activities \$ 1,912,396

Business-Type Activities:

Human Services	<u>\$ 269,767</u>
----------------	-------------------

Total Depreciation Expense-Business-Type Activities \$ 269,767

Component Unit – Capital AssetsHighridge Water Authority

Capital assets and accumulated depreciation as of December 31, 2013 is as follows:

Buildings	\$ 37,129,097
Land and improvements	<u>9,781,391</u>
Total	46,910,488
Less accumulated depreciation	<u>15,763,396</u>
Capital Assets, net	<u>\$ 31,147,092</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Capital assets and accumulated depreciation as of December 31, 2013 is as follows:

Indiana County Municipal Services Authority	
Fixed equipment	\$ 91,731,218
Moveable equipment	910,628
Vehicles	676,099
Construction in progress	<u>21,512,743</u>
 Total	 114,830,688
 Less accumulated depreciation	 <u>31,270,316</u>
 Capital Assets, net	 <u>\$ 83,560,372</u>

NOTE 7: RESTRICTED ASSETS

Business Type Activities

The County has restricted cash of \$63,719 in the business type activities which is restricted for capital purchases and repairs to existing capital assets.

The County also has restricted of \$35,683 that is owed to residents of the nursing home.

Component Unit – Designated AssetsIndiana County Municipal Services Authority

Restricted Assets at December 31, 2013 are as follows:

Debt Service Fund	\$ 882,566
Debt Service Reserve and Repair Fund	237,677
Construction Fund	<u>317,157</u>
 Total	 <u>\$ 1,437,400</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 there after. 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, 2013

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

At December 31, 2013, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	173
Terminated Employees Entitled to Benefits but not yet Receiving Them	36
Active Plan Participants	<u>446</u>
Total	<u>655</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, 2013. 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 2013 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, 2013, the most recent actuarial valuation date, the Plan was 112.6 percent funded.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

The actuarial accrued liability for benefits was \$36,906,016, and the actuarial value of the assets was \$41,544,045, resulting in an unfunded actuarial accrued liability (UAAL) of \$(4,638,029). The actuarial value of the assets as a percentage of the actuarial accrued liability was 112.6%. The covered payroll was \$15,621,894, and the ratio of the UAAL to the covered payroll was 29.7%.

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 2013 was determined as part of the December 31, 2013 actuarial valuation. The County's annual pension cost and net pension asset to the pension plan for 2013 are shown below:

Annual Required Contribution	\$ 595,935
Less: Interest on Net Pension Asset	(511,117)
Add: Adjustment to Annual Required Contribution	901,270
Annual Pension Cost	986,088
Contribution Made	-
Change in Net Pension Asset (Obligation)	<u>(986,088)</u>
Net Pension Asset - January 1, 2013	6,814,898
Net Pension Asset - December 31, 2013	<u>\$ 5,828,810</u>

Annual Pension Cost - Three-year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Annual Pension Contributed</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Cost</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
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
December 31, 2013	\$ 986,088	\$ -	0%	\$ 5,828,810	\$ 4,551,015	\$ 1,277,795

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 2013 amounted to \$24,063.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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 \$62,000.

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, 2013). Borrowings were \$246,384 at December 31, 2013.

The Authority also has available a \$150,000 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 \$39,000 at December 31, 2013.

NOTE 10: LONG-TERM OBLIGATIONS

A summary of changes in long-term debt obligations for 2013 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	\$ 59,758,309	\$ 11,383,129	\$ (11,851,113)	\$ 59,290,325	\$ 2,940,390
Total Bonds and Notes Payable	<u>59,758,309</u>	<u>11,383,129</u>	<u>(11,851,113)</u>	<u>59,290,325</u>	<u>2,940,390</u>
Other Liabilities:					
Capital Lease Obligations	182,333	-	(88,050)	94,283	60,867
Compensated Absences	705,108	5,202	-	710,310	-
Total Other Liabilities	<u>887,441</u>	<u>5,202</u>	<u>(88,050)</u>	<u>804,593</u>	<u>60,867</u>
Governmental Activities Long-Term Liabilities	<u>60,645,750</u>	<u>11,388,331</u>	<u>(11,939,163)</u>	<u>60,094,918</u>	<u>3,001,257</u>
<u>Business-Type Activities</u>					
General Obligation Notes	\$ 1,716,444	\$ -	\$ (407,869)	\$ 1,308,575	\$ 424,498
Business-Type Activities Long-Term Liabilities	<u>\$ 1,716,444</u>	<u>\$ -</u>	<u>\$ (407,869)</u>	<u>\$ 1,308,575</u>	<u>\$ 424,498</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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):

Governmental Activities

Year Ended December 31	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2014	\$ 2,940,390	\$ 1,749,028	\$ 4,689,418
2015	3,159,888	1,678,288	4,838,176
2016	3,266,698	1,577,277	4,843,975
2017	3,803,514	1,462,182	5,265,696
2018	3,708,136	1,340,926	5,049,062
2019-2023	19,655,043	4,824,700	24,479,743
2024-2028	17,709,551	1,771,867	19,481,418
2029-2033	<u>5,047,105</u>	<u>267,379</u>	<u>5,314,484</u>
Total	<u>\$ 59,290,325</u>	<u>\$ 14,671,647</u>	<u>\$ 73,961,972</u>

Business-Type Activities

Year Ended December 31	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2014	\$ 424,498	\$ 37,026	\$ 461,524
2015	438,246	23,278	461,524
2016	<u>445,831</u>	<u>9,085</u>	<u>454,916</u>
Total	<u>\$ 1,308,575</u>	<u>\$ 69,389</u>	<u>\$ 1,377,964</u>

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

Governmental Activities

Issuance	Amount of Original Issue	Purpose	Balance Outstanding December 31, 2013
2002	\$ 1,250,000	Finance the Indian Springs Road Rehabilitation Project. The note has an interest rate of 4.875% per annum with a final maturity in May 2018. This note was loaned to ICDC under the same terms.	\$ 212,346
Series C of 2005	\$ 4,250,000	To finance the construction of a multi-tenant building at the Indiana County Corporate Campus. The note has an interest rate of 3.97%.	\$ 1,826,820
2006	\$ 8,000,000	To finance the construction of a multi-tenant building on Indian Springs Road. The note 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 note. The County has a note agreement with ICDC with the same amount and terms as this note.	\$ 6,960,168
Series B of 2012	\$ 9,125,000	To refinance General Obligation Note (GON), Series A of 2011, related to the construction of the new jail. The note has an interest rate of 2.54% with a final maturity in December 2028.	\$ 8,694,604
Series C of 2012	\$ 9,125,000	To refinance GON, Series B of 2011, related to the construction of the new jail. The note has an interest rate of 2.54% with a final maturity in 2028.	\$ 8,694,604
Series D of 2012	\$ 3,550,000	To refinance GON, Series C of 2011, related to the construction of the new jail and other projects within the County. The note has an interest rate of 2.54% with a final maturity in December 2028.	\$ 3,382,558

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities (Continued)

Taxable Series F of 2012	\$ 3,800,000	To refinance GON, Series D of 2011, related to the funding of the pension plan. The note has an interest rate of 4.625% with a final maturity in December 2027.	\$ 3,634,965
Taxable Series G of 2012	\$ 6,150,000	To fund the County's Unfunded Actuarial Accrued Liability in the Pension Plan. The note has an interest rate of 4.2% with a final maturity in December 2021.	\$ 5,619,427
Series A of 2012	\$ 9,100,000	To refinance a portion of the Series C of 2010, related to capital projects. The note has an interest rate of 2.54% with a final maturity in December 2030.	\$ 8,729,084
Series E of 2012	\$ 138,356	For expenses related to construction and upgrades to the County's 911 system and various other capital projects within the County. The note has an interest rate of 2.54% with a final maturity in December 2028.	\$ 2,521,485
Prothonotary Commercial Loan	\$ 40,000	For expenses related to software upgrades in the Prothonotary's Office	\$ 14,264
Series A of 2013	\$ 3,500,000	To refinance GON, Series B of 2010. The note has an interest rate of 3.31% with a final maturity in December 2025.	\$ 3,500,000
Series B of 2013	\$ 5,500,000	To refinance GON, Series C of 2010. The note has an interest rate of 3.64% with a final maturity in October 2026.	\$ 5,500,000
			<u>\$ 59,290,325</u>

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Business-Type Activities

Issuance	Amount of Original Issue	Purpose	Balance Outstanding December 31, 2013
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, 2013.	\$ 1,308,575

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, 2013 and present value of capital lease obligations were:

<u>Year ended December 31</u>	<u>Governmental Activities</u>
2014	\$ 64,436
2015	28,190
2016	4,711
2017	<u>1,572</u>
Total Minimum Lease Payments	98,909
Less Amount Representing Interest	4,626
Present Value of Net Minimum Lease Payments	94,283
Less: Amount Due Within One Year	<u>60,867</u>
Non-Current Portion	<u>\$ 33,416</u>

In addition to the above liabilities, the County issued a Tax anticipation note in 2013, bearing interest at 1.36%, which was repaid before December 31, 2013.

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 2013.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Highridge Water Authority

	<u>Balance as of</u> <u>December 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of</u> <u>December 31, 2013</u>
Debt Guaranteed by Indiana County:				
Water Revenue Bonds, Series of 2008	\$ 5,235,000	\$ -	\$ (5,000)	\$ 5,230,000
PennVest Loan	3,030,155	-	(244,256)	2,785,899
Other Long-Term Debt:				
PennVest Loan	4,589,146	-	(224,801)	4,364,345
PennVest Loan	411,117	-	(32,009)	379,108
PennVest Loan	534,234	-	(82,785)	451,449
PennVest Loan	-	539,907		539,907
PennVest Loan	-	1,972,651		1,972,651
Interest Only Until Project is Complete	<u>2,576,788</u>	<u>-</u>	<u>(2,576,788)</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 16,376,440</u>	<u>\$2,512,558</u>	<u>\$ (3,165,639)</u>	<u>\$ 15,723,359</u>

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

<u>Year Ended December 31</u>	<u>Principal Payments</u>
2014	\$ 1,031,697
2015	1,036,810
2016	1,031,728
2017	1,044,733
2018	1,061,063
Thereafter	<u>10,517,328</u>
Total	<u>\$ 15,723,359</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Indiana County Municipal Services Authority

	<u>Balance as of December 31, 2013</u>
Debt Guaranteed by Indiana County:	
Iselin Sewage Project	\$ 138,696
Sewage Renovation I	4,957,604
Sewage Renovation III	1,846,947
Sewage Renovation IV - Cherry Tree	786,561
Sewage Renovation VI	1,113,615
Crooked Creek Water Project	10,527,424
Cherry Tree Water System Project	702,595
Other Long-Term Debt:	
WR XV Interim Financing	297,763
WR XVI Interim Financing	429,156
Water Bond Refinance I & II	1,462,590
Water Bond VII	136,698
Water Bond VIII	123,685
Heilwood Water Bond	210,306
West Lebanon Reservoir Bond	63,572
Water Bond XIV Interim Financing	99,562
Water Bond XI	2,943,840
Water Bond XII	6,674,357
Water Bond XIII	3,858,769
Parkwood Interim Financing	349,521
Water Bond XIII Interim Financing	299,928
Pine Grove Sewer Bonds	10,290,000
Sewage Renovation III Refinance	655,768
Sewage Renovation V	469,984
Sewage Renovation X	2,831,573
Sewage Renovation IX - Alverda	<u>1,259,079</u>
Total	<u>\$ 52,529,593</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

Year Ended December 31	Principal Payments
2014	\$ 1,958,160
2015	1,962,346
2016	1,907,909
2017	1,605,781
2018	1,625,781
Thereafter	34,900,281
	43,960,258
Interim Construction Loans to be refinanced upon closing of project (All Long-Term)	8,569,335
Total	\$ 52,529,593

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, 2013, are as follows:

	Due From Other Funds	Due to Other Funds
<u>Governmental Fund Types</u>		
General Fund	\$ 3,615,565	\$ 3,253
Medical Assistance Transportation	-	31,103
Community Program for Restoration	52	-
Revolving Loan Fund	-	21,665
Airport Construction Fund	-	1,672,301
Other Governmental Fund Type	26,270	1,327,516
Total Governmental Fund Types	3,641,887	3,055,838
<u>Proprietary Fund</u>		
Communities at Indian Haven	-	586,049
Total Proprietary Fund Type	-	586,049
Total Interfund Balances	\$ 3,641,887	\$ 3,641,887

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, 2013

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	\$ 586,016	\$ 64,854
Airport Construction		
Other Governmental Funds	<u>92,583</u>	<u>27,729</u>
Total Governmental Fund Type	<u>678,599</u>	<u>92,583</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	<u>-</u>	<u>586,016</u>
Total Proprietary Fund Type	<u>-</u>	<u>586,016</u>
Total Interfund Transfers	<u>\$ 678,599</u>	<u>\$ 678,599</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, 2013

NOTE 14: FUND BALANCES

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

Fund:	Fund Balance:	Balances
Major Funds		
General Fund	<u>Non-Spendable:</u>	
	These amounts were charged to inventories	\$ 10,076
	These amounts are prepaid expenses	632,053
	<u>Restricted Funds:</u>	
	These funds are restricted for Sheriff PFA Act 66	1,196
	These funds are restricted for Victim Services	22,911
	These funds are restricted for Act 13 Shale Impact Fees	406,454
	These funds are restricted for Highway Bridge Act 13	248,971
	These funds are restricted for Act 13 Greenway Rehab	86,015
	<u>Assigned Funds:</u>	
	These funds are assigned for Assess Appeals	53,460
	These funds are assigned for CYS Playground	62
	These funds are assigned for Penn St. Ext. Truck Repairs	8,972
	These funds are assigned for Suicide Task Force	9,666
	These funds are assigned for Indian Haven Excess Transfer	450,000
	These funds are assigned for XTO Gas Lease	106,600
	These funds are assigned for Jail Building Repairs	72,823
	These funds are assigned for 911 Upgrade	9,576
	These funds are assigned for Reassessment Project	1,400,000
Medical Assistance Transportation	<u>Restricted Funds:</u>	
	These funds are restricted for the Medical Assistance Transportation Program.	49,736
Community Program for Restoration	<u>Restricted Funds:</u>	
	These funds are restricted for the Community Program Restoration.	293,988
Revolving Loan	<u>Restricted Funds:</u>	
	These funds are restricted for the Revolving Loan Program.	1,003,482
Non-Major Governmental Funds		
Special Revenue Funds	<u>Non-Spendable:</u>	
	These amounts are prepaid expenses.	14,153
	<u>Restricted Funds:</u>	
	These funds are restricted within the departments of the General Government.	385,285
	These funds are restricted within the Judicial System.	913,433
	These funds are restricted within the Public Safety programs.	424,377
	These funds are restricted within the Human Service programs.	31,235
	These funds are restricted within the Public Works programs.	2,077,875
	These funds are restricted within the Culture and Recreation programs.	68,480
	These funds are restricted within the Conservation and Development programs.	2,126,319

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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, 2013, the County paid insurance premiums of \$382,033 to the Trust.

NOTE 17: RESTATEMENT OF NET POSITION

The County and the Communities at Indian Haven adopted GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities,"* for the calendar year 2013. As a result, Indian Haven must expense all debt issuance costs in the year the debt was issued. The restatement for these changes is as follows:

	Business-Type Activities 2012
Beginning net position, as previously reported	\$ 3,700,855
Deferred issuance costs on bonds- bond issuance costs portion	<u>(16,667)</u>
Beginning net position, as restated	<u>\$ 3,684,188</u>

NOTE 18: SUBSEQUENT EVENTS

During 2013, the County issued a Tax Anticipation Note in the amount of \$4,687,741. The note is due by December 31, 2014, at an interest rate of 1.359%.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2013

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2008	\$ 204,056	100%
2009	1,572,061	64%
2010	1,426,385	100%
2011	1,140,869	572%
2012	666,624	0%
2013	595,935	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, 2013
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)
1/1/2012	\$ 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%
1/1/2014	41,544,045	36,906,016	(4,638,029)	112.57%	15,621,894	-29.69%

** 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes, Real estate	\$ 21,243,988	\$ 21,243,988	\$ 21,316,258	\$ 72,270
Intergovernmental grants	6,325,412	6,431,940	6,957,083	525,143
Charges for services	531,611	531,611	645,350	113,739
Departmental charges	3,157,966	3,270,381	3,444,339	173,958
Interest income	25,630	25,630	35,493	9,863
Other revenue	<u>10,020</u>	<u>10,020</u>	<u>78,190</u>	<u>68,170</u>
Total Revenues	<u>31,294,627</u>	<u>31,513,570</u>	<u>32,476,713</u>	<u>963,143</u>
Expenditures				
Current operating:				
General government	5,115,287	5,599,597	5,621,121	(21,524)
Judicial	5,531,622	5,734,895	5,309,902	424,993
Public safety	10,115,225	11,135,509	10,198,703	936,806
Public works	286,903	286,903	270,596	16,307
Human services	5,984,244	5,996,777	5,446,678	550,099
Culture and recreation	577,502	656,482	613,453	43,029
Conservation and development	268,044	268,044	220,107	47,937
Miscellaneous	(858,102)	(858,102)	-	(858,102)
Debt service	<u>4,238,528</u>	<u>8,926,269</u>	<u>4,292,681</u>	<u>4,633,588</u>
Total Expenditures	<u>31,259,253</u>	<u>37,746,374</u>	<u>31,973,241</u>	<u>5,773,133</u>
Excess (deficiency) of revenues over expenditures	<u>35,374</u>	<u>(6,232,804)</u>	<u>503,472</u>	<u>6,736,276</u>
Other financing sources (uses)				
Proceeds from long term debt	-	1,580,437	10,783,180	9,202,743
Payments to Escrow Agent for Debt Refunding	-	-	(9,266,540)	(9,266,540)
Proceeds from capital lease	-	-	-	-
Amounts loaned to others	-	-	(1,010,714)	(1,010,714)
Amounts received from loans	-	-	446,333	446,333
Disposal of fixed assets	-	-	6,170	6,170
Transfers in	-	-	586,016	586,016
Transfer to employee retirement	-	-	-	-
Transfers out	<u>(66,420)</u>	<u>(66,420)</u>	<u>(64,854)</u>	<u>1,566</u>
Total other financing sources (uses)	<u>(66,420)</u>	<u>1,514,017</u>	<u>1,479,591</u>	<u>(34,426)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (31,046)</u>	<u>\$ (4,718,787)</u>	<u>\$ 1,983,063</u>	<u>\$ 6,701,850</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

Assets	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 103,417	\$ 5,766,371	\$ 5,869,788
Investments	118,191	1,010,856	1,129,047
Receivables:			
Other governmental grants	-	558,114	558,114
Other	-	79,571	79,571
Loans	-	224,394	224,394
Due from other funds	-	26,270	26,270
Prepaid expenses	-	17,084	17,084
Total assets	<u>\$ 221,608</u>	<u>\$ 7,682,660</u>	<u>\$ 7,904,268</u>
Liabilities			
Accounts Payable	\$ 21,419	\$ 315,848	\$ 337,267
Due to other funds	-	1,327,737	1,327,737
Deferred Loans receivable	-	224,394	224,394
Total liabilities	<u>21,419</u>	<u>1,867,979</u>	<u>1,889,398</u>
Fund Balance			
Fund balance:			
Nonspendable	-	17,084	17,084
Restricted	200,189	5,825,114	6,025,303
Unassigned	-	(27,517)	(27,517)
Total fund balance	<u>200,189</u>	<u>5,814,681</u>	<u>6,014,870</u>
Total liabilities and fund balance	<u>\$ 221,608</u>	<u>\$ 7,682,660</u>	<u>\$ 7,904,268</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Capital Improvements Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes, Hotel	\$ -	\$ 378,385	\$ 378,385
Intergovernmental revenue	-	5,074,780	5,074,780
Charges for services	-	952,315	952,315
Interest income	520	7,229	7,749
Other revenue	-	42,035	42,035
Total Revenues	<u>520</u>	<u>6,454,744</u>	<u>6,455,264</u>
Expenditures			
Current operating:			
General government	82,484	119,134	201,618
Judicial	-	1,049,513	1,049,513
Public safety	-	1,066,151	1,066,151
Public works	-	150,900	150,900
Human services	-	1,345,038	1,345,038
Culture and recreation	-	470,184	470,184
Conservation and development	-	1,361,649	1,361,649
Debt service			
Principal	-	42,638	42,638
Interest	-	990	990
Capital outlay	-	553,631	553,631
Total Expenditures	<u>82,484</u>	<u>6,159,828</u>	<u>6,242,312</u>
Excess (deficiency) of revenues over expenditures	<u>(81,964)</u>	<u>294,916</u>	<u>212,952</u>
Other financing sources (uses)			
Amounts received from loans	-	141,122	141,122
Transfers in	18,000	74,583	92,583
Transfers out	-	(27,729)	(27,729)
Total other financing sources (uses)	<u>18,000</u>	<u>187,976</u>	<u>205,976</u>
Net change in fund balance	(63,964)	482,892	418,928
Fund balance, beginning of year	<u>264,153</u>	<u>5,331,789</u>	<u>5,595,942</u>
Fund balance, end of year	<u>\$ 200,189</u>	<u>\$ 5,814,681</u>	<u>\$ 6,014,870</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wireless	West Nile	Jail Commissary	Help America Vote Act	County Record's Improvement
Assets								
Cash and cash equivalents	\$ 2,530	\$ 292,726	\$ 13,923	\$ 443,013	\$ -	\$ 116,526	\$ -	\$ 70,012
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	5,873	8,025	47,417	-	-	-	-	-
Other	-	41,795	2,149	-	-	7,254	-	1,474
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	2,928	-	-
Prepaid expenses	-	-	13,604	-	-	-	-	-
Total assets	\$ 8,403	\$ 342,546	\$ 77,093	\$ 443,013	\$ -	\$ 126,708	\$ -	\$ 71,486
Liabilities								
Accounts Payable	\$ -	\$ -	\$ 38,123	\$ -	\$ -	\$ 6,714	\$ -	\$ -
Due to other funds	5,873	292,645	13,387	201,371	-	-	-	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	5,873	292,645	51,510	201,371	-	6,714	-	-
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	13,604	-	-	-	-	-
Restricted	2,530	49,901	11,979	241,642	-	119,994	-	71,486
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	2,530	49,901	25,583	241,642	-	119,994	-	71,486
Total liabilities and fund balance	\$ 8,403	\$ 342,546	\$ 77,093	\$ 443,013	\$ -	\$ 126,708	\$ -	\$ 71,486

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	Register and Recorder Records Improvement	Assessment Uniform Parcel ID	Recorder's Uniform Parcel ID	Domestic Relations	Drug Task Force	DA Special Investigations	DA Grants	Sheriff Public Safety Training
<u>Assets</u>								
Cash and cash equivalents	\$ 48,604	\$ 29,215	\$ 9,698	\$ 1,170,822	\$ 10,016	\$ 13,561	\$ -	\$ 4,907
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	287,381	-	-	6,942	-
Other	-	700	700	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	325	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 48,929	\$ 29,915	\$ 10,398	\$ 1,458,203	\$ 10,016	\$ 13,561	\$ 6,942	\$ 4,907
<u>Liabilities</u>								
Accounts Payable	\$ -	\$ 64	\$ -	\$ 467	\$ 3,665	\$ -	\$ 6,348	\$ -
Due to other funds	-	-	10,000	586,740	15,413	-	594	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	-	64	10,000	587,207	19,078	-	6,942	-
<u>Fund Balance (Deficit)</u>								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	48,929	29,851	398	870,996	-	13,561	-	4,907
Unassigned	-	-	-	-	(9,062)	-	-	-
Total fund balance (deficit)	48,929	29,851	398	870,996	(9,062)	13,561	-	4,907
Total liabilities and fund balance	\$ 48,929	\$ 29,915	\$ 10,398	\$ 1,458,203	\$ 10,016	\$ 13,561	\$ 6,942	\$ 4,907

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant
<u>Assets</u>								
Cash and cash equivalents	\$ 12,736	\$ 9,989	\$ 26,084	\$ 2,511	\$ 32,653	\$ 30,249	\$ 14,213	\$ 1,497
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	66,400
Other	1,244	-	21,105	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	5,915
Prepaid expenses	550	-	-	-	-	-	-	-
Total assets	\$ 14,530	\$ 9,989	\$ 47,189	\$ 2,511	\$ 32,653	\$ 30,249	\$ 14,213	\$ 73,812
<u>Liabilities</u>								
Accounts Payable	\$ -	\$ -	\$ 46,245	\$ -	\$ 9,574	\$ 322	\$ 1,250	670
Due to other funds	-	-	944	-	-	-	-	67,227
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	-	-	47,189	-	9,574	322	1,250	67,897
<u>Fund Balance (Deficit)</u>								
Fund balance (deficit):								
Nonspendable	550	-	-	-	-	-	-	-
Restricted	13,980	9,989	-	2,511	23,079	29,927	12,963	5,915
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	14,530	9,989	-	2,511	23,079	29,927	12,963	5,915
Total liabilities and fund balance	\$ 14,530	\$ 9,989	\$ 47,189	\$ 2,511	\$ 32,653	\$ 30,249	\$ 14,213	\$ 73,812

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development
<u>Assets</u>								
Cash and cash equivalents	\$ 4,530	\$ 1,050	\$ 143,971	\$ 12,641	\$ 8,544	\$ 513,873	\$ 155,096	\$ 6,822
Investments	-	-	101,415	-	-	-	-	-
Receivables:								
Other governmental grants	16,485	-	-	-	32,294	-	-	-
Other	-	-	3,150	-	-	-	-	-
Loans	-	-	106,093	81,010	-	-	-	-
Due from other funds	-	-	17,102	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 21,015	\$ 1,050	\$ 371,731	\$ 93,651	\$ 40,838	\$ 513,873	\$ 155,096	\$ 6,822
<u>Liabilities</u>								
Accounts Payable	\$ 6,959	\$ -	\$ 26,105	\$ -	\$ 33,461	\$ -	\$ -	\$ 124
Due to other funds	9,852	-	863	105	17,114	-	-	-
Deferred loans receivable	-	-	106,093	81,010	-	-	-	-
Total liabilities	16,811	-	133,061	81,115	50,575	-	-	124
<u>Fund Balance (Deficit)</u>								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	4,204	1,050	238,670	12,536	-	513,873	155,096	6,698
Unassigned	-	-	-	-	(9,737)	-	-	-
Total fund balance (deficit)	4,204	1,050	238,670	12,536	(9,737)	513,873	155,096	6,698
Total liabilities and fund balance	\$ 21,015	\$ 1,050	\$ 371,731	\$ 93,651	\$ 40,838	\$ 513,873	\$ 155,096	\$ 6,822

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	SPC Team PA	Keystone Innovation Zone	Enterprize Zone	Planning Fund	Indiana County Code Division	Liquid Fuels	Health and Human Services Sub-Committee	Homeless Assistance Program	Total
Assets									
Cash and cash equivalents	\$ 4,052	\$ -	\$ 1,201,300	\$ 5,923	\$ 301,695	\$ 1,010,069	\$ 400	\$ 27,488	\$ 5,766,371
Investments	-	-	-	-	-	909,441	-	-	1,010,856
Receivables:									
Other governmental grants	-	-	-	-	-	87,297	-	-	558,114
Other	-	-	-	-	-	-	-	-	79,571
Loans	-	-	37,291	-	-	-	-	-	224,394
Due from other funds	-	-	-	-	-	-	-	-	26,270
Prepaid expenses	-	-	-	-	-	-	800	900	17,084
Total assets	\$ 4,052	\$ -	\$ 1,238,591	\$ 5,923	\$ 301,695	\$ 2,006,807	\$ 1,200	\$ 28,388	\$ 7,682,660
Liabilities									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 7,753	\$ 109,121	\$ -	\$ 15,015	\$ 315,848
Due to other funds	-	-	487	5,915	63,381	20,000	340	2,587	1,327,737
Deferred loans receivable	-	-	37,291	-	-	-	-	-	224,394
Total liabilities	-	-	37,778	5,915	71,134	129,121	340	17,602	1,867,979
Fund Balance (Deficit)									
Fund balance (deficit):									
Nonspendable	-	-	-	-	-	-	800	900	17,084
Restricted	4,052	-	1,200,813	8	230,561	1,877,686	60	9,886	5,825,114
Unassigned	-	-	-	-	-	-	-	-	(27,517)
Total fund balance (deficit)	4,052	-	1,200,813	8	230,561	1,877,686	860	10,786	5,814,681
Total liabilities and fund balance	\$ 4,052	\$ -	\$ 1,238,591	\$ 5,923	\$ 301,695	\$ 2,006,807	\$ 1,200	\$ 28,388	\$ 7,682,660

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, 2013

	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wireless	West Nile	Jail Commissary	Help America Vote Act	County Record's Improvement
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	18,244	91,262	47,417	470,524	-	-	-	-
Charges for services	-	457,767	31,650	2,384	-	70,747	-	21,036
Interest income	1	76	19	62	-	44	-	13
Other revenue	80	-	2,100	-	-	-	-	-
Total Revenues	18,325	549,105	81,186	472,970	-	70,791	-	21,049
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	14,403
Judicial	-	-	-	-	-	-	-	-
Public safety	-	477,419	129,677	361,975	-	77,683	-	-
Public works	-	-	-	-	-	-	-	-
Human services	18,055	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service								
Principal	-	18,873	-	-	-	-	-	-
Interest	-	347	-	-	-	-	-	-
Capital outlay	-	-	32,480	-	-	-	-	-
Total Expenditures	18,055	496,639	162,157	361,975	-	77,683	-	14,403
Excess (deficiency) of revenues over expenditures	270	52,466	(80,971)	110,995	-	(6,892)	-	6,646
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	-	-	30,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	30,000	-	-	-	-	-
Net change in fund balance	270	52,466	(50,971)	110,995	-	(6,892)	-	6,646
Fund balance (deficit), beginning of year	2,260	(2,565)	76,554	130,647	-	126,886	-	64,840
Fund balance (deficit), end of year	\$ 2,530	\$ 49,901	\$ 25,583	\$ 241,642	\$ -	\$ 119,994	\$ -	\$ 71,486

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, 2013

	Register and Recorder Records 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	-	-	-	852,742	68,119	-	12,825	-
Charges for services	32,573	9,982	9,982	38,942	-	39,409	-	-
Interest income	7	6	1	3,687	-	2	-	-
Other revenue	-	-	-	-	-	-	-	1,600
Total Revenues	32,580	9,988	9,983	895,371	68,119	39,411	12,825	1,600
Expenditures								
Current operating:								
General government	9,294	10,563	10,000	-	-	-	-	-
Judicial	-	-	-	900,135	81,287	39,646	12,825	1,712
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	9,294	10,563	10,000	900,135	81,287	39,646	12,825	1,712
Excess (deficiency) of revenues over expenditures	23,286	(575)	(17)	(4,764)	(13,168)	(235)	-	(112)
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	4,000	1,000	-	-
Transfers out	-	-	-	-	(1,000)	(4,000)	-	-
Total other financing sources (uses)	-	-	-	-	3,000	(3,000)	-	-
Net change in fund balance	23,286	(575)	(17)	(4,764)	(10,168)	(3,235)	-	(112)
Fund balance (deficit), beginning of year	25,643	30,426	415	875,760	1,106	16,796	-	5,019
Fund balance (deficit), end of year	\$ 48,929	\$ 29,851	\$ 398	\$ 870,996	\$ (9,062)	\$ 13,561	\$ -	\$ 4,907

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, 2013

	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ 378,385	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	99	987,777
Charges for services	17,121	1,200	-	4,164	35,743	49,062	-	-
Interest income	46	2	4	1	1	7	3	-
Other revenue	-	-	-	-	3,100	4,300	-	-
Total Revenues	<u>17,167</u>	<u>1,202</u>	<u>378,389</u>	<u>4,165</u>	<u>38,844</u>	<u>53,369</u>	<u>102</u>	<u>987,777</u>
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	13,908	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	378,389	5,748	42,083	43,964	-	-
Conservation and development	-	-	-	-	-	-	-	988,168
Debt service								
Principal	23,765	-	-	-	-	-	-	-
Interest	643	-	-	-	-	-	-	-
Capital outlay	42,177	-	-	-	-	-	-	-
Total Expenditures	<u>80,493</u>	<u>-</u>	<u>378,389</u>	<u>5,748</u>	<u>42,083</u>	<u>43,964</u>	<u>-</u>	<u>988,168</u>
Excess (deficiency) of revenues over expenditures	<u>(63,326)</u>	<u>1,202</u>	<u>-</u>	<u>(1,583)</u>	<u>(3,239)</u>	<u>9,405</u>	<u>102</u>	<u>(391)</u>
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	16,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(47,326)	1,202	-	(1,583)	(3,239)	9,405	102	(391)
Fund balance (deficit), beginning of year	61,856	8,787	-	4,094	26,318	20,522	12,861	6,306
Fund balance (deficit), end of year	<u>\$ 14,530</u>	<u>\$ 9,989</u>	<u>\$ -</u>	<u>\$ 2,511</u>	<u>\$ 23,079</u>	<u>\$ 29,927</u>	<u>\$ 12,963</u>	<u>\$ 5,915</u>

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, 2013

	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	171,104	-	56,434	-	197,571	155,000	-	12,500
Charges for services	-	-	72,444	25	-	-	-	-
Interest income	-	1	284	2	-	128	17	6
Other revenue	-	-	30,848	-	-	-	-	-
Total Revenues	171,104	1	160,010	27	197,571	155,128	17	12,506
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	207,307	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	183,659	-	157,824	-	-	3,209	-	28,069
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	183,659	-	157,824	-	207,307	3,209	-	28,069
Excess (deficiency) of revenues over expenditures	(12,555)	1	2,186	27	(9,736)	151,919	17	(15,563)
Other financing sources (uses)								
Amounts received from loans	-	-	-	3,123	-	-	118,000	-
Transfers in	-	-	-	-	-	-	-	19,730
Transfers out	-	-	-	-	-	(3,613)	-	-
Total other financing sources (uses)	-	-	-	3,123	-	(3,613)	118,000	19,730
Net change in fund balance	(12,555)	1	2,186	3,150	(9,736)	148,306	118,017	4,167
Fund balance (deficit), beginning of year	16,759	1,049	236,484	9,386	-	365,567	37,079	2,531
Fund balance (deficit), end of year	\$ 4,204	\$ 1,050	\$ 238,670	\$ 12,536	\$ (9,736)	\$ 513,873	\$ 155,096	\$ 6,698

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, 2013

	SPC Team PA	Keystone Innovation Zone	Enterprize Zone	Planning Fund	Indiana County Code Division	Liquid Fuels	Health and Human Services Sub-Committee	Homeless Assistance Program	Total
Revenues									
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,385
Intergovernmental revenue	-	-	-	-	-	850,912	-	223,106	5,074,780
Charges for services	-	-	-	-	42,721	-	8,190	-	952,315
Interest income	1	-	267	1	63	2,447	3	12	7,229
Other revenue	-	-	-	-	-	7	-	-	42,035
Total Revenues	1	-	267	1	42,784	853,366	8,193	223,118	6,454,744
Expenditures									
Current operating:									
General government	5,254	-	-	5,090	64,530	-	-	-	119,134
Judicial	-	-	-	-	-	-	-	-	1,049,513
Public safety	-	-	-	-	-	-	19,397	-	1,066,151
Public works	-	-	-	-	-	150,900	-	-	150,900
Human services	-	-	-	-	-	-	-	233,057	1,345,038
Culture and recreation	-	-	-	-	-	-	-	-	470,184
Conservation and development	-	-	720	-	-	-	-	-	1,361,649
Debt service									
Principal	-	-	-	-	-	-	-	-	42,638
Interest	-	-	-	-	-	-	-	-	990
Capital outlay	-	-	-	-	-	478,974	-	-	553,631
Total Expenditures	5,254	-	720	5,090	64,530	629,874	19,397	233,057	6,159,828
Excess (deficiency) of revenues over expenditures	(5,253)	-	(453)	(5,089)	(21,746)	223,492	(11,204)	(9,939)	294,916
Other financing sources (uses)									
Amounts received from loans	-	-	19,999	-	-	-	-	-	141,122
Transfers in	-	-	239	3,614	-	-	-	-	74,583
Transfers out	(12,201)	-	-	(6,915)	-	-	-	-	(27,729)
Total other financing sources (uses)	(12,201)	-	20,238	(3,301)	-	-	-	-	187,976
Net change in fund balance	(17,454)	-	19,785	(8,390)	(21,746)	223,492	(11,204)	(9,939)	482,892
Fund balance (deficit), beginning of year	21,506	-	1,181,028	8,397	252,307	1,654,194	12,064	20,725	5,331,789
Fund balance (deficit), end of year	\$ 4,052	\$ -	\$ 1,200,813	\$ 7	\$ 230,561	\$ 1,877,686	\$ 860	\$ 10,786	\$ 5,814,681

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2013

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 186,091	\$ 1,229,945	\$ 1,416,036
Restricted cash and cash equivalents	1,437,400	-	1,437,400
Accounts Receivable	685,993	254,699	940,692
Due from other governments	-	249,797	249,797
Prepaid expenses and other current assets	364,202	33,352	397,554
Inventories	-	61,624	61,624
	<u>2,673,686</u>	<u>1,829,417</u>	<u>4,503,103</u>
Total current assets			
Noncurrent assets:			
Capital Assets (net of accumulated depreciation)	83,560,372	31,147,092	114,707,464
Intangible Assets	-	1,582,391	1,582,391
Trustee held funds	-	199,402	199,402
	<u>83,560,372</u>	<u>32,928,885</u>	<u>116,489,257</u>
Total noncurrent assets			
	<u>\$ 86,234,058</u>	<u>\$ 34,758,302</u>	<u>\$ 120,992,360</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 195,269	\$ 120,377	\$ 315,646
Accrued Expenses	68,777	141,034	209,811
Accrued Interest Payable	150,198	42,374	192,572
Current portion of long-term debt	1,958,160	1,031,697	2,989,857
Current portion of capital lease	45,525	-	45,525
Line of credit	246,384	-	246,384
	<u>2,664,313</u>	<u>1,335,482</u>	<u>3,999,795</u>
Total current liabilities			
Noncurrent liabilities:			
Capital lease	79,448	-	79,448
Long-term debt	50,571,433	14,691,662	65,263,095
	<u>50,650,881</u>	<u>14,691,662</u>	<u>65,342,543</u>
Total noncurrent liabilities			
	<u>53,315,194</u>	<u>16,027,144</u>	<u>69,342,338</u>
Total Liabilities			
<u>Net Position</u>			
Net investment in capital assets	31,119,810	13,434,153	44,553,963
Restricted per bond indenture	1,120,243	-	1,120,243
Restricted for construction	317,157	-	317,157
Unrestricted	361,654	5,297,005	5,658,659
	<u>32,918,864</u>	<u>18,731,158</u>	<u>51,650,022</u>
Total net position			
	<u>\$ 86,234,058</u>	<u>\$ 34,758,302</u>	<u>\$ 120,992,360</u>
Total liabilities and net position			

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Operating Revenues			
Charges for services	\$ 5,749,942	\$ 2,700,302	\$ 8,450,244
Other revenue	<u>517,052</u>	<u>448,591</u>	<u>965,643</u>
Total Operating Revenues	<u>6,266,994</u>	<u>3,148,893</u>	<u>9,415,887</u>
Operating Expenses			
General and administration	402,425	454,033	856,458
Operating costs	2,826,844	1,330,202	4,157,046
Depreciation and amortization	<u>2,659,065</u>	<u>1,218,641</u>	<u>3,877,706</u>
Total Operating Expenses	<u>5,888,334</u>	<u>3,002,876</u>	<u>8,891,210</u>
Operating Income	378,660	146,017	524,677
Nonoperating Revenues (Expenses)			
Interest Income	230	-	230
Contributed Capital	-	424,685	424,685
Interest Expense	(844,833)	(280,532)	(1,125,365)
Gain on Sale of Asset	163,824	12,330	176,154
Grants for construction	<u>755,554</u>	<u>-</u>	<u>755,554</u>
Total Nonoperating Revenues (Expenses)	<u>74,775</u>	<u>156,483</u>	<u>231,258</u>
Changes in Net Position	<u>453,435</u>	<u>302,500</u>	<u>755,935</u>
Net Position - Beginning of Year	32,465,429	18,428,658	50,894,087
Net Position - End of Year	<u>\$ 32,918,864</u>	<u>\$ 18,731,158</u>	<u>\$ 51,650,022</u>