

COUNTY OF INDIANA, PENNSYLVANIA

INDIANA, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

COUNTY OF INDIANA, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2011

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

County Commissioners
County of Indiana
Indiana, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF INDIANA, PENNSYLVANIA as of and for the year ended December 31, 2011, which collectively comprise the COUNTY OF INDIANA, PENNSYLVANIA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the COUNTY OF INDIANA, PENNSYLVANIA's management. 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 assets, 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 also includes assessing the accounting principles and any significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2011, 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.

As discussed in Note 1 to the financial statements, in 2011 the COUNTY OF INDIANA, PENNSYLVANIA adopted the provisions of Governmental Accounting Standards Board's Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", and Statement No. 59, "*Financial Instrument Omnibus*." The adoption of Statement No. 54 resulted in additional disclosures related to fund balances and a restatement of beginning fund balances as a result of the new fund type definitions.

<i>Harrisburg</i>	<i>Lehigh Valley</i>	<i>Philadelphia</i>	<i>Pittsburgh</i>
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Zelenkofske Axelrod LLC

County Commissioners
County of Indiana
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In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012 on our consideration of the COUNTY OF INDIANA, PENNSYLVANIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 3 through 15 and 61 through 62 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.

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 64 through 79 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

ZELENKOFSCHE AXELROD LLC

September 17, 2012
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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, 2011. 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

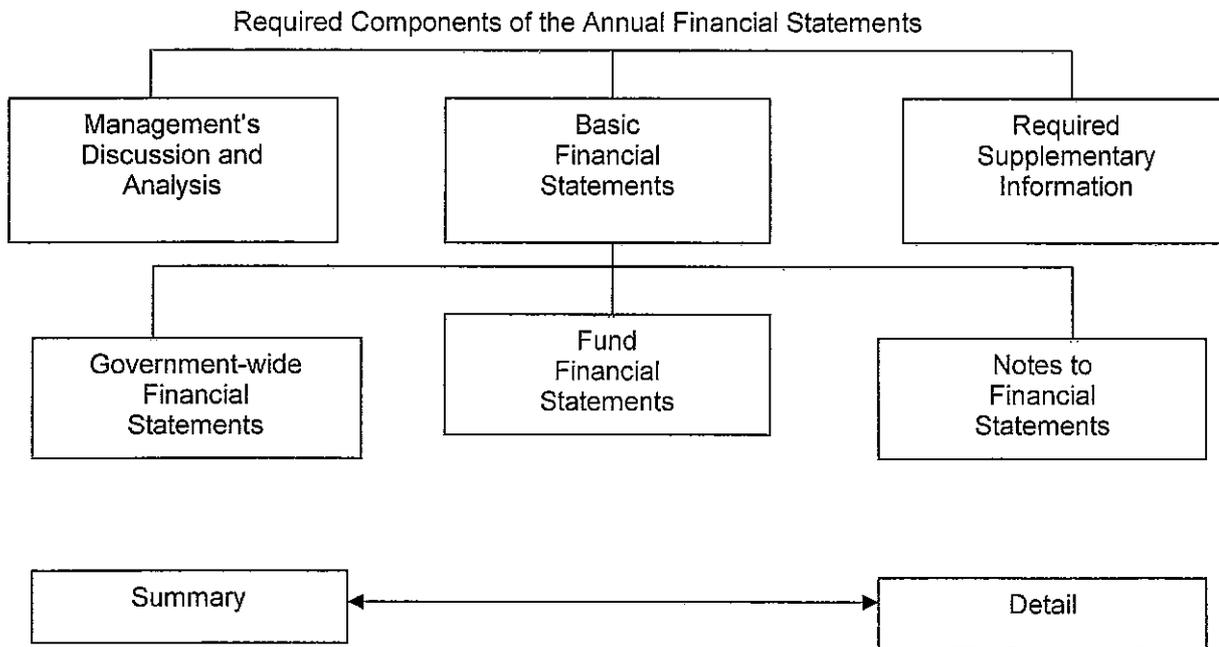
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the 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, 2011**

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

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

	<u>Government-wide Statements</u>	<u>Fund Financial Statements</u>		
		<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 assets -Statement of activities	-Balance Sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of net assets -Statement of revenues, expenses and changes in net assets -Statement of cash flows	-Statement of fiduciary net assets
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, 2011

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 assets includes all the COUNTY's assets and liabilities, except fiduciary funds, with the difference between the two reported as net assets. 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 assets 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 assets 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 assets are one way to measure the COUNTY's financial position. Over time, increases or decreases in the COUNTY's net assets 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 assets 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, 2011

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

- 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 asset balances as follows:
 - Net assets invested in capital assets, net of related debt
 - Restricted net assets 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 assets are net assets that do 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 assets 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 and liquid fuels fund are 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 funds report 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 assets. 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, 2011**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Assets

The COUNTY's total assets were \$108,023,644 at December 31, 2011. Of this amount, \$68,831,885 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 Assets – 2011/2010

	<u>2011 Governmental Activities</u>	<u>2010 Governmental Activities</u>	<u>2011 Business- type Activities</u>	<u>2010 Business- type Activities</u>	<u>2011 Total</u>	<u>2010 Total</u>
Capital Assets	\$66,932,344	\$57,132,353	\$ 1,899,541	\$ 2,110,618	\$68,831,885	\$59,242,971
Other Assets	34,954,765	31,509,111	4,236,994	2,597,988	39,191,759	34,107,099
Total Assets	<u>\$101,887,109</u>	<u>\$88,641,464</u>	<u>\$ 6,136,535</u>	<u>\$ 4,708,606</u>	<u>\$108,023,644</u>	<u>\$93,350,070</u>
Current Liabilities	\$ 3,989,266	\$ 6,377,886	\$ 717,889	\$ 868,235	\$ 4,707,155	\$ 7,246,121
Long-term Liabilities	53,594,367	40,867,281	1,717,791	2,130,139	55,312,158	42,997,420
Total Liabilities	<u>\$ 57,583,633</u>	<u>\$ 47,245,167</u>	<u>\$ 2,435,680</u>	<u>\$ 2,998,374</u>	<u>\$ 60,019,313</u>	<u>\$ 50,243,541</u>
Net Assets: Invested in Capital Assets, net of related debt	\$ 21,931,226	\$ 29,478,529	\$ (202,344)	\$ (406,834)	\$ 21,728,882	\$ 29,071,695
Restricted Net Assets	7,771,669	6,862,602	97,174	142,638	7,868,843	7,005,240
Unrestricted Net Assets	14,600,581	5,055,166	3,806,025	1,974,428	18,406,606	7,029,594
Total Net Assets	<u>\$44,303,476</u>	<u>\$41,396,297</u>	<u>\$ 3,700,855</u>	<u>\$ 1,710,232</u>	<u>\$ 48,004,331</u>	<u>\$ 43,106,529</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Change in Net Assets

The following statement of activities represents the change in net assets for the year ended December 31, 2011. 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					
	2011 Governmental Activities	2010 Governmental Activities	2011 Business-type Activities	2010 Business-type Activities	2011 Total	2010 Total
Program Revenues:						
Charges for Services	\$ 5,278,989	\$ 5,369,840	\$ 9,539,857	\$ 9,057,847	\$ 14,818,846	\$ 14,427,687
Grants and Contributions	20,721,839	20,943,451	37,176	20,739	20,759,015	20,964,190
General Revenues:						
Property Taxes	17,487,830	17,101,115	-	-	17,487,830	17,101,115
Hotel Taxes	394,820	349,934	-	-	394,820	349,934
Unrestricted						
Investment Earnings	73,300	89,587	7,164	5,827	80,464	95,414
Transfers	(1,135,656)	-	1,135,656	-	-	-
Miscellaneous Revenue	327,525	161,759	9,997	16,076	337,522	177,835
Gain/(Loss) on disposal of assets	(13,415)	237,719	-	-	(13,415)	237,719
Total Revenues	\$ 43,135,232	\$ 44,253,405	\$ 10,729,850	\$ 9,100,489	\$ 53,865,082	\$ 53,353,894
Expenses:						
General Government - Administrative	\$ 4,951,832	\$ 5,589,225	\$ -	\$ -	\$ 4,951,832	\$ 5,589,225
General Government - Judicial	5,467,295	5,963,397	-	-	5,467,295	5,963,397
Public Safety	11,224,825	10,798,971	-	-	11,224,825	10,798,971
Public Works	822,638	1,205,042	-	-	822,638	1,205,042
Human Services	10,607,138	10,840,981	8,739,227	8,445,344	19,346,365	19,286,325
Culture and Recreation	1,498,081	1,364,183	-	-	1,498,081	1,364,183
Conservation and Development	3,639,236	4,765,622	-	-	3,639,236	4,765,622
Interest on Long-Term Debt	2,017,008	1,393,986	-	-	2,017,008	1,393,986
Total Expenses	40,228,053	41,921,407	8,739,227	8,445,344	48,967,280	50,366,751
Change in Net Assets	2,907,179	2,331,998	1,990,623	655,145	4,897,802	2,987,143
Net Assets - January 1	41,396,297	39,064,299	1,710,232	1,055,087	43,106,529	40,119,386
Net Assets - December 31	\$ 44,303,476	\$ 41,396,297	\$ 3,700,855	\$ 1,710,232	\$ 48,004,331	\$ 43,106,529

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

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 2011, property taxes brought in \$17,487,830.

Net Cost of Governmental and Business-type Activities

	2011 Total Cost of Services	2010 Total Cost of Services	2011 Net Cost of Services	2010 Net Cost of Services
Program:				
General Government - Administrative	\$ 4,951,832	\$ 5,589,225	\$ (3,275,237)	\$ (3,828,164)
General Government - Judicial	5,467,295	5,963,397	(2,751,300)	(3,372,963)
Public Safety	11,224,825	10,798,971	(7,690,105)	(7,161,580)
Public Works	822,638	1,205,042	3,274,505	2,831,242
Human Services	10,607,138	10,840,981	(412,208)	(1,263,046)
Culture and Recreation	1,498,081	1,364,183	(1,360,504)	(1,206,935)
Conservation and Development	3,639,236	4,765,622	4,632	(212,684)
Interest on Long-Term Debt	2,017,008	1,393,986	(2,017,008)	(1,393,986)
Communities at Indian Haven	8,739,227	8,445,344	837,806	633,242
Total	<u>\$48,967,280</u>	<u>\$50,366,751</u>	<u>\$ (13,389,419)</u>	<u>\$ (14,974,874)</u>

The COUNTY relied on property taxes and other general revenues to fund 27.3% of its governmental and business-type activities in 2011.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

Capital Assets

The COUNTY's investment in capital assets at December 31, 2011, net of accumulated depreciation, was \$68,831,885. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2011:

	2011 Governmental Activities	2010 Governmental Activities	2011 Business Type Activities	2010 Business Type Activities	2011 Total	2010 Total
Land	\$1,846,994	\$1,846,994	\$ -	\$ -	\$1,846,994	\$1,846,994
Building and Improvements	42,626,928	41,626,166	4,173,154	4,166,254	46,800,082	45,792,420
Equipment and Machinery	8,833,417	8,532,032	3,266,187	3,200,928	12,099,604	11,732,960
Construction in Progress	20,694,913	13,375,811	-	-	20,694,913	13,375,811
Infrastructure Capitalized	17,474,905	14,105,883	-	-	17,474,905	14,105,883
Interest			165,318	165,318	165,318	165,318
Accumulated Depreciation	<u>(24,544,813)</u>	<u>(22,354,533)</u>	<u>(5,705,118)</u>	<u>(5,421,882)</u>	<u>(30,249,931)</u>	<u>(27,776,415)</u>
Total Net Capital Assets	<u>\$66,932,344</u>	<u>\$57,132,353</u>	<u>\$1,899,541</u>	<u>\$2,110,618</u>	<u>\$68,831,885</u>	<u>\$59,242,971</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, 2011**

Debt Administration

At December 31, 2011, the COUNTY had \$58,209,969 of debt outstanding. Debt increased 29% from the previous year. The following is a summary of debt obligations for the 2011 year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and Notes payable:					
General obligation notes	\$ 41,718,403	\$ 40,929,368	\$(27,471,350)	\$ 55,176,421	\$ 2,406,940
Total bonds and notes payable	41,718,403	40,929,368	(27,471,350)	55,176,421	2,406,940
Other Liabilities:					
Capital Lease Obligations	206,485	44,000	(80,878)	169,607	72,901
Compensated absences	761,250	-	(33,070)	728,180	-
Total Other Liabilities	967,735	44,000	(113,948)	897,787	72,901
Governmental Activities Long-Term Liabilities	\$ 42,686,138	\$ 40,973,368	\$(27,585,298)	\$ 56,074,208	\$ 2,479,841
<u>Buisness-Type Activities:</u>					
General Obligation Notes	\$ 2,511,831	\$ -	\$ (398,399)	\$ 2,113,432	\$ 398,283
Capital Lease Obligations	7,598	-	(2,478)	5,120	2,478
Business-Type Activities Long-Term Liabilities	\$ 2,519,429	\$ -	\$ (400,877)	\$ 2,118,552	\$ 400,761

During 2011, the County drew approximately \$8 million on General Obligation Note Series C of 2010 to fund various construction projects within the County and also issued General Obligation note Series E of 2011 for approximately \$6.6 million to fund the pension plan. The County also refinanced 4 General Obligation Notes during 2011. 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, 2011

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes	\$ 17,883,568	\$ 17,376,918
Intergovernmental Revenues	20,721,839	20,943,450
Charges for Services	5,278,989	5,369,325
Interest	40,836	57,122
Other	327,525	161,759
Debt Proceeds	40,929,368	4,544,151
Amounts Received from Loans	738,206	1,078,841
Disposal of Fixed Assets	16,985	353,603
Capital Lease Proceeds	44,000	167,338
Operating transfers in	<u>167,334</u>	<u>278,587</u>
Total revenues	<u>\$86,148,650</u>	<u>\$50,331,094</u>

There are several factors relating to increases/decreases in revenues from 2010 to 2011. Tax revenue increased \$506,650 due to increases in assessed values and new properties coming into the tax rolls. Debt proceeds increased due to refinancing notes in December 2011.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Expenditures:		
General government - Administrative	\$ 5,297,682	\$ 4,765,095
General government - Judicial	6,236,773	6,087,132
Public Safety	17,255,106	9,998,396
Public Works	462,590	881,556
Human Services	10,626,662	10,816,594
Culture and Recreation	1,097,847	1,177,240
Conservation and Development	3,633,804	4,760,537
Debt Service	29,457,940	7,532,347
Capital Outlay	3,790,148	4,367,102
Miscellaneous	-	527,752
Amounts Loaned to Others	209,137	-
Operating transfers out	<u>5,546,694</u>	<u>278,587</u>
Total expenditures	<u>\$83,614,383</u>	<u>\$51,192,341</u>

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Public Safety expenditures increased by \$7,256,710 due to capital project expenditures related to federal mandate of updating 911 Communications System. Debt Service increase is due to refinancing notes in December 2011. Operating Transfers Out increase is due to pension note financing in December 2011.

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET ASSETS

Ending balances for governmental funds and net assets for proprietary funds at December 31, 2011 and 2010 were as follows:

<u>Fund</u>	2011 Governmental <u>Funds</u>	2010 Governmental <u>Funds</u>	2011 Proprietary <u>Funds</u>	2010 Proprietary <u>Funds</u>
General Fund	\$ 6,695,194	\$ 5,423,645	\$ -	\$ -
Medical Assistance				
Transportation	641,337	(9,848)	-	-
Community Program for Restoration	177,697	100,485	-	-
Revolving Loan	1,578,205	1,544,081		
Airport Construction	(1,365,950)	(1,331,819)		
Nonmajor Governmental Funds	5,290,205	4,755,877		
Communities at Indian Haven	-	-	3,700,855	1,710,232
Total	<u>\$ 13,016,688</u>	<u>\$ 10,482,421</u>	<u>\$ 3,700,855</u>	<u>\$ 1,710,232</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, 2011**

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 2011 general fund budget can be found in Required Supplemental Information.

Overall the COUNTY had a favorable variance of \$6,749,571 for actual results in comparison to budget. Numerous factors went in to these results. Revenue had a positive variance of \$161,343 due mainly to increased governmental grants. Expenditures had a negative variance of \$21,648,794 for actual results in comparison to budget, largely resulting from a negative variance in debt service expenditures as a result of a note refinancing, which was offset by the proceeds from long term debt.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The COUNTY has refinanced debt to take advantage of current lower interest rates. A federal mandate has required the COUNTY to upgrade its 911 Public Safety Radio Communications System which is currently being installed. 2013 Budget will be a challenge due to 8 union contracts expiring December 31, 2012. Negotiations have begun.

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 ASSETS
DECEMBER 31, 2011

Assets	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and Cash Equivalents	\$ 8,680,975	\$ 812,576	\$ 9,493,551	\$ 1,500,174
Investments	1,121,739	-	1,121,739	-
Restricted Assets				
Cash and Cash Equivalents	-	97,174	97,174	862,564
Resident's Cash	-	40,977	40,977	-
Receivables (Net, where applicable, of Allowance for Uncollectibles)				
Accounts	683,709	1,805,343	2,489,052	950,071
Taxes	1,803,612	-	1,803,612	-
Loans	13,137,469	-	13,137,469	-
Due From Other Governments	2,493,433	-	2,493,433	236,555
Deferred Issuance Costs on Bonds, Net	-	16,667	16,667	44,886
Prepaid Assets	-	27,372	27,372	-
Inventory	-	-	-	94,197
Net Pension Asset	6,166,619	1,710,111	7,876,730	-
Other Assets	593,983	-	593,983	68,230
Internal Balances	273,226	(273,226)	-	-
Trustee Held Funds	-	-	-	161,893
Intangible Assets	-	-	-	1,583,186
Capital Assets: (Net)				
Depreciable	44,390,437	1,899,541	46,289,978	102,941,272
Non-depreciable	22,541,907	-	22,541,907	-
Total Assets	\$ 101,887,109	\$ 6,136,535	\$ 108,023,644	\$ 108,443,028
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 967,029	\$ 187,024	\$ 1,154,053	\$ 1,439,157
Accrued Expenses	287,956	83,218	371,174	91,837
Unearned Revenues	99,350	-	99,350	-
Funds Held in Fiduciary Capacity	-	40,977	40,977	-
Accrued Interest Payable on Debt	155,090	5,909	160,999	251,391
Line of Credit	-	-	-	542,325
Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	2,406,940	398,283	2,805,223	2,677,965
Capital Lease Payable	72,901	2,478	75,379	39,963
Non-Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	52,769,481	1,715,149	54,484,630	58,072,463
Capital Lease Payable	96,706	2,642	99,348	71,657
Compensated Absences	728,180	-	728,180	-
Total Liabilities	57,583,633	2,435,680	60,019,313	63,186,758
Net Assets				
Investment in Capital Assets, Net of Related Debt	21,931,226	(202,344)	21,728,882	41,934,268
Restricted Net Assets				
Program Purposes	7,771,669	-	7,771,669	-
Bond Indenture	-	-	-	514,802
Capital projects	-	97,174	97,174	347,762
Unrestricted	14,600,581	3,806,025	18,406,606	2,459,438
Total Net Assets (Deficit)	\$ 44,303,476	\$ 3,700,855	\$ 48,004,331	\$ 45,256,270

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government - Administrative	\$ 4,951,832	\$ 1,571,630	\$ 104,965	\$ -	\$ (3,275,237)	\$ -	\$ (3,275,237)	
General Government - Judicial	5,487,295	1,272,420	1,443,575	-	(2,751,300)	-	(2,751,300)	
Public Safety	11,224,825	2,085,820	1,448,100	-	(7,690,105)	-	(7,690,105)	
Public Works	822,938	53,818	30,962	4,012,363	3,274,505	-	3,274,505	
Human Services	10,607,138	129,500	10,065,430	-	(412,208)	-	(412,208)	
Culture and Recreation	1,493,081	92,577	45,000	-	(1,360,504)	-	(1,360,504)	
Conservation and Development	3,633,236	73,424	3,570,444	-	(2,017,008)	-	(2,017,008)	
Interest on Long-Term Debt	2,017,008	-	-	-	(2,017,008)	-	(2,017,008)	
Total Governmental Activities	40,228,053	5,278,989	16,709,476	4,012,363	(14,227,225)	-	(14,227,225)	
Business-Type Activities:								
Communities at Indian Haven	8,739,227	9,539,657	37,176	-	-	837,806	837,806	
Total Business-Type Activities	8,739,227	9,539,657	37,176	-	-	837,806	837,806	
Total Primary Government	\$ 48,967,280	\$ 14,818,646	\$ 16,746,652	\$ 4,012,363	\$ (14,227,225)	\$ 837,806	\$ (13,389,419)	
Component Units:								
Indiana County Municipal Services Authority	\$ 6,065,256	\$ 4,718,569	\$ -	\$ 4,725,494	-	-	\$ 3,374,807	
Highridge Water Authority	3,148,774	2,581,893	-	-	-	-	(566,881)	
Total Component Units	\$ 9,214,030	\$ 7,300,462	\$ -	\$ 4,725,494	\$ -	\$ -	\$ 2,807,926	
General Revenues:								
Taxes:								
Property					17,487,830	-	17,487,830	
Hotel Taxes					394,820	-	394,820	
Unrestricted investment earnings					73,300	7,164	80,464	176
Loss From Sale of Assets					(13,415)	-	(13,415)	
Miscellaneous					327,525	9,997	337,522	1,110,567
Contributed Capital					-	-	-	1,389,529
Transfers					(1,135,656)	1,135,656	-	-
Total General Revenues					17,134,404	1,152,817	18,287,221	2,500,232
Change in Net Assets					2,907,179	1,990,623	4,897,802	5,308,216
Net Assets - Beginning					41,399,297	1,710,232	43,109,529	39,948,052
Net Assets - Ending					\$ 44,303,476	\$ 3,700,855	\$ 48,004,331	\$ 45,256,270

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

COUNTY OF INDIANA, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General Fund	Medical Assistance Transportation	Community Program for Restoration	Revolving Loan Fund	Airport Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 1,029,218	\$ 893,973	\$ 154,987	\$ 1,578,985	\$ 74,087	\$ 4,949,725	\$ 8,680,975
Investments	-	-	-	-	-	1,121,739	1,121,739
Receivables:							
Taxes	1,803,612	-	-	-	-	-	1,803,612
Other governmental grants	2,029,981	-	-	-	-	463,452	2,493,433
Other	543,015	-	400	-	-	140,294	683,709
Loans	10,974,116	-	1,473,850	360,380	-	329,123	13,137,469
Due from other funds	2,858,527	-	30,731	-	-	70,149	2,959,407
Other assets	574,682	-	-	-	-	19,301	593,983
Total assets	\$ 19,813,151	\$ 893,973	\$ 1,659,968	\$ 1,939,365	\$ 74,087	\$ 7,093,783	\$ 31,474,327
Liabilities							
Accounts Payable	\$ 572,953	\$ 118,756	\$ 8,421	\$ 780	\$ -	\$ 266,119	\$ 967,029
Accrued liabilities	287,956	-	-	-	-	-	287,956
Due to other funds	-	37,808	-	-	1,440,037	1,208,336	2,686,181
Deferred revenues	1,282,932	96,072	-	-	-	-	1,379,004
Deferred loans receivable	10,974,116	-	1,473,850	360,380	-	329,123	13,137,469
Total liabilities	\$ 13,117,957	\$ 252,636	\$ 1,482,271	\$ 361,160	\$ 1,440,037	\$ 1,803,578	\$ 18,457,639
Fund Balances							
Reserved							
Nonspendable	574,682	-	-	-	-	19,301	593,983
Restricted	3,211	641,337	177,697	1,578,205	-	5,371,219	7,771,669
Assigned	65,179	-	-	-	-	-	65,179
Unassigned	6,052,122	-	-	-	(1,365,950)	(100,315)	4,586,857
Total fund balances (deficits)	\$ 6,695,194	\$ 641,337	\$ 177,697	\$ 1,578,205	\$ (1,365,950)	\$ 5,290,205	\$ 13,016,688
Total liabilities and fund balances	\$ 19,813,151	\$ 893,973	\$ 1,659,968	\$ 1,939,365	\$ 74,087	\$ 7,093,783	\$ 31,474,327

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 ASSETS
DECEMBER 31, 2011

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

Total fund balances of governmental funds	\$	13,016,688
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$91,477,157 and the accumulated depreciation is \$24,544,813.</p>		
		66,932,344
<p>Revenues not available to pay for current period expenditures and therefore reported as unearned revenue in the funds:</p>		
Loans Receivable	12,049,789	
Installment Sales of County Property	1,087,680	
Real estate taxes	1,279,654	14,417,123
<p>Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds:</p>		
		6,166,619
<p>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 Assets. Long-term liabilities at year-end consist of:</p>		
Long-term debt	(55,176,421)	
Accrued interest on long-term debt	(155,090)	
Capital Lease Payable	(169,607)	
Compensated absences	(728,180)	(56,229,298)
		<u>(56,229,298)</u>
Total net assets of governmental activities	\$	<u>44,303,476</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, 2011

	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	17,488,748	\$ -	\$ -	\$ -	\$ -	\$ -	17,488,748
Taxes: Hotel	-	-	-	-	-	394,820	394,820
Intergovernmental revenue	5,786,175	2,755,997	-	-	3,568,659	8,611,008	20,721,839
Charges for services	530,152	-	3,591	20,181	-	1,045,914	1,599,838
Departmental charges	3,679,151	-	-	-	-	-	3,679,151
Interest income	23,762	449	63	145	99	16,318	40,836
Other revenue	97,441	-	65,957	586	-	163,541	327,525
Total Revenues	27,605,429	2,758,446	69,811	20,912	3,568,758	10,231,601	44,252,757
Expenditures							
Current operating:							
General government	5,032,405	-	-	-	-	265,277	5,297,682
Judicial	5,158,713	-	-	-	-	1,078,060	6,236,773
Public safety	16,111,063	-	-	-	-	1,144,043	17,255,106
Public works	370,584	-	-	-	-	92,006	462,590
Human services	5,446,119	2,105,261	-	-	-	3,075,282	10,626,662
Culture and recreation	606,072	-	-	-	-	491,775	1,097,847
Conservation and development	271,392	-	15,874	9,866	-	3,336,552	3,633,904
Debt service	-	-	-	-	-	108,342	27,471,350
Principal	27,363,008	-	-	-	-	3,524	1,966,590
Interest	1,963,066	-	-	-	-	187,259	3,790,148
Capital outlay	-	2,105,261	15,874	-	3,602,889	9,782,120	77,858,552
Total Expenditures	62,342,422	2,105,261	15,874	9,866	3,602,889	9,782,120	77,858,552
Excess (deficiency) of revenues over expenditures	(34,736,993)	651,185	53,737	10,926	(34,131)	449,481	(33,605,795)
Other financing sources (uses)							
Proceeds from long term debt	40,929,368	-	-	-	-	-	40,929,368
Proceeds from capital lease	44,000	-	-	-	-	-	44,000
Amounts received from loans	493,237	-	23,475	173,198	-	48,296	738,206
Disposal of fixed assets	16,586	-	-	-	-	450	16,985
Transfers in	2,708	-	-	-	-	164,626	167,334
Amounts loaned to others	-	-	-	(150,000)	-	(59,137)	(209,137)
Transfer to employee retirement	(4,243,704)	-	-	-	-	-	(4,243,704)
Transfers out	(1,233,602)	-	-	-	-	(69,388)	(1,302,990)
Total other financing sources (uses)	36,008,542	-	23,475	23,198	-	84,847	36,140,062
Net change in fund balance	1,271,549	651,185	77,212	34,124	(34,131)	534,328	2,534,267
Fund balance (deficit), beginning of year as restated (Note 15)	5,423,645	(9,848)	100,485	1,544,081	(1,331,819)	4,755,877	10,482,421
Fund balance (deficit), end of year	6,695,194	641,337	177,697	1,578,205	(1,365,950)	5,290,205	13,016,688

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, 2011

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

Net Change in fund balances - total governmental funds		\$ 2,534,267
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlays	12,091,717	
Net book value of assets disposed	(30,400)	
Depreciation expense	<u>(2,261,326)</u>	9,799,991
<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 assets. This amount is the net effect of these differences in the treatment of long-term debt.</p>		
Proceeds from long-term debt	(40,929,368)	
Change in interest payable on long-term debt	(30,418)	
Principal repayments	<u>27,471,350</u>	(13,488,436)
<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 assets 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	80,878	
New capital assets acquired through capital leases	<u>(44,000)</u>	36,878
<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 assets. 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	557,410	
Amounts received from loans	<u>(738,206)</u>	(148,332)
Governmental funds do not report the changes in compensated absences:		33,070
<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	1,279,654	
Prior year	<u>(1,280,572)</u>	(918)
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.		<u>4,140,659</u>
Changes in net assets of governmental activities		<u>\$ 2,907,179</u>

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2011

Assets	Business-Type Activities - Enterprise Fund <u>The Communities at Indian Haven</u>
Current Assets:	
Cash and cash equivalents	\$ 812,576
Resident's cash	40,977
Accounts Receivable	1,805,343
Prepaid expenses and other current assets	<u>27,372</u>
Total current assets	<u>2,686,268</u>
Noncurrent assets:	
Bond issuance costs	16,667
Cash, funded depreciation	97,174
Pension Asset	1,710,111
Capital Assets (net of accumulated depreciation of \$5,705,118)	<u>1,899,541</u>
Total noncurrent assets	<u>3,723,493</u>
Total assets	<u>6,409,761</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 187,024
Accrued expenses	83,218
Due to other funds	273,226
Funds held in Fiduciary Capacity	40,977
Accrued interest payable	5,909
Current portion of long-term debt	398,283
Current portion of capital lease payable	<u>2,478</u>
Total current liabilities	<u>991,115</u>
Noncurrent liabilities:	
Notes payable	1,715,149
Capital lease payable	<u>2,642</u>
Total noncurrent liabilities	<u>1,717,791</u>
Total liabilities	<u>2,708,906</u>
Net Assets	
Invested in Capital Assets, net of Related Debt	(202,344)
Restricted	97,174
Unrestricted	<u>3,806,025</u>
Total net assets (deficit)	<u>3,700,855</u>
Total liabilities and net assets	<u>\$ 6,409,761</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 ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities - Enterprise Fund <u>The Communities at Indian Haven</u>
Operating Revenues	
Receipts from Providing Services	\$ 9,539,857
Other Revenue	<u>9,997</u>
Total Operating Revenues	<u>9,549,854</u>
Operating Expenses	
Human Services	8,388,274
Depreciation and amortization	<u>286,569</u>
Total Operating Expenses	<u>8,674,843</u>
Operating Income	875,011
Nonoperating Revenues (Expenses)	
Interest Income	7,164
Grant Income	37,176
Interest Expense	<u>(64,384)</u>
Total Nonoperating Revenues (Expenses)	<u>(20,044)</u>
Excess (deficiency) of revenues over expenditures	854,967
Transfers from other funds	<u>1,135,656</u>
Total other financing sources (uses)	<u>1,135,656</u>
Changes in Net Assets	1,990,623
Net Assets - Beginning of Year	<u>1,710,232</u>
Net Deficit - End of Year	<u>\$ 3,700,855</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, 2011

	2011
Cash flows from operating activities	
Cash received from residents	\$ 8,789,470
Other receipts	9,997
Cash paid for goods and services	(9,690,284)
Net cash used in operating activities	(890,817)
Cash flows from investing activities	
Interest income	7,164
Net decrease in cash, funded depreciation	45,814
Net cash provided by investing activities	52,978
Cash flows from capital and related financing activities	
Purchase of capital assets	(72,159)
Principal payments on note payable	(398,399)
Interest paid	(65,060)
Payments on capital lease obligation	(2,478)
Net cash used in capital and related financing activities	(538,096)
Cash flows from financing activities	
Transfers from other funds	1,135,656
Grant income	37,176
Net cash provided by financing activities	1,172,832
Net decrease in cash and cash equivalents	(203,103)
Beginning cash and cash equivalents	1,015,679
Ending cash and cash equivalents	\$ 812,576
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	\$ 875,011
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	286,569
Increase in pension asset	(1,107,991)
Decrease (increase) in assets	
Accounts receivable, net of allowances	(622,667)
Prepaid expenses	18,985
Increase (decrease) in liabilities	
Accounts payable	(50,352)
Accrued expenses	8,632
Deferred revenue	(127,720)
Due to other funds	(171,284)
Net cash used in operating activities	\$ (890,817)

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

COUNTY OF INDIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Employee Retirement</u>	<u>Other Agency Funds</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 3,033,300	\$ 1,363,084	\$ 4,396,384
Investments	<u>30,002,956</u>	<u>103,476</u>	<u>30,106,432</u>
Total Assets	<u>\$ 33,036,256</u>	<u>\$ 1,466,560</u>	<u>\$ 34,502,816</u>
<u>Liabilities</u>			
Liabilities			
Due to other governments	\$ -	\$ 652,883	\$ 652,883
Funds Held in Fiduciary Capacity	<u>-</u>	<u>813,677</u>	<u>813,677</u>
Total Liabilities	<u>-</u>	<u>1,466,560</u>	<u>1,466,560</u>
<u>Net Assets</u>			
Employees' Pension Benefits	<u>33,036,256</u>	<u>-</u>	<u>33,036,256</u>
Total Net Assets	<u>\$ 33,036,256</u>	<u>\$ -</u>	<u>\$ 33,036,256</u>

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

COUNTY OF INDIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
EMPLOYEE RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Employee Retirement Trust Fund</u>
Additions:	
Contributions:	
Employee	\$ 812,719
County Contribution	<u>6,520,229</u>
Total Contributions	<u>7,332,948</u>
Investment Income:	
Net Depreciation in Fair Value of Investments	(227,753)
Interest and Dividends	<u>518,625</u>
Total Investment Income	290,872
Less: Investment Expense	<u>(141,201)</u>
Net Investment Income	<u>149,671</u>
Total Additions	<u>7,482,619</u>
Deductions	
Employee Benefits Paid	899,625
Members' Contributions Refunded	114,190
Administrative Expenses	<u>24,835</u>
Total Deductions	<u>1,038,650</u>
Net Increase	6,443,969
Net Assets Held In Trust For Employees' Pension Benefits:	
Beginning of Year	<u>26,592,287</u>
End of Year	<u>\$ 33,036,256</u>

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

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

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

A) Reporting Entity

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

1. Component Units

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

a. Blended Component Unit

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

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

Indian Haven reports on a calendar year basis.

b. Discretely Presented Component Units

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

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

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, 2011

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

3. Joint Venture (Continued)

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

Condensed financial information for the joint venture as of and for the year ended June 30, 2011, is as follows:

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

B) Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., statement of net assets, 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, 2011

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, 2011

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, 2011

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

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

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

Additionally, the County reports the following fiduciary fund types:

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

D) Assets, Liabilities, and Net Assets 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, 2011, 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, 2011

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

D) Assets, Liabilities, and Net Assets 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 \$694,695.

6. Inventories

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

7. Long-Term Obligations

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

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

8. Compensated Absences

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

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

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

9. Unearned/Deferred Revenues

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

10. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. 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 Assets* – 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 Assets* – This category represents net assets 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 in tact.
- *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, 2011

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

10. Net Assets/Fund Balances (Continued)

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

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

11. Accounting Estimates

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

12. Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". The adoption of this statement resulted in a restatement of fund balances due to a new definition of a special revenue fund, and different classifications of fund balance for governmental funds..

The County adopted the provisions of GASB Statement No. 59, "*Financial Instruments Omnibus*". The adoption of this statement had no effect on previously reported amounts.

13. Pending Changes in Accounting Principles

In December 2009 the GASB issued Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans*." The County is required to adopt Statement No. 57 for its calendar year 2012 financial statements.

In November 2010, the GASB issued Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*". The County is required to adopt Statement No. 60 for its calendar year 2012 financial statements.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

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

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

13. Pending Changes in Accounting Principles (Continued)

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

In December 2010 the GASB issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*." The County is required to adopt Statement No. 59 for its calendar year 2012 financial statements.

In June 2011, the GASB issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The County is required to adopt Statement No. 63 for its calendar year 2012 financial statements.

In June 2011, the GASB issued Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*". The County is required to adopt Statement No. 64 for its calendar year 2012 financial statements.

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

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

In June of 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 2013 financial statements,

In June of 2012, The GASB issued Statement No. 68 "*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*". The County is required to adopt statement No. 68 for its calendar year 2014 financial statements,

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

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 assets acquired is being amortized using the straight-line method over a period of 40 years. Amortization expense for 2011 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, 2011

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 \$190,000.

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 2011, \$286,643 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, 2011

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 2011 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, 2011

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, 2011, the County had the following investments:

	<u>Cost</u>	<u>Market</u>
Governmental Funds		
Total Nonmajor Governmental Funds		
Certificates of Deposit	\$ 1,121,739	\$ 1,121,739
Total Governmental Funds	<u>\$ 1,121,739</u>	<u>\$ 1,121,739</u>
Fiduciary Funds		
Agency Funds		
Certificates of Deposit	\$ 103,476	\$ 103,476
Retirement Fund		
U.S. Government Securities	2,874,079	2,964,556
Corporate Bonds	1,766,507	1,836,438
Common Stock	6,379,000	6,893,618
Mutual Funds	15,013,013	15,179,153
International Stock	<u>3,604,303</u>	<u>3,129,191</u>
Total Fiduciary Funds	<u>\$ 29,740,378</u>	<u>\$ 30,106,432</u>
Total Investments	<u>\$ 30,862,117</u>	<u>\$ 31,228,171</u>

As of December 31, 2011, 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, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2011, 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	\$ 1,836,438	\$ -	\$ 472,751	\$ 867,438	\$ 496,249
US Government Agencies	2,964,556	272,582	1,131,572	334,501	1,225,901
Total	<u>\$ 4,800,994</u>	<u>\$ 272,582</u>	<u>\$ 1,604,323</u>	<u>\$ 1,201,939</u>	<u>\$ 1,722,150</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, 2011, 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, 2011, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Securities	AAA	100%
Corporate Bonds	AAA	25%
Corporate Bonds	AA	22%
Corporate Bonds	A	35%
Corporate Bonds	BBB	4%
Corporate Bonds	Below BBB	14%

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, 2011, the County's cash balances for its governmental activities, business-type activities and agency fund were \$10,994,786 and its bank balances were \$12,595,751. Of these bank balances, \$11,816,014 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, 2011 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, 2011

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 Aberdeen Small Cap Fund, the IShares Russell 1000 Growth Index Fund, and the Passive Intermediate Aggregate Bond Index. These investments are 64% of the total investments of the County and 64% of the investments of the aggregate remaining fund information.

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

Component Units

Indiana County Municipal Services Authority

At December 31, 2011, the carrying amount of the Authority's cash deposits was \$590,878 and the bank balance was \$916,285. Of the bank balance, \$468,974 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 2011 the County had total millage of 30.42, of which 5.42 mills were reserved for principal and interest on debt, and 25.00 mills for general County purposes.

The County's 2011 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 2011 real estate taxes levied was \$17,367,384 based on a total County assessed valuation of \$570,919,920. Based on the 2011 levy of 30.42 mills, a property owner would pay \$30.42 per \$1,000 of assessed valuation.

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

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 \$2,163,353 as of December 31, 2011. All loans are fully deferred at the fund level.

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

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

	Balance at 12/31/2010	Payments Received from Others	Discounts	Balance at 12/31/2011
Commerce Center I installment sale	\$ 1,055,216	\$ -	\$ 32,464	\$ 1,087,680
Commerce Center II installment sale	10,000	10,000	-	-
Corporate Campus Innovation Center Loan	70,136	54,920	-	15,216
Indian Springs Road Project Loan	376,063	51,973	-	324,090
Corporate Campus Multi- Tenant Building Loan	2,362,535	185,280	-	2,177,255
Indian Springs Multi- Tenant Building Loan	<u>7,560,939</u>	<u>191,064</u>	<u>-</u>	<u>7,369,875</u>
Total	<u>\$ 11,434,889</u>	<u>\$ 493,237</u>	<u>\$ 32,464</u>	<u>\$ 10,974,116</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, 2011, 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. The total unamortized discount is \$162,320 at December 31, 2011. The discount will be amortized over the term of the agreement.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 5: LOANS RECEIVABLE (CONTINUED)

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, 2011 in the amount of \$1,087,680.

Commerce Center II installment sale

In 2005 the County entered into an installment agreement with ICDC for the sale of land in the Indiana County Commerce Park, owned and operated by the County. Terms of the agreement provide for annual payments of \$10,000 from ICDC when excess revenues are readily available. The agreement provided no interest and was no discount because any discount was deemed immaterial to the financial statements as a whole. The final payment of \$10,000 on the sale was received during 2011 and the sale is paid in full as of December 31, 2011.

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, 2011 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 1,846,994	\$ -	\$ -	\$ 1,846,994
Construction in Progress	13,375,811	10,805,709	(3,486,607)	20,694,913
Total Capital Assets, Not Being Depreciated	<u>15,222,805</u>	<u>10,805,709</u>	<u>(3,486,607)</u>	<u>22,541,907</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	41,626,166	1,000,762	-	42,626,928
Equipment and Vehicles	8,532,032	402,831	(101,446)	8,833,417
Infrastructure	14,105,883	3,369,022	-	17,474,905
Total Capital Assets, Being Depreciated	<u>64,264,081</u>	<u>4,772,615</u>	<u>(101,446)</u>	<u>68,935,250</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(12,026,317)	(1,039,047)	-	(13,065,364)
Equipment and Vehicles	(4,993,336)	(723,879)	71,046	(5,646,169)
Infrastructure	(5,334,880)	(498,400)	-	(5,833,280)
Total Accumulated Depreciation	<u>(22,354,533)</u>	<u>(2,261,326)</u>	<u>71,046</u>	<u>(24,544,813)</u>
Total Capital Assets, Being Depreciated, Net	<u>41,909,548</u>	<u>2,511,289</u>	<u>(30,400)</u>	<u>44,390,437</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,132,353</u>	<u>\$ 13,316,998</u>	<u>\$ (3,517,007)</u>	<u>\$ 66,932,344</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

BUSINESS TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 4,166,254	\$ 6,900	\$ -	\$ 4,173,154
Equipment and Vehicles	3,200,928	65,259	-	3,266,187
Capitalized Interest	165,318	-	-	165,318
Total Capital Assets, Being Depreciated	7,532,500	72,159	-	7,604,659
Less Accumulated Depreciation	(5,421,882)	(283,236)	-	(5,705,118)
Total Capital Assets, Being Depreciated, Net	2,110,618	(211,077)	-	1,899,541
Business Type Activities Capital Assets, Net	\$ 2,110,618	\$ (211,077)	\$ -	\$ 1,899,541

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

Governmental Activities:

General Government - Administrative	\$ 258,477
General Government - Judicial	68,933
Public Safety	1,075,961
Public Works	360,662
Human Services	48,424
Culture and Recreation	443,742
Conservation and Development	5,127

Total Depreciation Expense - Governmental Activities \$ 2,261,326

Business Type Activities:

Human Services	\$ 283,236
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Total Depreciation Expense - Business Type Activities \$ 283,236

Component Unit – Capital AssetsHighridge Water Authority

Capital assets and accumulated depreciation as of December 31, 2011 is as follows:

Buildings	\$ 41,137,916
Land and improvements	372,625
Total	41,510,541
Less accumulated depreciation	13,546,892
Capital Assets, net	<u>\$27,963,649</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Capital assets and accumulated depreciation as of December 31, 2011 is as follows:

Fixed equipment	\$86,496,088
Movable equipment	910,628
Vehicles	583,311
Construction in Progress	<u>13,055,943</u>
Total	101,045,970
Less accumulated depreciation	<u>26,068,347</u>
Capital Assets, net	<u>\$ 74,977,623</u>

NOTE 7: RESTRICTED ASSETS

Business Type Activities

The County has restricted cash of \$96,824 in the business type activities which is restricted for capital purchases and repairs to existing capital assets.

The County also has restricted of \$40,977 that is owed to residents of the nursing home.

Component Unit – Designated AssetsIndiana County Municipal Services Authority

Restricted Assets at December 31, 2011 are as follows:

Debt Service Fund	\$ 420,007
Debt Service Reserve and Repair Fund	94,795
Construction Fund	<u>347,762</u>
Total	<u>\$ 862,564</u>

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

At December 31, 2011, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	155
Terminated Employees Entitled to Benefits but not yet Receiving Them	30
Active Plan Participants	<u>435</u>
Total	<u>620</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, 2011. The aggregate actuarial cost method was used to determine costs. Under this method, the valuation assets of the plan are subtracted from the present value of all projected benefits. The result, when divided by the present value of future compensations, gives a percentage normal cost factor which is applied to the estimated 2009 compensation of all members to arrive at the normal cost at the beginning of the year. However, a schedule of funding progress is required to be presented as supplementary information using the entry age cost method to provide information that serves as a surrogate for the funding progress of the plan.

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

Investment Rate of Return	7.5% per annum, compounded annually (including inflation at 3%)
Projected Salary increases	4.50% (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, 2011, the most recent actuarial valuation date, the Plan was 97 percent funded.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

The actuarial accrued liability for benefits was \$34,041,975, and the actuarial value of the assets was \$33,036,256, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,005,719. The actuarial value of the assets as a percentage of the actuarial accrued liability was 97%. The covered payroll was \$15,254,558, and the ratio of the UAAL to the covered payroll was 6.6%.

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 2011 was determined as part of the December 31, 2010 actuarial valuation. The County's annual pension cost and net pension asset to the pension plan for 2011 are shown below:

Annual Required Contribution	\$ 1,140,868
Less: Interest on Net Pension Asset	(197,106)
Add: Adjustment to Annual Required Contribution	<u>327,817</u>
Annual Pension Cost	1,271,579
Contribution Made	<u>6,520,229</u>
Change in Net Pension Asset (Obligation)	5,248,650
Net Pension Asset - January 1, 2011	<u>2,628,080</u>
Net Pension Asset - December 31, 2011	<u>\$ 7,876,730</u>

Annual Pension Cost - Three-year Trend Information

Year Ended	Annual Pension Cost	Annual Pension Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Asset	Governmental Activities	Business Type Activities
December 31, 2009	\$ 1,742,635	\$ 1,000,000	57%	\$ 2,766,378	\$ 2,135,090	\$ 631,288
December 31, 2010	\$ 1,564,682	\$ 1,426,385	91%	\$ 2,628,080	\$ 2,025,960	\$ 602,120
December 31, 2011	\$ 1,271,579	\$ 6,520,229	513%	\$ 7,876,730	\$ 6,166,619	\$ 1,710,111

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 2011 amounted to \$34,914.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

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 \$52,000.

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, 2011). Borrowings were \$498,384 at December 31, 2011.

The Authority also has available a \$150,000 unsecured line of credit with First Commonwealth Bank, which is due on demand, with interest at 70% of the prime rate (2.75 at December 31, 2011). Borrowings were \$43,941 at December 31, 2011.

NOTE 10: LONG-TERM OBLIGATIONS

A summary of changes in long-term debt obligations for 2011 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	\$ 41,718,403	\$ 40,929,368	\$(27,471,350)	\$ 55,176,421	\$ 2,406,940
Total bonds and notes payable	41,718,403	40,929,368	(27,471,350)	55,176,421	2,406,940
Other Liabilities:					
Capital Lease Obligations	206,485	44,000	(80,878)	169,607	72,901
Compensated absences	761,250	-	(33,070)	728,180	-
Total Other Liabilities	967,735	44,000	(113,948)	897,787	72,901
Governmental Activities Long-Term Liabilities	\$ 42,686,138	\$ 40,973,368	\$(27,585,298)	\$ 56,074,208	\$ 2,479,841
<u>Business-Type Activities:</u>					
General Obligation Notes	\$ 2,511,831	\$ -	\$ (398,399)	\$ 2,113,432	\$ 398,283
Capital Lease Obligations	7,598	-	(2,478)	5,120	2,478
Business-Type Activities Long-Term Liabilities	\$ 2,519,429	\$ -	\$ (400,877)	\$ 2,118,552	\$ 400,761

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>Governmental Activities</u>			
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Year Ended December 31:			
2012	\$ 2,406,940	\$ 2,005,272	\$ 4,412,212
2013	2,748,074	1,882,681	4,630,755
2014	2,855,896	1,803,375	4,659,271
2015	2,964,304	1,695,059	4,659,363
2016	3,075,897	1,583,375	4,659,272
2017-2021	16,779,033	6,100,832	22,879,865
2022-2026	13,855,315	3,230,957	17,086,272
2027-2031	9,038,735	998,599	10,037,334
2032-2033	<u>1,452,227</u>	<u>46,865</u>	<u>1,499,092</u>
Total	<u>\$ 55,176,421</u>	<u>\$ 19,347,015</u>	<u>\$ 74,523,436</u>
 <u>Business-Type Activities</u>			
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Year Ended December 31:			
2012	\$ 398,283	\$ 63,241	\$ 461,524
2013	411,182	50,342	461,524
2014	424,498	37,026	461,524
2015	438,246	23,278	461,524
2016	<u>441,223</u>	<u>9,085</u>	<u>450,308</u>
Total	<u>\$ 2,113,432</u>	<u>\$ 182,972</u>	<u>\$ 2,296,404</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

Governmental Activities

<u>Issuance</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2011</u>
1997	\$ 1,300,000	Finance construction and development of the Indiana County Corporate Campus Innovation Center. The loan has an interest rate of 5.595% per annum with a final maturity in April 2012. This loan was loaned to ICDC under the same terms	\$ 15,216
2002	\$ 1,250,000	Finance the Indian Springs Road Rehabilitation Project. The loan has an interest rate of 4.875% per annum with a final maturity in May 2018. This loan was loaned to ICDC under the same terms.	\$ 324,090
Series C of 2005	\$ 4,250,000	To finance the construction of a multi-tenant building at the Indiana County Corporate Campus. The loan has an interest rate of 3.97%	\$ 2,177,255
2005	\$ 150,000	To finish the construction of the Microwave Radio Communication project. The loan has a variable interest rate of 67% of the prime rate. The loan has a final maturity date of September 2013.	\$ 41,810
2006	\$ 8,000,000	To finance the construction of a multi-tenant building on Indian Springs Road. The loan has an interest rate of 4.76% per annum and a final maturity of July 2033. As of December 31, 2007 only \$7,667,248 had been drawn against the loan. The County has a loan agreement with ICDC with the same amount and terms as this loan.	\$ 7,369,875
Series C of 2010	\$ 15,000,000	For the expenses related to construction and upgrades to the County's 911 system and various other capital projects within the County. The loan has an interest rate of 3.64% with a final maturity in January 2033.	\$ 8,395,224
Series A of 2010	\$ 4,128,295	To refinance General Obligation Note, Series B of 2005. The loan has an interest rate of 3.31% with a final maturity in December 2025.	\$ 3,902,951

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities (Continued)

<u>Issuance</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2011</u>
Series A of 2011	\$ 9,400,000	To refinance General Obligation Note, Series A of 2007, related to the construction of the new jail. The loan has an interest rate of 2.95% with a final maturity in May 2029.	\$ 9,400,000
Series B of 2011	\$ 9,400,000	To refinance General Obligation Note, Series A of 2008, related to the construction of the new jail. The loan has an interest rate of 2.95% with a final maturity in May 2029.	\$ 9,400,000
Series C of 2011	\$ 3,650,000	To refinance General Obligation Note, Series A of 2009, related to the construction of the new jail and other projects within the County. The loan has an interest rate of 2.95% with a final maturity in May 2029.	\$ 3,650,000
Taxable Series D of 2011	\$ 3,900,000	To refinance General Obligation Note, Series A of 2005, related to the funding of the pension plan. The loan has an interest rate of 4.45% with a final maturity in December 2027.	\$ 3,900,000
Taxable Series E of 2011	\$ 6,600,000	To fund the County's Unfunded Actuarial Accrued Liability in the Pension Plan. The loan has an interest rate of 4.45% with a final maturity in December 2021.	\$ 6,600,000
Total Long-Term Obligations			<u>\$ 55,176,421</u>

Business-Type Activities

<u>Issuance</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2011</u>
Series B of 2010	\$ 2,511,831	To extinguish the General Obligation Note of 2005. The note has an interest rate of 3.20% with a final maturity in December, 2016. The Communities at Indian Haven owed this amount on the debt as of December 31, 2011.	<u>\$ 2,113,432</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases

The County and the Communities at Indian Haven have 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, 2010 and present value of capital lease obligations were:

<u>Year ended December 31</u>	<u>Governmental Activities</u>	<u>Enterprise Fund</u>
2012	\$ 82,637	\$ 2,478
2013	64,900	2,478
2014	33,024	1,032
2015	<u>6,255</u>	<u>-</u>
Total Minimum Lease Payments	186,816	5,988
Less amount representing interest	<u>17,209</u>	<u>868</u>
Present value of net minimum lease payments	<u>169,607</u>	<u>5,120</u>
Less: Amount Due Within One Year	<u>72,901</u>	<u>2,478</u>
	<u>\$ 96,706</u>	<u>\$ 2,642</u>

In addition to the above liabilities, the County issued a Tax anticipation note in 2011, bearing interest at 1.89%, which was repaid before December 31, 2011.

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 2011.

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Highridge Water Authority

	Balance as of December 31, 2010	Additions	Reductions	Balance as of December 31, 2011
Debt guaranteed by Indiana County:				
Water Revenue Bonds, series of 2008	\$ 5,460,000	\$ -	\$ (225,000)	\$ 5,235,000
PennVest Loan	3,511,404		(239,422)	3,271,982
Other long-term debt:				
PennVest Loan	4,870,003	-	(58,900)	4,811,103
PennVest Loan	472,617	-	(30,338)	442,279
PennVest Loan	696,827	-	(80,804)	616,023
Interest only until project is complete	-	153,109	-	153,109
Total Long-Term Debt	\$ 15,010,851	\$ 153,109	\$ (634,464)	\$ 14,529,496

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

<u>Year ended December 31</u>	<u>Principal Payments</u>
2012	\$ 807,088
2013	824,209
2014	841,428
2015	853,742
2016	855,242
Thereafter	<u>10,347,787</u>
Total	<u>\$ 14,529,496</u>

INDIANA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Indiana County Municipal Services Authority

	<u>Balance as of December 31, 2011</u>
Debt Guaranteed by Indiana County:	
Iselin Sewage Project	\$ 188,829
Sewage Renovation I	5,194,178
Sewage Renovation III	2,021,732
Sewage Renovation IV - Cherry Tree	816,751
Sewage Renovation VI	1,198,544
Crooked Creek Water Project	11,333,565
Cherry Tree Water System Project	846,307
Other Long-Term Debt:	
S&T Truck Note	22,910
S&T Equipment Note	6,888
Water Bond Refinance I & II	1,682,137
Water Bond VI	66,694
Water Bond VII	297,757
Water Bond VIII	227,429
Heilwood Water Bond	255,848
West Lebanon Reservoir Bond	75,059
Water Bond XIV Interim Financing	449,821
Water Bond XI	3,111,003
Water Bond XIII	3,648,002
Parkwood Interim Financing	482,193
Water Bond XIII Interim Financing	200,000
Breeze/Tunnelton XII Interim Financing	1,600,000
Garage Bond	160,345
Administration Building	632,481
Pine Grove Sewer Bonds	1,830,000
Sewage Renovation III Refinance	735,908
Sewage Renovation IV	7,216,475
Sewage Renovation VII	134,875
Sewage Renovation V	538,903
Sewage Renovation VIII	492,188
Sewage Renovation VIII Extensions	478,301
Sewage Renovation IX - Alverda	275,809
Total	<u>\$ 46,220,932</u>

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>Year ended December 31</u>	<u>Principal Payments</u>
2012	\$ 1,870,877
2013	1,838,453
2014	1,868,219
2015	1,882,788
2016	1,808,316
Thereafter	<u>33,114,902</u>
	42,383,555
Interim Construction Loans to be refinanced upon closing of project (All Long-Term)	<u>3,837,377</u>
Total	<u>\$ 46,220,932</u>

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

Certain funds have paid the expenditures of the other funds and the amounts have not been repaid at year end, resulting in interfund balances. Interfund receivable and payable balances of each major fund as of December 31, 2011, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 2,858,527	\$ -
Medical Assistance Transportation	-	37,808
Community Program for Restoration	30,731	-
Airport Construction Fund	-	1,440,037
Other Governmental Funds	<u>70,149</u>	<u>1,208,336</u>
Total Governmental Fund Type	<u>2,959,407</u>	<u>2,686,181</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	-	<u>273,226</u>
Total Proprietary Fund Type	<u>-</u>	<u>273,226</u>
Total Interfund Balances	<u>\$ 2,959,407</u>	<u>\$ 2,959,407</u>

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

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

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	\$ 2,708	\$ 1,233,602
Other Governmental Funds	<u>164,626</u>	<u>69,388</u>
Total Governmental Fund Type	<u>167,334</u>	<u>1,302,990</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	<u>1,135,656</u>	-
Total Proprietary Fund Type	<u>1,135,656</u>	-
Total Interfund Transfers	<u>\$ 1,302,990</u>	<u>\$ 1,302,990</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, 2011

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:

<u>Fund:</u>	<u>Fund balance:</u>	<u>Balances</u>
Major Funds:		
General Fund	<u>Non-spendable:</u>	
	These amounts were charged to Inventories	\$ 9,391
	These amounts are prepaid expenses	565,291
	<u>Restricted Funds:</u>	
	These funds are restricted for the Victim Witness program	2,261
	These funds are restricted for the Sheriff under Act 66	950
	<u>Assigned Funds:</u>	
	These funds are assigned for future reserves for tax assessment appeals	53,460
	These funds are assigned for children and youth playground equipment	62
	These funds are assigned for the Coroner suicide task force	500
	These funds are assigned for the 911 system upgrade	4,000
	These funds are assigned for scholarships	500
	These funds are assigned for the Points of Light festival	1,046
	These funds are assigned for Children and Youth	4,578
	These funds are assigned for Homeland Security programs	262
	These funds are assigned for the benefit of courthouse employees	771
Medical Assistance Transportation	<u>Restricted Funds:</u>	
	These funds are restricted for the Medical Assistance Transportation Program.	641,337
Community Program for Restoration	<u>Restricted Funds:</u>	
	These funds are restricted for the Community Program for Restoration.	177,697
Revolving Loan Fund	<u>Restricted Funds:</u>	
	These funds are restricted for the Revolving Loan Program.	1,578,205
Nonmajor Governmental Funds		
Special Revenue Funds	<u>Non-spendable:</u>	
	These amounts are prepaid expenses	19,301
	<u>Restricted Funds:</u>	
	These funds are restricted within the departments of General Government	319,167
	These funds are restricted within the Judicial System	880,450
	These funds are restricted within the Public Safety programs	361,456
	These funds are restricted within the Human Service programs	22,944
	These funds are restricted within the Public Works programs	1,571,206
	These funds are restricted within the Culture and Recreation programs	61,377
	These funds are restricted within the Conservation and Development programs	1,852,735
Capital Project Funds	<u>Restricted Funds:</u>	
	These funds are restricted for the Public Works programs	301,884

INDIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 15: RESTATEMENT OF FUND BALANCE

Prior years Fund Balances were restated to for the following reasons and amounts at January 1, 2011:

<u>Fund Level Restatement</u>	<u>General Fund</u>	<u>Medical Assistance Transportation</u>	<u>Community Program for Restoration</u>	<u>Total Nonmajor Governmental Funds</u>
Beginning Fund Balance, as previously stated, January 1, 2011	\$ 5,405,101	\$ -	\$ -	\$ 4,865,058
Add/(subtract) the effects of the adoption of GASB No. 54	18,544	-	-	(18,544)
Add/(subtract) fund balances of major funds previously reported as non-major	-	(9,848)	100,485	(90,637)
Beginning Fund Balance, as Restated, January 1, 2011	<u>\$ 5,423,645</u>	<u>\$ (9,848)</u>	<u>\$ 100,485</u>	<u>\$ 4,755,877</u>

NOTE 16: 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 17: 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, 2011, the County paid insurance premiums of \$354,560 to the Trust.

NOTE 18: EXPENDITURES IN EXCESS OF APPROPRIATIONS

The General Fund expenditures exceeded appropriations by \$21,648,794. The excess was due to refinancing of debt and was offset by the proceeds from the debt.

NOTE 19: SUBSEQUENT EVENTS

During 2012, the County issued a Tax Anticipation Note in the amount of \$4,496,649. The note is due by December 31, 2012, at an interest rate of 1.69%.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2011

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	\$ 101,326	100%
2007	51,487	100%
2008	204,056	100%
2009	1,572,061	64%
2010	1,426,385	100%
2011	1,140,869	572%

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, 2011
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	4.50%
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)
1/1/2010	\$ 23,124,277	\$ 30,153,222	\$ 7,028,945	76.69%	\$ 15,504,189	45.34%
1/1/2011	26,592,287	31,606,018	5,013,731	84.14%	14,835,743	33.79%
1/1/2012	33,036,256	34,041,975	1,005,719	97.05%	15,254,558	6.59%

** 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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes, Real estate	\$ 17,457,489	\$ 17,457,489	\$ 17,488,748	\$ 31,259
Intergovernmental grants	5,415,068	5,428,338	5,786,175	357,837
Charges for services	653,741	663,904	530,152	(133,752)
Departmental charges	3,814,715	3,802,715	3,679,151	(123,564)
Interest income	15,100	15,100	23,762	8,662
Other revenue	54,500	76,540	97,441	20,901
Total Revenues	<u>27,410,613</u>	<u>27,444,086</u>	<u>27,605,429</u>	<u>161,343</u>
Expenditures				
Current operating:				
General government	4,697,964	5,642,548	5,032,405	610,143
Judicial	4,914,447	5,216,376	5,158,713	57,663
Public safety	8,515,216	16,226,045	16,111,063	114,982
Public works	330,268	346,787	370,584	(23,797)
Human services	5,272,358	5,427,484	5,446,119	(18,635)
Culture and recreation	591,295	632,812	606,072	26,740
Conservation and development	260,500	272,186	271,392	794
Miscellaneous	1,480,265	182,700	-	182,700
Debt service	3,086,690	6,746,690	29,346,074	(22,599,384)
Total Expenditures	<u>29,149,003</u>	<u>40,693,628</u>	<u>62,342,422</u>	<u>(21,648,794)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,738,390)</u>	<u>(13,249,542)</u>	<u>(34,736,993)</u>	<u>(21,487,451)</u>
Other financing sources (uses)				
Proceeds from long term debt	-	7,842,954	40,929,368	33,086,414
Proceeds from capital lease	-	-	44,000	44,000
Amounts received from loans	-	-	493,237	493,237
Disposal of fixed assets	-	8,160	16,535	8,375
Transfers in	-	38	2,708	2,670
Transfer to employee retirement	-	-	(4,243,704)	(4,243,704)
Transfers out	(79,632)	(79,632)	(1,233,602)	(1,153,970)
Total other financing sources (uses)	<u>(79,632)</u>	<u>7,771,520</u>	<u>36,008,542</u>	<u>28,237,022</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (1,818,022)</u>	<u>\$ (5,478,022)</u>	<u>\$ 1,271,549</u>	<u>\$ 6,749,571</u>

**OTHER
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

<u>Assets</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and cash equivalents	\$ 185,892	\$ 4,763,833	\$ 4,949,725
Investments	116,842	1,004,897	1,121,739
Receivables:			
Other governmental grants	-	463,452	463,452
Other	-	140,294	140,294
Loans	-	329,123	329,123
Due from other funds	-	70,149	70,149
Prepaid expenses	-	19,301	19,301
 Total assets	 <u>\$ 302,734</u>	 <u>\$ 6,791,049</u>	 <u>\$ 7,093,783</u>
<u>Liabilities</u>			
Accounts Payable	\$ 850	\$ 265,269	\$ 266,119
Due to other funds	-	1,208,336	1,208,336
Deferred Loans receivable	-	329,123	329,123
 Total liabilities	 <u>850</u>	 <u>1,802,728</u>	 <u>1,803,578</u>
<u>Fund Balance</u>			
Fund balance:			
Nonspendable	-	19,301	19,301
Restricted	301,884	5,069,335	5,371,219
Unassigned	-	(100,315)	(100,315)
 Total fund balance	 <u>301,884</u>	 <u>4,988,321</u>	 <u>5,290,205</u>
 Total liabilities and fund balance	 <u>\$ 302,734</u>	 <u>\$ 6,791,049</u>	 <u>\$ 7,093,783</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes, Hotel	\$ -	\$ 394,820	\$ 394,820
Intergovernmental revenue	-	8,611,008	8,611,008
Charges for services	-	1,045,914	1,045,914
Interest income	1,561	14,757	16,318
Other revenue	-	163,541	163,541
Total Revenues	<u>1,561</u>	<u>10,230,040</u>	<u>10,231,601</u>
Expenditures			
Current operating:			
General government	110,644	154,633	265,277
Judicial	-	1,078,060	1,078,060
Public safety	-	1,144,043	1,144,043
Public works	-	92,006	92,006
Human services	-	3,075,282	3,075,282
Culture and recreation	-	491,775	491,775
Conservation and development	-	3,336,552	3,336,552
Debt service			
Principal	-	108,342	108,342
Interest	-	3,524	3,524
Capital outlay	-	187,259	187,259
Total Expenditures	<u>110,644</u>	<u>9,671,476</u>	<u>9,782,120</u>
Excess (deficiency) of revenues over expenditures	<u>(109,083)</u>	<u>558,564</u>	<u>449,481</u>
Other financing sources (uses)			
Amounts loaned to others	-	(59,137)	(59,137)
Amounts received from loans	-	48,296	48,296
Disposal of fixed assets	-	450	450
Transfers in	55,441	109,185	164,626
Transfers out	-	(69,388)	(69,388)
Total other financing sources (uses)	<u>55,441</u>	<u>29,406</u>	<u>84,847</u>
Net change in fund balance	(53,642)	587,970	534,328
Fund balance, beginning of year (as restated, Note 15)	<u>355,526</u>	<u>4,400,351</u>	<u>4,755,877</u>
Fund balance, end of year	<u>\$ 301,884</u>	<u>\$ 4,988,321</u>	<u>\$ 5,290,205</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	Human Services Development	Rental Assistance	Bridge Housing	Case Management	Welfare to Work	Child Care Information Service	Early Care and Education	Children's Advisory Commission
Cash and cash equivalents	\$ 27,484	\$ 4,228	\$ 3,122	\$ 2,788	\$ 5	\$ 1,801	\$ 18,834	\$ 3,074
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	4,246	-	-	-
Other	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 27,484	\$ 4,228	\$ 3,122	\$ 2,788	\$ 4,251	\$ 1,801	\$ 18,834	\$ 3,074
Liabilities								
Accounts Payable	\$ 7,799	\$ -	\$ -	\$ -	\$ 4,246	\$ -	\$ 1,185	\$ -
Due to other funds	33,818	934	664	695	-	1,437	16,856	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	\$ 41,617	\$ 934	\$ 664	\$ 695	\$ 4,246	\$ 1,437	\$ 18,041	\$ -
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	3,294	2,458	2,093	5	364	793	3,074
Unassigned	(14,133)	-	-	-	-	-	-	-
Total fund balance (deficit)	\$ (14,133)	\$ 3,294	\$ 2,458	\$ 2,093	\$ 5	\$ 364	\$ 793	\$ 3,074
Total liabilities and fund balance	\$ 27,484	\$ 4,228	\$ 3,122	\$ 2,788	\$ 4,251	\$ 1,801	\$ 18,834	\$ 3,074

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

Assets	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wireless	West Nile	Jail Commissary	Help America Vote Act	County Record's Improvement
Cash and cash equivalents	\$ 2,378	\$ 220,353	\$ 126,608	\$ 310,531	\$ 48,864	\$ 116,974	\$ 271	\$ 82,110
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	4,191	6,213	-	-	2,783	-	2,228	-
Other	-	50,716	-	-	-	10,076	-	1,716
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	12,989	-	-	497	-	-
Total assets	\$ 6,569	\$ 277,282	\$ 139,597	\$ 310,531	\$ 51,667	\$ 127,547	\$ 2,499	\$ 83,826
Liabilities								
Accounts Payable	\$ -	\$ -	\$ 3,887	\$ -	\$ 451	\$ 3,025	\$ -	\$ -
Due to other funds	4,191	347,299	4,612	209,213	41,000	-	2,496	-
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	4,191	347,299	8,499	209,213	41,451	3,025	2,496	-
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	12,989	-	-	487	-	-
Restricted	2,378	-	118,109	101,318	10,216	124,025	3	83,826
Unassigned	-	(70,017)	-	-	-	-	-	-
Total fund balance (deficit)	2,378	(70,017)	131,098	101,318	10,216	124,522	3	83,826
Total liabilities and fund balance	\$ 6,569	\$ 277,282	\$ 139,597	\$ 310,531	\$ 51,667	\$ 127,547	\$ 2,499	\$ 83,826

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	Register and	Assessment	Recorder's	Domestic	Drug Task	DA	DA	DA	Sheriff Public
	Recorder Records	Uniform	Uniform	Relations	Force	Special	Investigations	Grants	Safety
	Improvement	Parcel ID	Parcel ID						Training
Cash and cash equivalents	17,967	27,788	9,207	830,136	201	4,870			3,419
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Other governmental grants	-	-	-	227,670	-	-	-	5,362	-
Other	-	833	833	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	250	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Total assets	17,967	28,621	10,040	1,057,806	201	5,120	5,120	5,362	3,419
Liabilities									
Accounts Payable	-	832	-	-	1,894	-	-	2,641	-
Due to other funds	887	-	10,040	220,180	459	-	-	2,721	-
Deferred loans receivable	-	-	-	-	-	-	-	-	-
Total liabilities	887	832	10,040	220,180	2,353	-	-	5,362	-
Fund Balance (Deficit)									
Fund balance (deficit):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	17,080	27,789	-	837,626	-	5,120	-	-	3,419
Unassigned	-	-	-	-	(2,152)	-	-	-	-
Total fund balance (deficit)	17,080	27,789	-	837,626	(2,152)	5,120	-	-	3,419
Total liabilities and fund balance	17,967	28,621	10,040	1,057,806	201	5,120	5,120	5,362	3,419

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant
Assets								
Cash and cash equivalents	\$ 32,759	\$ 8,485	\$ 30,019	\$ 6,428	\$ 34,896	\$ 25,953	\$ 14,207	\$ 7,928
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	122,135
Other	1,526	-	26,843	-	-	-	-	250
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	2,215	-	-	-	-	3,600	-	-
Total assets	\$ 36,500	\$ 8,485	\$ 56,862	\$ 6,428	\$ 34,896	\$ 29,553	\$ 14,207	\$ 130,313
Liabilities								
Accounts Payable	\$ -	\$ -	\$ 47,834	\$ 842	\$ 13,291	\$ 195	\$ 750	\$ 8,921
Due to other funds	-	-	600	-	-	-	-	133,090
Deferred loans receivable	-	-	-	-	-	-	-	-
Total liabilities	-	-	48,434	842	13,291	195	750	142,011
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	2,215	-	-	-	-	3,600	-	-
Restricted	34,285	8,485	8,428	5,586	21,605	25,758	13,457	-
Unassigned	-	-	-	-	-	-	-	(11,698)
Total fund balance (deficit)	36,500	8,485	8,428	5,586	21,605	29,358	13,457	(11,698)
Total liabilities and fund balance	\$ 36,500	\$ 8,485	\$ 56,862	\$ 6,428	\$ 34,896	\$ 29,553	\$ 14,207	\$ 130,313

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development
Assets								
Cash and cash equivalents	\$ 34,928	\$ 6,801	\$ 116,410	\$ 12,404	\$ 803	\$ 236,184	\$ 157,314	\$ 37,244
Investments	-	-	102,220	-	-	-	-	-
Receivables:								
Other governmental grants	25,521	-	-	-	10,549	-	-	-
Other	-	-	4,190	-	-	-	-	43,311
Loans	-	-	145,078	96,254	-	-	-	-
Due from other funds	-	-	60,000	-	-	7,649	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 60,449	\$ 6,801	\$ 427,898	\$ 108,658	\$ 11,352	\$ 243,833	\$ 157,314	\$ 80,555
Liabilities								
Accounts Payable	\$ 10,887	\$ 5,753	\$ 6,033	\$ -	\$ 10,550	\$ -	\$ -	\$ -
Due to other funds	22,882	-	-	55	3,117	106,105	2,250	40,000
Deferred loans receivable	-	-	145,078	96,254	-	-	-	-
Total liabilities	33,769	5,753	151,111	96,309	13,667	106,105	2,250	40,000
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	26,680	1,048	276,787	12,349	-	137,728	155,064	40,555
Unassigned	-	-	-	-	(2,315)	-	-	-
Total fund balance (deficit)	26,680	1,048	276,787	12,349	(2,315)	137,728	155,064	40,555
Total liabilities and fund balance	\$ 60,449	\$ 6,801	\$ 427,898	\$ 108,658	\$ 11,352	\$ 243,833	\$ 157,314	\$ 80,555

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	SPC Team PA	Keystone Innovation Zone	Enterprise Zone	Planning Fund	Indiana County Code Division	Liquid Fuels	Health and Human Services Sub-Committee	Total
Assets								
Cash and cash equivalents	\$ 31,882	\$ 7	\$ 1,150,636	\$ 8,455	\$ 226,864	\$ 712,116	\$ 8,077	\$ 4,763,833
Investments	-	-	-	-	-	902,877	-	1,004,897
Receivables:								
Other governmental grants	-	-	-	-	-	52,554	-	463,452
Other	-	-	-	-	-	-	-	140,294
Loans	-	-	87,791	-	-	-	-	329,123
Due from other funds	-	-	-	2,250	-	-	-	70,149
Prepaid expenses	-	-	-	-	-	-	-	19,301
Total assets	\$ 31,882	\$ 7	\$ 1,238,427	\$ 10,705	\$ 226,864	\$ 1,667,347	\$ 8,077	\$ 6,791,049
Liabilities								
Accounts Payable	\$ 1,200	\$ -	\$ -	\$ 2,963	\$ 33,660	\$ 96,141	\$ 289	\$ 265,269
Due to other funds	-	-	-	-	2,735	-	-	1,208,336
Deferred loans receivable	-	-	87,791	-	-	-	-	329,123
Total liabilities	1,200	-	87,791	2,963	36,395	96,141	289	1,802,728
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	19,301
Restricted	30,682	7	1,150,636	7,742	190,469	1,571,206	7,788	5,069,335
Unassigned	-	-	-	-	-	-	-	(100,315)
Total fund balance (deficit)	30,682	7	1,150,636	7,742	190,469	1,571,206	7,788	4,988,321
Total liabilities and fund balance	\$ 31,882	\$ 7	\$ 1,238,427	\$ 10,705	\$ 226,864	\$ 1,667,347	\$ 8,077	\$ 6,791,049

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Human Services Development	Rental Assistance	Bridge Housing	Case Management	Welfare to Work	Child Care Information Service	Early Care and Education	Children's Advisory Commission
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	127,903	126,992	69,762	70,177	94,328	2,256,457	50,000	-
Charges for services	400	-	-	-	-	-	-	2,054
Interest income	11	4	3	2	2	24	5	2
Other revenue	-	-	-	-	-	-	575	-
Total Revenues	128,214	126,996	69,765	70,179	94,330	2,256,481	50,580	2,656
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	144,427	130,118	67,008	65,589	94,328	2,256,782	52,333	1,739
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	144,427	130,118	67,008	65,589	94,328	2,256,782	52,333	1,739
Excess (deficiency) of revenues over expenditures	(16,213)	(3,122)	2,757	4,590	2	(301)	(1,753)	317
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	3,020	-	-	-	-	-	-
Transfers out	-	-	(445)	(2,576)	-	-	-	-
Total other financing sources (uses)	-	3,020	(445)	(2,576)	-	-	-	-
Net change in fund balance	(16,213)	(102)	2,312	2,014	2	(301)	(1,753)	317
Fund balance (deficit), beginning of year (as restated, Note 16)	2,090	3,396	146	79	3	665	2,546	2,757
Fund balance (deficit), end of year	\$ (14,133)	\$ 3,294	\$ 2,458	\$ 2,093	\$ 5	\$ 364	\$ 793	\$ 3,074

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, 2011

	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wirelless	West Nile	Jail Commissary	Help America Vote Act	County Record's Improvement
Revenues								
Taxes, Hotel	20,213	68,642	26,556	442,667	59,947	-	2,228	-
Intergovernmental revenue	-	584,654	25,031	-	-	92,550	-	21,196
Charges for services	1	143	82	109	13	52	-	37
Interest income	953	-	4,500	-	-	130	-	-
Other revenue	21,177	633,439	55,171	442,796	59,960	92,712	2,228	21,233
Total Revenues								
	20,213	68,642	26,556	442,667	59,947	92,550	2,228	21,196
	1	143	82	109	13	52	-	37
	953	-	4,500	-	-	130	-	-
	21,177	633,439	55,171	442,796	59,960	92,712	2,228	21,233
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	10,450
Judicial	-	-	-	-	-	-	-	-
Public safety	-	525,436	107,033	386,873	63,430	51,583	-	-
Public works	-	-	-	-	-	-	-	-
Human services	20,854	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service	-	108,342	-	-	-	-	-	-
Principal	-	3,524	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	35,337	-	-	-	-	-	-
Total Expenditures	20,854	637,302	142,370	386,873	63,430	51,583	-	10,450
Excess (deficiency) of revenues over expenditures	323	(3,863)	(66,199)	55,923	(3,470)	41,129	2,228	10,763
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	30,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(2,228)	-
Total other financing sources (uses)	-	-	30,000	-	-	-	(2,228)	-
Net change in fund balance	323	(3,863)	(66,199)	55,923	(3,470)	41,129	-	10,763
Fund balance (deficit), beginning of year (as restated, Note 15)	2,055	(66,154)	187,297	45,395	13,666	83,393	3	73,043
Fund balance (deficit), end of year	2,378	(70,017)	131,098	101,318	10,216	124,522	3	83,806

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, 2011

	Register and Recorder Improvement	Assessment Uniform Parcel ID	Recorder's Uniform Parcel ID	Domestic Relations	Drug Task Force	DA Special Investigations	DA Grants	Sheriff Public Safety Training
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	873,456	74,800	-	8,459	-
Charges for services	32,256	10,037	10,037	45,707	-	11,180	-	-
Interest income	9	13	3	4,394	-	5	-	-
Other revenue	-	-	-	-	-	-	-	3,985
Total Revenues	32,305	10,050	10,040	923,567	74,800	11,185	8,459	3,985
Expenditures								
Current operating:								
General government	29,092	7,481	10,040	-	-	-	-	-
Judicial	-	-	-	947,875	94,423	13,170	8,459	2,012
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	29,092	7,481	10,040	947,875	94,423	13,170	8,459	2,012
Excess (deficiency) of revenues over expenditures	3,213	2,569	-	(24,308)	(19,623)	(1,985)	-	1,983
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	15,700	-	-	-
Transfers out	-	-	-	-	-	(15,700)	-	-
Total other financing sources (uses)	-	-	-	-	15,700	(15,700)	-	-
Net change in fund balance	3,213	2,569	-	(24,308)	(3,923)	(17,665)	-	1,983
Fund balance (deficit), beginning of year (as restated, Note 15)	13,857	25,220	-	861,934	1,771	22,805	-	1,436
Fund balance (deficit), end of year	\$ 17,060	\$ 27,789	\$ -	\$ 837,626	\$ (2,152)	\$ 5,120	\$ -	\$ 3,419

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, 2011

	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease	Festival of Lights	Parks Enterprise	Fairlands Preservation	Community Development Block Grant
Revenues								
Taxes, Hotel	\$ -	\$ -	394,820	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-	1,723,323
Charges for services	18,156	675	-	8,884	36,962	43,725	-	-
Interest income	227	4	10	6	5	16	7	-
Other revenue	-	-	-	-	5,128	2,779	-	-
Total Revenues	<u>18,383</u>	<u>679</u>	<u>394,830</u>	<u>8,890</u>	<u>42,095</u>	<u>46,520</u>	<u>7</u>	<u>1,723,323</u>
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	12,121	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	386,516	26,489	47,760	31,010	-	-
Conservation and development	-	-	-	-	-	-	-	1,738,779
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	12,103	-	-	-	-	12,188	-	-
Total Expenditures	<u>24,224</u>	<u>-</u>	<u>386,516</u>	<u>26,489</u>	<u>47,760</u>	<u>43,188</u>	<u>-</u>	<u>1,738,779</u>
Excess (deficiency) of revenues over expenditures	<u>(5,841)</u>	<u>679</u>	<u>8,314</u>	<u>(17,599)</u>	<u>(5,665)</u>	<u>3,322</u>	<u>7</u>	<u>(15,456)</u>
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	-
Amounts received from loans	-	-	-	-	-	-	-	-
Disposal of fixed assets	-	-	-	-	450	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(5,841)</u>	<u>679</u>	<u>8,314</u>	<u>(17,599)</u>	<u>(5,665)</u>	<u>3,772</u>	<u>7</u>	<u>(15,456)</u>
Fund balance (deficit), beginning of year (as restated, Note 15)	<u>42,341</u>	<u>7,806</u>	<u>114</u>	<u>23,185</u>	<u>27,270</u>	<u>25,586</u>	<u>13,450</u>	<u>3,758</u>
Fund balance (deficit), end of year	<u>\$ 36,500</u>	<u>\$ 8,485</u>	<u>\$ 8,428</u>	<u>\$ 5,586</u>	<u>\$ 21,605</u>	<u>\$ 29,358</u>	<u>\$ 13,457</u>	<u>\$ (11,698)</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, 2011

	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	\$ 257,962	-	-	-	224,941	1,286,268	-	293,311
Charges for services	-	-	45,691	759	-	-	-	-
Interest income	-	3	584	8	-	199	78	97
Other revenue	-	-	-	-	-	-	-	133,047
Total Revenues	257,962	3	46,475	767	224,941	1,286,467	78	426,455
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	242,104	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	247,930	-	60,604	8,899	-	1,221,250	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	247,930	-	60,604	8,899	242,104	1,221,250	-	-
Excess (deficiency) of revenues over expenditures	10,032	3	(14,129)	(8,122)	(17,763)	65,217	78	426,455
Other financing sources (uses)								
Amounts loaned to others	-	-	(31,485)	(27,652)	-	-	-	-
Amounts received from loans	-	-	9,817	3,132	-	-	-	-
Disposal of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	40,000	-	-	-	-
Transfers out	-	-	(40,000)	-	-	-	-	(8,439)
Total other financing sources (uses)	-	-	(61,668)	15,480	-	-	-	(8,439)
Net change in fund balance	10,032	3	(75,797)	7,368	(17,763)	65,217	78	418,016
Fund balance (deficit), beginning of year (as restated, Note 15)	15,648	1,046	352,584	4,991	15,448	72,511	154,986	(377,461)
Fund balance (deficit), end of year	\$ 26,680	\$ 1,049	\$ 276,787	\$ 12,359	\$ (2,315)	\$ 137,728	\$ 155,064	\$ 40,555

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, 2011

	SPC Team PA	Keystone Innovation Zone	Enterprise Zone	Planning Fund	Indiana County Code Division	Liquid Fuels	Health and Human Services Sub-Committee	Total
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,820
Intergovernmental revenue	-	7,330	-	2,250	-	443,704	-	8,611,008
Charges for services	-	-	3,002	-	67,337	-	5,401	1,045,914
Interest income	20	26	568	6	92	7,877	10	14,757
Other revenue	-	-	-	12,424	-	-	-	163,541
Total Revenues	20	7,356	3,570	14,680	67,429	451,581	5,411	10,290,040
Expenditures								
Current operating:								
General government	15,121	-	-	18,745	63,704	-	-	154,633
Judicial	-	-	-	-	-	-	-	1,078,060
Public safety	-	-	-	-	-	-	9,688	1,144,043
Public works	-	-	-	-	-	92,006	-	92,006
Human services	-	-	-	-	-	-	-	3,075,282
Culture and recreation	-	-	-	-	-	-	-	491,775
Conservation and development	-	52,678	6,422	-	-	-	-	3,336,552
Debt service	-	-	-	-	-	-	-	108,342
Principal	-	-	-	-	-	-	-	3,524
Interest	-	-	-	-	-	-	-	187,259
Capital outlay	-	-	-	-	-	127,631	-	-
Total Expenditures	15,121	52,678	6,422	18,745	63,704	219,637	9,688	9,671,476
Excess (deficiency) of revenues over expenditures	(15,101)	(45,322)	(2,852)	(4,065)	3,725	231,944	(4,277)	558,564
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	-	(59,137)
Amounts received from loans	-	-	35,347	-	-	-	-	48,296
Disposal of fixed assets	-	-	-	-	-	-	-	450
Transfers in	-	-	-	8,400	-	-	12,085	109,185
Transfers out	-	-	-	-	-	-	-	(69,388)
Total other financing sources (uses)	-	-	35,347	8,400	-	-	12,065	29,406
Net change in fund balance	(15,101)	(45,322)	32,495	4,335	3,725	231,944	7,788	587,970
Fund balance (deficit), beginning of year (as restated, Note 15)	45,783	45,329	1,118,141	3,407	186,744	1,339,262	-	4,400,351
Fund balance (deficit), end of year	\$ 30,682	\$ 7	\$ 1,150,636	\$ 7,742	\$ 180,469	\$ 1,571,206	\$ 7,789	\$ 4,988,321

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2011

Assets	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Current Assets:			
Cash and cash equivalents	\$ 150,709	\$ 1,349,465	\$ 1,500,174
Restricted cash and cash equivalents	862,564	-	862,564
Accounts Receivable	694,617	255,454	950,071
Due from other governments	-	236,555	236,555
Prepaid expenses and other current assets	24,310	43,920	68,230
Inventories	-	94,197	94,197
Total current assets	1,732,200	1,979,591	3,711,791
Noncurrent assets:			
Capital Assets (net of accumulated depreciation)	74,977,623	27,963,649	102,941,272
Intangible Assets	-	1,583,186	1,583,186
Bond Issuance Costs	44,886	-	44,886
Trustee held funds	-	161,893	161,893
Total noncurrent assets	75,022,509	29,708,728	104,731,237
Total assets	\$ 76,754,709	\$ 31,688,319	\$ 108,443,028
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	\$ 609,965	\$ 829,192	\$ 1,439,157
Accrued Expenses	60,479	31,358	91,837
Accrued Interest Payable	189,842	61,549	251,391
Current portion of long-term debt	1,870,877	807,088	2,677,965
Current portion of capital lease	39,963	-	39,963
Line of credit	542,325	-	542,325
Total current liabilities	3,313,451	1,729,187	5,042,638
Noncurrent liabilities:			
Capital lease	71,657	-	71,657
Long-term debt	44,350,055	13,722,408	58,072,463
Total noncurrent liabilities	44,421,712	13,722,408	58,144,120
Total Liabilities	47,735,163	15,451,595	63,186,758
Net Assets			
Invested in Capital Assets, net of related debt	28,500,115	13,434,153	41,934,268
Restricted per bond indenture	514,802	-	514,802
Restricted for construction	347,762	-	347,762
Unrestricted	(343,133)	2,802,571	2,459,438
Total net assets	29,019,546	16,236,724	45,256,270
Total liabilities and net assets	\$ 76,754,709	\$ 31,688,319	\$ 108,443,028

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Operating Revenues			
Charges for services	\$ 4,718,569	\$ 2,581,893	\$ 7,300,462
Other revenue	671,728	438,859	1,110,587
Total Operating Revenues	5,390,297	3,020,752	8,411,049
Operating Expenses			
General and administration	314,160	532,544	846,704
Operating costs	2,553,308	1,273,956	3,827,264
Depreciation and amortization	2,304,803	1,011,656	3,316,459
Total Operating Expenses	5,172,271	2,818,156	7,990,427
Operating Income	218,026	202,596	420,622
Nonoperating Revenues (Expenses)			
Interest Income	176	-	176
Contributed Capital	-	1,389,529	1,389,529
Interest Expense	(896,985)	(330,618)	(1,227,603)
Grants for construction	4,725,494	-	4,725,494
Total Nonoperating Revenues (Expenses)	3,828,685	1,058,911	4,887,596
Changes in Net Assets	4,046,711	1,261,507	5,308,218
Net Assets - Beginning of Year	24,972,835	14,975,217	39,948,052
Net Assets - End of Year	\$ 29,019,546	\$ 16,236,724	\$ 45,256,270