

TOWNSHIP OF COLLEGE
CENTRE COUNTY, PENNSYLVANIA

REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2004

TOWNSHIP OF COLLEGE
CENTRE COUNTY, PENNSYLVANIA

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Independent Auditor's Report

Members of Council
Township of College
Centre County, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of College, Pennsylvania, as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of College, Centre County, Pennsylvania as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2004.

MEMBERS: AMERICAN AND PENNSYLVANIA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

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Management's discussion and analysis on pages 3 through 12, and the budgetary comparison schedule for the general fund on page 21, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the basic financial statements that collectively comprise the Township's basic financial statements. The supplementary combining financial statements and other schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Fiore Fedeli Snyder Carothers, LLP

State College, Pennsylvania
May 24, 2005

TOWNSHIP OF COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTAL INFORMATION)
DECEMBER 31, 2004

To the Members of Council
Township of College
State College, Pennsylvania

As management of the Township of College (the "Township"), we offer readers of our basic financial statements this narrative introduction, overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2004.

This discussion and analysis is divided into the following sections: 1) Financial highlights for 2004, 2) Description of the required financial statements, 3) Financial Analysis of the Township, 4) Capital Assets and Long-term Debt, and 5) Potentially Significant Matters.

The reader should use the information contained here in conjunction with the additional information contained in the Township's audited financial statements which begin immediately following this narrative.

FINANCIAL HIGHLIGHTS FOR 2004

1. An extensive municipal building remodeling project involving 1) construction of offices on the 2nd floor, 2) remodeling of the 1st floor office area, and 3) conversion (initial phases) of the lower level to a fire substation was completed using proceeds from the 2003 general obligation bond issue.
2. A reimbursement grant in the amount of \$110,000 for the purchase of a leaf collection truck was awarded to the Township, although it has not yet been purchased.
3. As of December 31, 2004, approximately \$1.29 million of the \$2.11 million bond proceeds received in 2003 had been expended leaving an available balance in the construction fund of approximately \$900,000.
4. Construction of the Houserville soccer fields (Fogleman Fields) was substantially completed.

DESCRIPTION OF THE REQUIRED FINANCIAL STATEMENTS

This section is intended to serve as a narrative explanation of the Township's financial statements, not the numbers themselves, but the purpose of each statement and what each is designed to accomplish for the readers of our statements.

Primary Objectives of Governmental Financial Reporting

We believe an understanding of the primary objectives of governmental financial reporting is essential to fully grasping the financial statements contained in the report.

The Governmental Accounting Standards Board (GASB) has identified both operational and fiscal accountability as the paramount objectives of financial reporting:

Operational accountability requires that a government demonstrates the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so. This is accomplished by the use of **government-wide financial statements**. These statements are reported using the **accrual basis** of accounting whereby revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of when the revenue is received or the expense is paid.

Fiscal accountability requires that a government demonstrates compliance with 1) finance-related legal requirement and 2) public decisions concerning the raising and spending of public monies in the short term (the annual budget cycle). This is accomplished by the use of **fund-based financial statements**, similar to what readers have grown accustomed to prior to the adoption of GASB 34. Fund-based statements are reported using the **modified accrual basis** whereby revenues are recognized when earned provided they are collectible within the current period or soon enough afterwards to be used to pay current period liabilities. Expenditures are generally recorded when the liability is incurred.

Overview of the Township's Required Financial Reporting Format

The Township's basic (required) financial statements consist of the following three components: 1) **government-wide financial statements** (operational accountability), 2) **fund-based financial statements** (fiscal accountability), and 3) **notes to the basic financial statements**. This report also includes both required and optional supplementary information schedules which are intended to enhance the reader's understanding of the financial condition of the Township.

The following narratives further describe each of these important components:

1) Government-wide financial statements

As stated earlier, the objective of government-wide financial reporting is to demonstrate operational accountability. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. These statements provide the reader with a broad overview of the government by consolidating the Township's general, special revenue (other governmental), debt service, and capital projects funds. Because the resources of the fiduciary funds (pension trust funds and tax collection agency funds) are not available to support government programs, they are excluded from these statements.

The statement of net assets represents the Township's basic government-wide statement of position. The reader should note the following essential characteristics of this statement:

1. All the Township's assets and liabilities (except those of the fiduciary funds) are presented, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.
2. The assets and liabilities are presented in order of liquidity.
3. Inter-fund payables and receivables are eliminated and do not appear in the total column.
4. Net assets is subdivided into three categories: net assets invested in capital assets, net of accumulated depreciation and related debt; restricted net assets (although the Township reports none); and unrestricted net assets.

The statement of activities is used to report changes in net assets. In this statement, expenses are presented before revenues to emphasize that the Township does not seek to maximize revenues but instead, identifies the needs of its citizens and then raises the resources needed to meet these needs. Other items to note are as follows:

1. The first column presents the direct expenses associated with each of the Township's major functions which include general government, public safety, highways and streets, public works, and culture and recreation.
2. Net expense for each function is arrived at by deducting revenues (referred to as program revenues) used to finance each individual function. All non-program revenues are reported as general revenues and are reported immediately following the total net expense of the Township's functions.

3. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is commonly referred to as the accrual basis of accounting. For example, an electric bill for usage during the month of December 2004 is recorded as an expense in 2004 although it may not have been paid until January 2005.

Both the statement of net assets and the statement of activities focus the reader on governmental activities (functions) that are principally supported by taxes and intergovernmental revenues.

2) Fund-based Financial Statements

The Township, like other state and local governments, uses fund accounting to demonstrate fiscal accountability. A fund is a self-balancing set of accounts established for the purpose of maintaining control over resources that have been segregated for specific activities or objectives. The Township follows the principal of limiting the number of funds to those required by law and sound financial administration. All of the Township's funds can be divided into 2 classifications: governmental funds and fiduciary funds. There is a third classification, proprietary funds, but the Township has no funds that fall within that classification. The following paragraphs further describe the Township's governmental funds and fiduciary funds.

Governmental funds. These fund types are used to account for the essentially the same functions reported as governmental activities in the government-wide financial statements.

The Township maintains the following eight governmental funds: 1) general fund, 2) five special revenue (or "other governmental") funds, 3) one debt service fund, and 4) one capital projects fund.

Governmental fund statements are presented following the government-wide statement as a governmental fund balance sheet and a governmental fund statement of revenues, expenditures, and changes in fund balances. Data is presented separately for the general fund, debt service fund and the capital projects fund, all of which are deemed to be major funds. Data from the other five governmental non-major funds are combined into a single, aggregated presentation. However, individual fund data for these non-major governmental funds is provided as supplemental schedules following the footnotes in the form of a combining balance sheet and combining statement of revenues, expenditures, and changes in fund balance.

It is important to note that the governmental fund statements are prepared using the modified accrual basis of accounting, where the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements. This differs from the government-wide financial statements which are prepared using the accrual basis of accounting. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances are followed by a reconciliation or "bridge" to facilitate comparison of the governmental fund statements and the government-wide statements.

Finally, the Township adopts an annual budget for all its funds. A budgetary comparison statement for the general fund has been provided to demonstrate compliance with this budget and is presented immediately following the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

Fiduciary funds. Fiduciary funds are used to report assets held in a trust or agency capacity for others.

Fiduciary funds are not reported in the government-wide financial statements (as are the governmental funds) because the resources of these funds are not available to support the Township's own programs. The fiduciary fund statements are prepared using the accrual basis of accounting.

The Township's fiduciary funds consists of two pension trust funds for the benefit of its employees and two agency funds for taxes collected by the Township's tax office for other taxing jurisdictions.

The pension trust funds statements are presented following the governmental fund statements as a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

The agency funds are included in this presentation solely as assets offset by a liability to the parties on whose behalf they are held. Consequently, net assets are not reported. Instead, agency fund information can be found in the schedules following the notes to the financial statements.

2) Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements such as the Township's accounting methods and policies.

FINANCIAL ANALYSIS OF THE TOWNSHIP

With the implementation of the provisions of GASB's Statement No. 34 this year, limited comparative data is available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

Overall Financial Analysis

We believe that the overall financial position of the Township is sound and will continue to improve.

Operational Accountability: Analysis of Government-wide Financial Position

The Township's overall financial position as of December 31, 2004 is demonstrated by the following condensed government-wide statement of net assets which shows that total assets exceeded total liabilities by \$5,846,867:

	<u>Governmental</u> <u>Activities</u>
Current and other assets	\$2,482,123
Capital assets - net	<u>7,206,477</u>
Total Assets	<u>9,688,600</u>
Current and other liabilities	525,930
Long-term liabilities	<u>3,315,803</u>
Total Liabilities	<u>3,841,733</u>
Net Assets:	
Invested in capital assets, net of related debt	4,922,407
Restricted	--
Unrestricted	<u>924,460</u>
Total Net Assets	<u>\$5,846,867</u>

\$4.9 million of net assets totaling \$5.8 million (84 percent) reflects the Township's investment in capital assets, net of related debt still outstanding that was used to acquire those assets. These capital assets are needed to provide services to citizens and are not available for future spending. Additionally, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to pay the debt service.

There are no restrictions imposed on the Township's net assets by parties outside the Township. Accordingly, no portion of the net assets is classified as restricted, meaning that the remaining balance of the Township's net assets (16 percent) is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors. The Township has, however, designated a large portion of the unrestricted net assets for spending on capital projects.

Operational Accountability: Analysis of Government-wide Operating Results

The Township's results of operations are demonstrated by the following condensed government-wide statement of changes in net assets for the year ended December 31, 2004:

	<u>Governmental Activities</u>
Program revenues:	
Charges for services	\$ 863,854
Operating grants and contributions	341,052
Capital grants and contributions	--
General revenues:	
Taxes and other revenue	<u>2,831,145</u>
Total Revenues	4,036,051
Expenses:	
General government	1,278,158
Public safety	1,329,269
Highways and streets	471,043
Public works	60,095
Culture and recreation	635,383
Depreciation (unallocated as to function)	<u>289,732</u>
Total Expenses	<u>4,063,680</u>
Change in net assets	(27,629)
NET ASSETS - beginning	<u>5,874,496</u>
NET ASSETS - ending	\$ <u>5,846,867</u>

Overall operating results from the Township's governmental activities resulted in a slight decrease in net assets amounting to \$27,629 (5/10ths of 1 percent of ending net assets).

Increased property tax revenue was offset in part by a 1) decrease in revenues from impact fees and fines from the prior year, 2) increases in expenses resulting from inflation and demands for services, and 3) additional costs related to administration such as computer services, legal fees, and insurances.

Fiscal Accountability: Analysis of the Township's Funds

Transactions and Balances of Individual Major Governmental Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and with public decisions on the use of the Township's resources.

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

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$ 2.1 million, a decrease of \$748,000 from the prior year. 100% constitutes unreserved fund balance, which is available for spending at the Township's discretion.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of this fund was \$672,000. As a measure of the general fund's liquidity, it may be useful to compare its unreserved fund balance to total governmental fund expenditures. Unreserved general fund balance represents 14% of total governmental fund expenditures.

The fund balance of the Township's general fund increased by \$126,000 during the current fiscal year.

The debt service fund has a total fund balance of \$60,000, all of which is designated for future debt service. The \$19,000 decrease in the fund balance from the prior year resulted, from the excess of debt service expenditures (\$219,980) over the funds revenues for the fiscal year.

The capital projects fund has a total fund balance of \$897,000, all of which is designated for future capital project expenditures. The Township invested heavily during 2004 in the following projects: 1) renovations of the municipal office building (\$374,000), 2) Schlow library construction capital campaign (\$362,000), and 3) other miscellaneous projects (\$76,000).

General Fund Budgetary Highlights

Actual ending fund balance was greater than budgeted ending fund balance by \$142,000. This variance is attributed in part to the following: 1) Bryce Jordan Center revenues were under budget by \$147,000, 2) net cost for police services were under budget as a result of a refund for 2003, 3) receipt of \$27,000 for future traffic signals was not budgeted, 4) substantial legal costs incurred defending our ordinance were not budgeted, 5) road repairs and maintenance costs came in over budget and 6) the beginning balance was \$54,000 higher than budgeted due to the timing of the process.

These variances are not expected to significantly impact future Township services or liquidity.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

At December 31, 2004, the Township had invested 7.2 million in capital assets for its governmental activities net of 1.7 million accumulated depreciation. These assets include land, buildings, vehicles, machinery and equipment, park facilities, infrastructure acquired after January 1, 1999, and construction in progress. This amount represents a net increase (including additions and dispositions, net of depreciation) of 600,000 over the prior year. Significant additions include: 1) improvements to the Township Office Building, 2) investments in roads, traffic control and bikeways, 3) purchase of two trucks and a grader, and 4) completion of Phase 1 of the master plan for the soccer fields in Houserville.

Additional information on the Township's investment in capital assets (including infrastructure) is contained in the notes to the financial statements.

Long-term Debt

During 2003, the Township issued its General Obligation Bonds; Series of 2003 in the aggregate amount of \$3,510,000 to pay off existing debt and provide funds for capital projects. After paying costs and repaying outstanding debt, \$2,112,871 was available for capital projects and was deposited into the Capital Projects Fund. The bonds are insured and are secured by the Township's tax and other general revenues.

At December 31, 2004, \$3,350,000 of the Bonds remained outstanding following a principal payment of \$95,000 made in 2004. Interest payments on these bonds totaled \$124,480.

The non-electoral debt limit of the Township as of December 31, 2004 amounted to \$9,312,007.

Additional information on the Township's long-term debt can be found in the Notes to the Basic Financial Statements.

POTENTIALLY SIGNIFICANT MATTERS

Emergency and Municipal Services Tax

On December 1, 2004, Act 222 of 2004 was signed into law providing municipalities whose taxing authority derives from Act 511 to impose on persons employed within the jurisdiction a combined Emergency and Municipal Services Tax (EMST) of up to \$52 per year beginning January 1, 2005. The EMST replaces the Occupational Privilege Tax (OPT).

The Township enacted an ordinance repealing the OPT and enacting the EMST at a rate of \$47 from individuals earning more than \$5,200 from employment within the Township effective January 1, 2005.

It is expected that funds derived from the EMS will amount to \$600,000 in 2005. The law requires that funds derived from the EMST may only be used for 1) police, fire and/or emergency services, 2) road construction and/or maintenance, or 3) reduction of property taxes.

2005 Budget Highlights

1. The Township will provide funds amounting to approximately \$150,000 towards the purchase of a 75 acre tract of land in Oak Hall by the Centre Region Council of Governments.
2. Police services are expected to cost an additional \$70,000 in 2005.
3. Health insurance costs reflect a 23.3% increase in premiums.

We are not aware of any other facts, decisions, or conditions that are expected to have a significant effect on the Township's financial position or operating results.

Request for Information

This financial report is designed to provide an overview of the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township's Finance Director at 1481 East College Avenue, State College, PA 16801.

TOWNSHIP OF COLLEGE
YEAR ENDED DECEMBER 31, 2004
GOVERNMENT-WIDE
FINANCIAL STATEMENTS

TOWNSHIP OF COLLEGE
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$1,797,899
Accounts receivable & other assets	174,265
Taxes receivable	380,498
Due from water authority	18,310
Prepaid insurance	6,421
Inventory	14,940
Prepaid bond costs, net	89,790
Capital assets, net of accumulated depreciation	<u>7,206,477</u>
Total assets	<u>9,688,600</u>
LIABILITIES	
Accounts payable and other current liabilities	390,953
Deferred revenue	9,977
Grant payable	64,000
Compensated absences	26,803
Bonds payable - current	125,000
- non current	<u>3,225,000</u>
Total liabilities	<u>3,841,733</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,922,407
Undesignated	<u>924,460</u>
Total net assets	<u>\$5,846,867</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Program Revenues</u>		
			Operating Grants and	Capital Grants and	
			Contributions	Contributions	<u>Governmental Activities</u>
General government	\$ 816,414	\$699,251	\$ 6,269	--	\$(110,894)
Public Safety	1,329,269	131,567	80,391	--	(1,117,311)
Highway and streets	471,043	33,036	189,855	--	(248,152)
Public works	60,095	--	--	--	(60,095)
Culture and recreation	635,383	--	--	--	(635,383)
Insurance and benefits	321,941	--	64,537	--	(257,404)
Interest expense	139,803	--	--	--	(139,803)
Depreciation (unallocated)	<u>289,732</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(289,732)</u>
Total governmental activities	4,063,680	863,854	341,052	--	(2,858,774)
			<u>General Revenues:</u>		
			Taxes		2,777,513
			Interest		39,884
			Other		<u>13,748</u>
			Total General Revenues		<u>2,831,145</u>
			Change in net assets		(27,629)
			Net assets, beginning		<u>5,874,496</u>
			Net assets, ending		<u>\$ 5,846,867</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
YEAR ENDED DECEMBER 31, 2004
FUND FINANCIAL STATEMENTS

TOWNSHIP OF COLLEGE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
		<u>Service</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
					<u>Funds</u>
ASSETS					
Cash and equivalents	\$294,682	\$57,444	\$976,139	\$469,634	\$1,797,899
Accounts receivable and other assets	173,618	--	--	647	174,265
Taxes receivable	370,725	2,948	--	6,825	380,498
Due from other funds	295	--	9,897	--	10,192
Due from water authority	<u>18,310</u>	--	--	--	<u>18,310</u>
Total assets	<u>\$857,630</u>	<u>\$60,392</u>	<u>\$986,036</u>	<u>\$477,106</u>	<u>\$2,381,164</u>
LIABILITIES					
Accounts payable and other liabilities	\$165,711		\$89,358	\$9,885	\$264,954
Due to other funds	9,897	--	--	295	10,192
Deferred revenue	<u>9,977</u>	--	--	--	<u>9,977</u>
Total liabilities	<u>185,585</u>		<u>89,358</u>	<u>10,180</u>	<u>285,123</u>
FUND BALANCES					
Unreserved, designated	--		896,678	59,760	956,438
Unreserved, undesignated	<u>672,045</u>	<u>\$60,392</u>	--	<u>407,166</u>	<u>1,139,603</u>
Total fund balances	<u>672,045</u>	<u>60,392</u>	<u>896,678</u>	<u>466,926</u>	<u>2,096,041</u>
Total liabilities and fund balances	<u>\$857,630</u>	<u>\$60,392</u>	<u>\$986,036</u>	<u>\$477,106</u>	<u>\$2,381,164</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENT-WIDE NET ASSETS
YEAR ENDED DECEMBER 31, 2004

Total fund balances	\$ 2,096,041
Capital assets used in governmental activities excluded from funds because they do not represent financial resources	7,206,477
Other non-financial assets such as inventory and Prepaid expenses	21,361
Bond issue costs, expenses upon issuance are deferred charges subject to amortization over the term of the bond issue	89,790
Accrued interest expense	(15,323)
Liability for compensated absences (vacation pay)	(26,803)
Accrued expenses for long-term commitments to regional projections	(174,676)
Long-term bonds payable:	
In 2005	(125,000)
Thereafter	(3,225,000)
Net assets, government-wide	\$ <u>5,846,867</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 2,119,094	\$ 198,637		\$ 459,782	\$ 2,777,513
Impact fees	248,910	--		--	248,910
Licenses, permits & user fees	281,112	--		--	281,112
Intergovernmental	172,210	--		168,842	341,052
Fines and forfeits	110,928	--		--	110,928
Other	173,732	--		13,748	187,480
Interest and Rents	<u>62,192</u>	<u>1,874</u>	\$ <u>17,397</u>	<u>7,593</u>	<u>89,056</u>
Total revenues	<u>3,168,178</u>	<u>200,511</u>	<u>17,397</u>	<u>649,965</u>	<u>4,036,051</u>
EXPENDITURES					
Current:					
General Government	819,745	500	--	--	820,245
Public Safety	1,212,631	--	--	116,638	1,329,269
Highways and Streets	498,743	--	--	194,806	693,549
Public works	60,095	--	--	--	60,095
Culture and recreation	33,380	--	--	239,799	273,179
Insurance and benefits	321,941	--	--	--	321,941
Debt Service:					
Principal payments	--	95,000	--	--	95,000
Interest charges	--	124,480	--	--	124,480
Capital outlays	<u>95,510</u>	<u>--</u>	<u>812,017</u>	<u>158,745</u>	<u>1,066,272</u>
Total expenditures	<u>3,042,045</u>	<u>219,980</u>	<u>812,017</u>	<u>709,988</u>	<u>4,784,030</u>
Excess/(deficiency) of revenues over expenditures	126,133	(19,469)	(794,620)	(60,023)	(747,979)
FUND BALANCES, beginning	<u>545,912</u>	<u>79,861</u>	<u>1,691,298</u>	<u>526,949</u>	<u>2,844,020</u>
FUND BALANCES, ending	\$ <u><u>672,045</u></u>	\$ <u><u>60,392</u></u>	\$ <u><u>896,678</u></u>	\$ <u><u>466,926</u></u>	\$ <u><u>2,096,041</u></u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
RECONCILIATION OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004

Net changes in fund balances - total governmental	\$ (747,979)
Expenses, reported on the statement of activities that (required)/did not require the use of current financial resources:	
Vacation expense accrued to employees	(2,590)
Insurance expense	6,421
Interest expense	(15,323)
Grant payments	32,000
Capital outlays, net of depreciation expense	611,986
Effect of bond repayments that utilize current financial resources net of the effect of the amortization of the deferred costs included in the statement of activities	<u>87,856</u>
Change in net assets of governmental activities	\$ (<u>27,629</u>)

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
REQUIRED SUPPLEMENTARY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (CASH BASIS) AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Budget - Both Original and Final	Actual	Variance
REVENUES	\$1,925,947	\$2,119,094	\$ 193,147
Taxes	389,295	248,910	(140,385)
Impact fees	204,490	281,112	76,622
Licenses, permits and user fees	168,151	172,210	4,059
Intergovernmental	128,200	110,928	(17,272)
Fines and forfeits	63,735	62,192	(1,543)
Interest and rents	<u>195,409</u>	<u>173,732</u>	<u>(21,677)</u>
Other			
Total revenues	<u>3,075,227</u>	<u>3,168,178</u>	<u>92,951</u>
EXPENDITURES	765,710	819,745	54,035
General Government	1,208,964	1,212,631	3,667
Public Safety	491,492	498,743	7,251
Highways and streets	59,350	60,095	745
Public works	31,204	33,380	2,176
Culture and recreation	322,970	321,941	(1,029)
Insurance and benefits	<u>157,571</u>	<u>95,510</u>	<u>(62,061)</u>
Capital outlays			
Total expenditures	<u>3,037,261</u>	<u>3,042,045</u>	<u>4,784</u>
Excess of revenues over expenditures	37,966	126,133	88,167
FUND BALANCE, beginning	<u>491,797</u>	<u>545,912</u>	<u>54,115</u>
FUND BALANCE, ending	<u>\$ 529,763</u>	<u>\$ 672,045</u>	<u>\$ 142,282</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2004

	<u>Trust Funds</u>		
	<u>Deferred Compensation Plan</u>	<u>Pension Plan</u>	<u>Agency Funds</u>
ASSETS			
Cash and equivalents			\$ 168,600
Investments at market value	\$ <u>153,194</u>	\$ <u>760,846</u>	<u> --</u>
Total assets	\$ <u>153,194</u>	\$ <u>760,846</u>	\$ <u>168,600</u>
LIABILITIES			
Due to other governments and taxpayers			\$ <u>168,600</u>
Total liabilities			\$ <u>168,600</u>
NET ASSETS			
Held in trust for employees' retirement benefits	\$ 153,194	\$ 759,176	
Unreserved, designated for retirement costs	<u> --</u>	<u> 1,670</u>	
Total net assets	\$ <u>153,194</u>	\$ <u>760,846</u>	

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2004

	Deferred Compensation Plan	Pension Plan
	<u>Plan</u>	<u>Plan</u>
ADDITIONS:		
Contributions	\$ 23,305	\$ 66,634
Investments income including realized and unrealized gains and losses	<u>9,017</u>	<u>38,921</u>
Total additions	32,322	105,555
DEDUCTIONS		
Distributions to beneficiaries	21,147	12,314
Fees and charges	<u>513</u>	<u>963</u>
Total deductions	<u>21,660</u>	<u>13,277</u>
Changes in net assets	10,662	92,278
NET ASSETS, beginning	<u>142,532</u>	<u>668,568</u>
NET ASSETS, ending	<u>\$153,194</u>	<u>\$760,846</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

A. BASIS OF PRESENTATION

The Township of College is located in Central Pennsylvania. It is a Township of the second class and is operated under a Home Rule Option with an elected five member Township Council. Under the administration of an appointed Township Manager, the Township provides a variety of services to its residents. These services include, but are not limited to: public safety, recreation, street repair and maintenance, planning and zoning and general administrative services.

The accompanying financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. This statement established new financial reporting requirements for state and local governments throughout the United States. The statement requires new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

Reporting Entity

The perspective of accountability provides the basis for defining the financial reporting entity. The definition of the financial reporting entity is primarily based on the concept of financial accountability. In defining the Township for financial reporting purposes, the Township evaluated the possible inclusion of related organizations consistent with the provisions of Statement No. 14 of the Government Accounting Standards Board, "The Financial Reporting Entity."

Financial accountability for legally separate organizations exists if the Township, as a primary government, appoints a voting majority of an organization's governing body, and is either able to impose its will on that organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the township, or if an organization is fiscally dependent on the township.

Based upon these criteria, the financial reporting entity has been defined to include all of the funds, accounts, departments and offices that comprise the legal entity of the Township of College.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

A. BASIS OF PRESENTATION (continued)

Reporting Entity (continued)

A description of the potential component units considered and excluded from the Township's financial statements is presented in Note L. below and includes a consideration of the following:

College Township Water Authority
College Township Industrial Development Authority
University Area Joint Authority
Centre Area Transportation Authority
Centre Regional Recreation Authority
Centre Region Council of Governments
Schlow Memorial Library

Separate financial statements of each of the entities are available for review at the Township's offices or at the office of the respective entity.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes of net assets) report information on all the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

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

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) 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 is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available within sixty (60) days of year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due.

Taxes, grants, fees, interest income and various intergovernmental revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenue related to expenditure driven grants is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following funds used by the Township:

Governmental Fund Types

General Fund - The general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types (continued)

Capital Projects Fund - Used to account for major capital expenditures. It holds the unexpended proceeds of bonds sold to finance capital projects. Included are the maintenance and preservation of infrastructure as well as acquisition of machinery and equipment, land, land improvements, and buildings, not financed by the special revenue funds. The Township also funds its capital contributions for major regional projects from this fund.

Debt Service Fund - To account for the accumulation of financial resources through real estate tax levies or transfers from the general fund and the payment of long-term debt, principal and interest.

Special Revenue Funds Reported as Other Government Funds- To account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted for specified purposes.

The Township recognizes the following special revenue funds:

- State Highway Aid - liquid fuels tax monies provided by the State for building and improving roads and bridges.

Real estate taxes are levied for particular purposes, each of which is accounted for in its own non-major governmental fund, as the name indicates.

- Fire Protection
- Parks and Recreation
- Road Machinery
- Library

Fiduciary Fund Types

Trust Funds - To account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and funds. The Pension Trust Fund is used to account for the activity of the defined contribution retirement plan and the deferred compensation plan established under Section 457 of the Internal Revenue Code.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Types (continued)

Agency Funds - custodial in nature; that is, assets equal liabilities and they do not involve measurement of operations. These funds include those administered by the Township as:

Tax Collector. Funds paid by individuals, property owners and/or employers on account of the various tax assessments levied by the Township, the School District and other local municipalities are held by the township as an agent of itself and others until accountings and disbursements are made.

(3) Assets, Liabilities and Net Assets or Equity

(a) Private-Sector Standards

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not contradict the guidance of the GASB.

(b) Program Revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(c) Investments

Investments are reflected at market which approximates cost. Investment income is recorded as earned.

(d) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as other assets in government-wide financial statements.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Assets, Liabilities and Net Assets or Equity (continued)

(e) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded as historical costs if purchased or constructed or at estimated historical cost if the original cost is not determinable.

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	20 - 40 years
Machinery and equipment	5 - 20 years
Land improvement, buildings and building improvements	15 - 40 years

(f) Inventories

Parts and supplies purchased by the various funds are recorded by the Township as an expenditure when purchased in the governmental funds and as assets in the statement of net assets.

(g) Accumulated Unpaid Vacation

In accordance with guidelines of the Financial Accounting Standards Board Statement (FASB) No. 43 "Accounting for Compensated Absences," unpaid vacation was accrued. This liability, not expected to be paid from available resources, is recorded only in the statement of net assets.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Assets, Liabilities and Net Assets or Equity (continued)

(h) Deferred Revenue

The Township reports deferred revenue . Deferred revenue arises when a potential revenue does not meet both the "measurable and available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

(i) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method.

In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as general government expenditures.

(j) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

(k) Insurance

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Insurance settlements have not exceeded insurance coverage during the past three years.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(4) Accounting Changes

In 2004, the Township adopted four new statements of financial accounting standards issued by the governmental Accounting Standards Board (GASB):

- Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State Local Governments;*
- Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State Local Governments: Omnibus;*
- Statement No. 38, *Certain Financial Statement Disclosures;* and
- Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group. Significantly, the Township's statement of net assets will include both noncurrent assets and noncurrent liabilities of the Township, which were previously recorded in a General Fixed Assets Account Group and a General Long-term Debt Account Group, respectively. In addition to the fixed assets previously recorded in the General Fund Fixed Assets Account Group, the Township capitalized infrastructure acquired since January 1, 1999. The government-wide statement of activities reflects depreciation expense on these capital assets.

In addition to the government-wide financial statements, the Township has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The reporting requirements of GASB Statement No. 34, as amended by Statement No. 37, include changes in fund types, elimination of account groups and resulted in fund reclassifications and adjustments to the fund equities reported in the prior financial statements.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(4) Accounting Changes (continued)

Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement 34. While this Statement did not affect amounts reported in the financial statements of the Township, certain note disclosures have been added or amended, including descriptions of activities of major funds, future debt service in five-year increments, short-term obligations, interest rates, and interfund balances and transactions.

(5) Budgets

Formal budgetary accounting is employed as a management control in all funds of the Township. The Township adheres to the following procedures in establishing the budget reflected in the financial statements:

- A. Annual operating budgets are adopted each year on a basis consistent with the Commonwealth of Pennsylvania's Second Class Township Code.
- B. Throughout the year the finance director and manager use current financial status reports and established Township objectives to develop financial projections for the ensuing year.
- C. This information is then assembled and presented to the Council for approval or revision.
- D. The Council adopts a tentative budget in November of each year which is available for public scrutiny and comment for a period of 20 days.
- E. The final budget is approved in December. Budget revisions are approved at Council meetings.

The budget amounts presented in the financial statements reflect the original budget amounts. There were no significant Council resolutions to modify the original budget.

The Township does not use encumbrance accounting.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(6) Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of various estimates of amounts and disclosures by management. There will likely be differences between estimated and actual results.

C. CASH AND INVESTMENTS

Cash

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

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice. The deposit and investment policy of the Township adheres to state statutes and prudent business practice.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 300,000
Collateralized -	
Collateral held by pledging bank's trust department not in the Township's name	2,305,978
Total deposits	\$ <u>2,605,978</u>

The Township's carrying amount was \$1,966,499 at December 31, 2004.

Included in the total bank balance and the carrying amount is \$1,508,946 invested in the Pennsylvania Local Government Investment Trust ("PLGIT").

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

C. CASH AND INVESTMENTS (continued)

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The Commonwealth of Pennsylvania recognizes this risk. Under its Act 72, deposits of public funds (in excess of FDIC insurance) held by banks must be collateralized. Banks must place on deposit with a third-party (usually a Federal Reserve Bank) securities with an aggregate market value in excess of all of its uninsured balances. The Township requires this protection for its funds. PLGIT follows similar practices.

Investments

Restricted investments in the pension and deferred compensation funds amounted to \$914,040 at December 31, 2004. This includes various mutual funds, all of which is uninsured. Collateral is held by the plan custodian.

D. TAXES

The Township's revenues are derived primarily from real estate and earned income taxes.

Real Estate Taxes

For 2004, total Township real estate taxes were levied at the rate of 3.70 mills on every dollar of taxable adjusted valuation.

Current period revenues derived from 2004 levies were as follows:

	<u>Rate</u>	<u>Revenue</u>
General fund	1.91	\$ 680,000
Debt service for the purpose of acquiring or constructing Township facilities	0.54	192,266
Parks and recreation	0.57	202,975
Library	0.24	85,433
Road machinery	0.10	35,605
Fire protection	<u>0.34</u>	<u>121,048</u>
	<u>3.70</u>	<u>\$ 1,317,327</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

D. TAXES (continued)

Real estate taxes attach as an enforceable lien on property as of January 1st and are generally levied on March 1st. During 2004 taxes were levied on March 1. The Township tax office bills and collects these taxes. Taxpayers making payments within two months of the levy are given a 2% discount. Amounts paid after four months are assessed at a 10% penalty. Centre County collects delinquent real estate taxes on behalf of the Township.

The Township's property tax is levied by ordinance of the Township's Council on real property located within the Township. Assessed values are generally 50% of market value as of the date of the last reassessment by the Centre County Board of Property Assessment, Appeals and Review. The total assessed valuation of property in the Township as of March 1, 2004 was \$503,019,760 of which an estimated \$135,877,430 was exempt from taxation.

Earned Income Taxes

Each resident of the Township with earned income is required to file an annual earned income tax return. The Township's levy on such income is .5%. The Township collects the State College Area School District's levy on earned income at a rate of .95%.

Throughout the year, the Township receives earned income taxes collected at the source and remitted by employers located within its geographic limits. Initially, deposits are made into the Agency Fund until the proper jurisdiction is determined. Then, the Township's tax collector--its appointed finance director--distributes the collections to the general fund, the School District and other municipalities.

During 2004, individual taxpayers reported gross earned income (for 2003, the latest information available) of \$160,452,151.

The Township recognized \$1,043,961 in earned income tax revenue during 2004.

TOWNSHIP OF COLLEGE
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2004
 (Continued)

D. TAXES (continued)

Taxes Receivable; Deferred Revenue

At December 31, 2004, taxes receivable and deferred revenue for taxes were as follows:

<u>Type of Tax</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
Real estate	\$ 21,097	\$ 12,311	\$ 5,318	\$ 38,726
Earned income	330,000	--	--	330,000
Occupational privilege	4,500	--	--	4,500
Realty transfer	23,500	--	--	23,500
Allowance for uncollectible taxes	(<u>8,372</u>)	(<u>5,486</u>)	(<u>2,370</u>)	(<u>16,228</u>)
	\$ <u>370,725</u>	\$ <u>6,825</u>	\$ <u>2,948</u>	\$ <u>380,498</u>
Deferred Revenue	\$ <u>9,977</u>			\$ <u>9,977</u>

Included in taxes receivable is \$2,378 of delinquent taxes. During 2004, \$24,902 was collected for delinquent taxes, and penalty and interest.

Included in deferred revenue is \$7,599 which may be refundable for earned income taxes collected in advance.

E. CAPITAL ASSETS

The Township records its capital assets in the government-wide financial statements, net of accumulated depreciation. The Township includes equipment, vehicles, road machinery, land and buildings as well as infrastructure assets such as roads, traffic signals, parkland, etc.

Current year capital outlays include substantial renovations to the township building, the purchase of several vehicles and improvements to the infrastructure as summarized below.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

F. CAPITAL ASSETS

Changes in the capital assets during 2004 are presented below:

	Balance - January 1, <u>2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance - December 31, <u>2004</u>
Buildings and improvements	\$ 3,360,576	\$ 383,996		\$ 3,744,572
Equipment	1,423,610	171,010	\$(90,490)	1,504,130
Infrastructure	<u>1,945,049</u>	<u>331,968</u>	--	<u>2,277,017</u>
Total	<u>6,729,235</u>	<u>886,974</u>	<u>(90,490)</u>	<u>7,525,719</u>
Accumulated depreciation:				
Buildings and improvements	(636,227)	(95,901)	--	(732,128)
Equipment	(704,052)	(104,423)	87,363	(721,112)
Infrastructure	<u>(187,065)</u>	<u>(82,264)</u>	--	<u>(269,329)</u>
Total	<u>(1,527,344)</u>	<u>(282,588)</u>	<u>87,363</u>	<u>(1,722,569)</u>
Land	<u>1,395,727</u>	<u>7,600</u>	--	<u>1,403,327</u>
Net Assets	\$ <u>6,597,618</u>	\$ <u>611,986</u>	\$ (<u>3,127</u>)	\$ <u>7,206,477</u>

G. LONG-TERM DEBT

Long-term debt consists of :

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
2003 General Obligation Bond	\$ 3,445,000		\$(95,000)	\$ 3,350,000
Compensated absences	24,213	\$ 2,590	--	26,803
Grants payable	<u>128,000</u>	<u>78,676</u>	<u>(32,000)</u>	<u>174,676</u>
	<u>\$ 3,597,213</u>	<u>\$ 81,266</u>	<u>\$(127,000)</u>	<u>\$ 3,551,479</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

G. LONG-TERM DEBT (continued)

General Obligation Bonds, Series of 2003

On May 6, 2003, pursuant to its Ordinance 03-11, the Township settled on its General Obligation Bonds, Series of 2003 in the aggregate amount of \$3,510,000. Proceeds served to repay the 1998 and 2001 General Obligation Notes and provided approximately \$2,112,871 for additional capital projects/expenditures.

The average interest rate on the bonds is 3.92%. Costs associated with the issue were approximately \$96,934. The Township repaid the then outstanding mortgage loan and credit line to reduce its total debt service payments (on that portion of the new bond issue) over the next ten years by approximately \$63,840, resulting in an economic gain (present value) of approximately \$52,755.

The following table summarizes the bond maturity schedule:

Due November 15	Principal Amount	Coupon Interest Rate	Coupon Interest Expense	Total Debt Service
2005	\$ 125,000	2.00%	\$ 122,580	\$ 247,580
2006	125,000	2.00%	120,080	245,080
2007	130,000	2.20%	117,580	247,580
2008	130,000	2.60%	114,720	244,720
2009	135,000	2.90%	111,340	246,340
2010	140,000	3.20%	107,425	247,425
2011	145,000	3.30%	102,945	247,945
2012	145,000	3.45%	98,160	243,160
2013	150,000	3.55%	93,158	243,158
2014	160,000	3.65%	87,832	247,832
2015	165,000	3.75%	81,993	246,993
2016	170,000	3.90%	75,805	245,805
2017	175,000	4.00%	69,175	244,175
2018	185,000	4.05%	62,175	247,175
2019	190,000	4.15%	54,682	244,682
2020	200,000	4.20%	46,798	246,798
2021	205,000	4.35%	38,397	243,397
2022	215,000	4.35%	29,480	244,480
2023	225,000	4.35%	20,128	245,128
2024	<u>235,000</u>	4.40%	<u>10,340</u>	<u>245,340</u>
	<u>\$ 3,350,000</u>		<u>\$ 1,564,793</u>	<u>\$ 4,914,793</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

G. LONG-TERM DEBT (continued)

General Obligation Bonds, Series of 2003 (continued)

Bonds maturing are subject to mandatory sinking fund installments required to be made annually.

Interest payments on the bonds are payable to bondholders on May 15th and November 15th of each year.

As of December 31, 2004, the borrowing base, computed under the provisions of Pennsylvania Act 185, was \$3,724,803. Net non-electoral debt may be 250% of such base amount.

Other Long-Term Liabilities

Grants payable includes amounts committed a) to Centre Lifelink EMS in the amount of \$32,000 due in each of 2005, 2006 and 2007 and b) to the Schlow Library expansion in the amount of \$78,676 due in 2005.

Accordingly \$110,676 is included as accounts payable on the statement of net assets.

The vacation liability is calculated using employees' current rate of pay.

H. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan adopted under Section 457 of the Internal Revenue Code. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and beneficiaries.

The Township has no liability for losses under the plan but does have the duty of due care that would be required for an ordinary prudent investor.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

I. POLICE SERVICES AND OTHER OPERATIONS

The Township does not maintain its own police force but provides police services under a contract with the Borough of State College. The annual contract provides for hours of service and types of coverage. The total net cost for the year ended December 31, 2004 was \$823,258.

The Township also pays the Borough for the efforts of the dog enforcement officer and for the Borough's collection of the Township's occupational privilege taxes (as distinguished from occupation assessment taxes discussed above).

The Township is entitled to receive funds under The Foreign Fire Insurance Premium Tax under (Act No. 205) to provide, among other things, retirement and death benefits for firefighters. The Township received \$80,391 of such funds and paid \$72,673 to the Alpha Fire Company, State College, Pennsylvania and \$7,718 to the Boalsburg Fire Company. This is recorded as revenue and expense in the general fund.

J. PENSION

The Township has adopted a single employer Nonuniform Defined Contribution Pension Plan. These funds are administered by the ICMA Retirement Corporation. All funds are currently invested by ICMA in mutual funds. The Nonuniform Pension Plan was originally adopted by the Township Council on July 7, 1970.

Contributions: College Township contributes 7.5% of all full-time participating employees' wages to the Nonuniform Pension Plan. Employee contributions are voluntary.

Benefits: Employees who have attained the age of 20 are eligible to participate in the plan after completing one year of service with the Township. Vesting occurs at a rate of 20 percent after three years and an additional 20 percent each year thereafter. Participants are fully vested after seven years. At age 65 they may elect to withdraw their pension monies in one lump sum or in regular monthly installments.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

J. PENSION (continued)

If a participant who has been employed with the Township for at least three years, but less than seven, terminates employment, he is eligible to receive his vested percentage of his pension benefits equal to the percentage of vesting he has attained. At the time of termination, the employee must elect to receive the monies in one lump sum or in regular monthly installments.

Total payroll expense for 2004	\$ 1,018,355
Covered payroll of participating employees	\$ 888,451
Township contribution to plan during 2004	\$ 66,634

The Township received a state pension grant from the Commonwealth of Pennsylvania, provided under The Municipal Pension Plan Funding Standard Recovery Act (Act No. 205) in the amount of \$64,537.

Contributions to the plan are fully funded as payroll expenditures are made on a bi-weekly basis.

The Township acts as common paymaster for the Township and the College Township Water Authority. During 2004 the Authority reimbursed the Township \$149,312 for payroll expense and \$7,032 for pension contributions. The Authority also reimburses its share of payroll taxes, insurance and other benefits.

K. INTERFUND RECEIVABLE AND PAYABLE BALANCES

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
State Highway Aid Fund		\$ 208
Capital Projects Fund	\$ 9,897	--
General Fund	295	9,897
Parks & Recreation Fund	<u>--</u>	<u>87</u>
	\$ <u>10,192</u>	\$ <u>10,192</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

L. FUND BALANCES; BUDGET AND ACTUAL

Net assets and fund balances are held for the following:

In trust for Employees' Retirement Benefits \$ 912,370

Unreserved designated fund balances are as follows:

Capital Projects Fund -	
Designated for capital projects	\$ 896,678
Special Revenue Fund -	
Designated for parkland	59,760
Pension Trust Fund -	
Designated for retirement costs	<u>1,670</u>
	\$ <u>958,108</u>

Unreserved, undesignated fund balances in special revenue funds are generally required to be expended for the purpose indicated by the original tax levy.

The Township's budget is prepared on a cash basis, which approximates accrual basis results.

Differences between fund balances budgeted at the beginning of the year and actual balances are due to December activity of the prior year, which is estimated due to the timing of the budget process, and year-end adjustments to accounts receivable and payable, net of those balances at the beginning of the year.

The Township also recognizes a capital project "fund" to identify those projects financed with general or other revenues, rather than bond proceeds. However, this is for convenience and does not represent a legally established fund for reporting purposes.

M. POTENTIAL COMPONENT UNITS/RELATED PARTY TRANSACTIONS

A summary of potential component units considered and excluded from the Township's financial statements follows.

College Township Water Authority

The College Township Water Authority (the Authority) was established in May, 1996 under the Pennsylvania Municipality Authorities Act of 1945 to supply water to residential and business customers in and around the Township.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

M. POTENTIAL COMPONENT UNITS/RELATED PARTY TRANSACTIONS (continued)

College Township Water Authority (continued)

College Township Council appoints all five members of the Authority's board. Council has no further involvement in the affairs of the Authority, no responsibility for its debt and provides no substantial financial operating assistance. The Authority sets its own rates, adopts its budget and issues debt without the approval of the Township.

During 2004, the Township received \$61,800 from the Authority for the oversight of its administrative, financial and operational activities. College Township also serves as the paymaster for all Authority employees. Costs of the employees hired for, or assigned to Authority operations are billed at actual costs and reimbursed by the Authority.

College Township Industrial Development Authority

The College Township Industrial Development Authority (the "IDA") was established in October, 1972 under the Economic Development Financing Law (Act No. 102) to provide financing for industrial and commercial developments and other economic activities.

College Township Council appoints all five members of the IDA's board. Council has no further involvement in the affairs of the IDA, no responsibility for its debt and provides no operating assistance, although the IDA's issuance of tax-exempt debt for projects within the Township requires Council approval under provisions of the Internal Revenue Code. Such approval, by the municipality in which a project to be funded with tax-exempt debt is located, is generally required under the Code.

University Area Joint Authority

The University Area Joint Authority (UAJA) was formed in August, 1964 under the Municipality Authorities Act of 1945 (Act No. 164) for the purposes of financing, constructing and operating a sanitary sewage collection system and waste water treatment and disposal facility.

College Township Council appoints certain members of the UAJA board. However, Council has no further involvement in the affairs of the authority which sets its own rates, adopts its budget and issues debt without the approval of the Township.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

M. POTENTIAL COMPONENT UNITS/RELATED PARTY TRANSACTIONS (continued)

Centre Area Transportation Authority

Centre Area Transportation Authority (CATA) was created in May, 1974 under the Pennsylvania Municipality Authorities Act of 1945. In February, 1984 the Authority was reorganized as a joint authority with College Township participating and appointing one of five members of CATA's board.

During 2004, the Township contributed \$49,756 to assist CATA's operations and \$8,582 to assist with CATA's capital acquisitions. With substantial equity, operating revenues and expenses, CATA is not deemed to be fiscally dependent on the Township.

Centre Regional Recreation Authority

The Centre Regional Recreation Authority (CRRA) was created under the provisions of the Pennsylvania Municipality Authorities Act of 1945 as a financing medium for the construction of and operation of recreation facilities. It operates the Park Forest and Welch swimming pools in State College, Pennsylvania.

College Township Council appoints one of five members to the Authority's board, which sets its own rates and adopts its own budget.

During 2004, the Township contributed \$11,883 and \$4,385 to the operations and capital budget of the Authority, respectively. CRRA is not deemed to be fiscally dependent on the Township.

Centre Region Council of Governments

The Centre Region Council of Governments (COG) was formed between and among the governments of the Townships of College, Ferguson, Halfmoon, Harris, Patton and the Borough of State College on December 2, 1969 under the provisions of the Intergovernmental Cooperation Act of 1972 (Act No. 180) as amended. It operates under Articles of Agreement adopted in October, 1989. COG is a voluntary organization of local governments which fosters a cooperative effort to resolve problems, determine policies and formulate plans and programs to meet regional needs.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

M. POTENTIAL COMPONENT UNITS/RELATED PARTY TRANSACTIONS (continued)

Centre Region Council of Governments (continued)

Each municipality's elected officials are members of COG. Each municipality has one "unit vote" if such procedure is invoked by any member on any issue or resolution. Otherwise, a majority of members present is sufficient to conduct ordinary business once a quorum is established.

During 2004, College Township contributed an aggregate of \$421,870 to fund the following activities and programs:

Centre Region Parks and Recreation	\$ 138,661
Alpha Fire Company	116,638
Planning Commission	109,645
Administration	35,260
Senior Citizens	16,396
Other	<u>5,270</u>
	\$ <u>421,870</u>

Pursuant to Inter-Municipal Agreement 2001-1, the member municipalities of COG own COG's building in proportion to their contribution to the construction costs. Rents from COG and operating expenses will be similarly apportioned.

COG is not deemed to be fiscally dependent on the Township.

Schlow Memorial Library

The Schlow Memorial Library Board was originally formed in 1957 by the Borough of State College. In April, 1991 it was regionalized by the Townships of College, Harris, Ferguson and Patton, together with the Borough of State College under the Intergovernmental Cooperation Act of 1972.

The purpose of the Board is to promote the health, safety and general welfare of the Centre region by providing public library service to serve the educational, recreational, cultural and informational needs of the region.

College Township appoints two of nine members of the Board.

During 2004, the Township contributed \$83,870 to the operations of the library. The Library is not deemed to be fiscally dependent on the Township.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

M. POTENTIAL COMPONENT UNITS/RELATED PARTY TRANSACTIONS (continued)

Schlow Memorial Library (continued)

In addition, the Township paid from its capital projects fund \$362,204 in support of the library's capital expansion and is committed to pay \$78,676 in 2005 as discussed above.

Centre Area Cable Consortium

The Township is a member of the Centre Area Cable Consortium formed by and with other local municipal governments for the purpose of negotiating agreements and engagements with area cable providers.

N. CONTINGENT LIABILITIES

The Township is contingently liable to make contributions to the entities funded by its participation, as described above, whether for the operations or the debt of the organization, so long as it participates in those organizations.

The Township receives grants of federal, state and local aid in connection with certain projects and programs. Such grants are subject to periodic audits whereby costs claimed may be questioned by local auditors, the Auditor General of the Commonwealth of Pennsylvania and/or Federal Inspectors General. To the extent such costs are disallowed by the provider, repayment from non-grant sources would be required of the Township.

The Township is involved in other disputes in the ordinary course of operation; the outcome of these is not expected to have a material effect on the financial statements.

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TOWNSHIP OF COLLEGE
CENTRE COUNTY, PENNSYLVANIA

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SUPPLEMENTARY INFORMATION

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YEAR ENDED DECEMBER 31, 2004

TOWNSHIP OF COLLEGE
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>Highway Aid Fund</u>	<u>Fire Protection Fund</u>	<u>Road Machinery Fund</u>	<u>Parks & Recreation Fund</u>	<u>Library Fund</u>	<u>Total</u>
ASSETS						
Cash and equivalents	\$ 167,828	\$ 6,461	\$ 129,776	\$ 159,071	\$ 6,498	\$ 469,634
Accounts receivable	--	--	--	647	--	647
Taxes receivable	--	<u>1,843</u>	<u>546</u>	<u>3,151</u>	<u>1,285</u>	<u>6,825</u>
Total assets	<u>\$ 167,828</u>	<u>\$ 8,304</u>	<u>\$ 130,322</u>	<u>\$ 162,869</u>	<u>\$ 7,783</u>	<u>\$ 477,106</u>
LIABILITIES						
Accounts payable				\$ 9,885		\$ 9,885
Due to general fund	\$ 208			<u>87</u>		<u>295</u>
Total liabilities	<u>208</u>			<u>9,972</u>		<u>10,180</u>
FUND BALANCES						
Designated for park land	--			59,760		59,760
Unreserved - undesignated	<u>167,620</u>	<u>\$ 8,304</u>	<u>\$ 130,322</u>	<u>93,137</u>	<u>\$ 7,783</u>	<u>407,166</u>
Total fund balances	<u>167,620</u>	<u>8,304</u>	<u>130,322</u>	<u>152,897</u>	<u>7,783</u>	<u>466,926</u>
Total liabilities and fund balances	<u>\$ 167,828</u>	<u>\$ 8,304</u>	<u>\$ 130,322</u>	<u>\$ 162,869</u>	<u>\$ 7,783</u>	<u>\$ 477,106</u>

TOWNSHIP OF COLLEGE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2004

	Highway Aid Fund	Fire Protection Fund	Road Machinery Fund	Parks & Recreation Fund	Library Fund	Total
REVENUES						
Taxes		\$ 124,707	\$ 36,835	\$ 210,248	\$ 87,992	\$ 459,782
Intergovernmental	\$ 168,842	--	--	--	--	168,842
Interest	2,398	235	2,838	1,938	184	7,593
Other	--	--	<u>13,748</u>	--	--	<u>13,748</u>
Total revenues	<u>171,240</u>	<u>124,942</u>	<u>53,421</u>	<u>212,186</u>	<u>88,176</u>	<u>649,965</u>
EXPENDITURES						
Public safety	--	116,638	--	--	--	116,638
Highways and streets	194,806	--	--	--	--	194,806
Culture and recreation	--	--	--	155,929	83,870	239,799
Capital outlays:						
Bike pathways	--	--	--	43,845	--	43,845
Houserville Park	--	--	--	2,041	--	2,041
Equipment & fixtures	--	--	<u>93,339</u>	<u>19,520</u>	--	<u>112,859</u>
Total expenditures	<u>194,806</u>	<u>116,638</u>	<u>93,339</u>	<u>221,335</u>	<u>83,870</u>	<u>709,988</u>
Excess/(deficiency) of revenues over expenses	(23,566)	8,304	(39,918)	(9,149)	4,306	(60,023)
FUND BALANCES, beginning	<u>191,186</u>	--	<u>170,240</u>	<u>162,046</u>	<u>3,477</u>	<u>526,949</u>
FUND BALANCES, ending	<u>\$ 167,620</u>	<u>\$ 8,304</u>	<u>\$ 130,322</u>	<u>\$ 152,897</u>	<u>\$ 7,783</u>	<u>\$ 466,926</u>

TOWNSHIP OF COLLEGE
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES - AGENCY FUND - TAX COLLECTOR ACCOUNTS
 YEAR ENDED DECEMBER 31, 2004

	Balance, January 1, 2004	Additions	Deductions	Balance, December 31, 2004
<u>TAX COLLECTOR</u>				
<u>ASSETS</u>				
Cash - earned income taxes	\$ 28,118	\$ 6,552,801	\$ 6,548,890	\$ 32,029
Cash - real estate taxes	<u>148,935</u>	<u>12,323,994</u>	<u>12,336,358</u>	<u>136,571</u>
Total assets	<u>\$ 177,053</u>	<u>\$ 18,876,795</u>	<u>\$ 18,885,248</u>	<u>\$ 168,600</u>
<u>LIABILITIES</u>				
Due to other governments and taxpayers	<u>\$ 177,053</u>	<u>\$ 18,876,795</u>	<u>\$ 18,885,248</u>	<u>\$ 168,600</u>

TOWNSHIP OF COLLEGE
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
AGENCY FUND - TAX COLLECTOR ACCOUNTS
YEAR ENDED DECEMBER 31, 2004

	<u>Earned Income Taxes</u>	<u>Real Estate Taxes</u>
CASH RECEIPTS:		
Tax collections	\$6,543,162	\$ 12,320,316
Interest income	<u>9,639</u>	<u>3,678</u>
Total Receipts	6,552,801	12,323,994
CASH DISBURSEMENTS:		
Distributions as tax collector		
State College Area School District	1,692,417	10,998,536
Township of College:		
General Fund	918,721	689,757
Special Revenue Funds	--	648,065
Borough of State College	476,267	--
Township of Ferguson	778,073	--
Township of Patton	373,136	--
Township of Harris	257,131	--
Township of Halfmoon	81,009	--
Other Tax Collectors	1,897,392	--
Refunds to individual taxpayers	74,718	--
Other claims and disbursements	<u>26</u>	<u>--</u>
Total Disbursements	<u>6,548,890</u>	<u>12,336,358</u>
Net Change in cash balance	3,911	(12,364)
CASH BALANCES, beginning	<u>28,118</u>	<u>148,935</u>
CASH BALANCES, ending	<u>\$ 32,029</u>	<u>\$ 136,571</u>
Supplemental information -		
Cash balance held as agent for:		
State College Area School District	\$ 1,584	\$ 122,463
Township of College	4,432	13,825
Other governments and taxpayers	<u>26,013</u>	<u>283</u>
Balance, December 31, 2004	<u>\$ 32,029</u>	<u>\$ 136,571</u>