

TOWNSHIP OF COLLEGE
CENTRE COUNTY, PENNSYLVANIA

REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2011

FILE COPY

TOWNSHIP OF COLLEGE
CENTRE COUNTY, PENNSYLVANIA

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FIORE FEDELI SNYDER CAROTHERS, LLP

Certified Public Accountants and Consultants

Patrick J. Fiore, CPA
Joseph P. Fedeli, CPA
Robert P. Snyder, CPA
John F. Carothers, CPA
David C. Carothers, CPA

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, 2011, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2012, on our consideration of the Township'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 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.

MEMBERS: AMERICAN AND PENNSYLVANIA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 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 is the responsibility of management and was 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 themselves, and other additional procedure 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.

Fiora Fedeli Snyder Lanther, LLP

State College, Pennsylvania
April 12, 2012

TOWNSHIP OF COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTAL INFORMATION)
DECEMBER 31, 2011

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, 2011.

This discussion and analysis is divided into the following sections: 1) Financial highlights for 2011, 2) Description of the required financial statements, 3) Financial Analysis of the Township, 4) An Overview of the Township's 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 2011

1. Expenditures for personnel, police services, and Centre Region Council of Governments program funding totaled 71.8% of total General Fund Expenditures, a 2.2% increase from last year's figure of 69.6%.
2. Net assets increased by \$247,000.
3. Receipt of \$284,349 from the Commonwealth, representing 80% of the costs for the Trout Road Bridge Project
4. Exempt assessed property value totals 26.1% of total assessed value.
5. Expenditures for regional cooperation via the Centre Region Council of Governments increased by 5.1% to \$963,000.
6. The allocation from the Commonwealth which is a pass through to Alpha and Boalsburg fire companies totaled \$158,677, 59% higher than anticipated.
7. Although receipts from the earned income and local services tax exceeded budget by \$123,000, real property transfer tax was lower than budget by \$93,000.
8. Two major projects, the traffic light at Squirrel Drive and the West Branch Road Realignment, were completed in 2011 with net expenditures totaling over 1 million dollars.

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 requirements 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:

- 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.
- The assets and liabilities are presented in order of liquidity.
- Inter-fund payables and receivables are eliminated and do not appear in the total column.
- Net assets is subdivided into three categories: net assets invested in capital assets, net of accumulated depreciation and related debt; restricted net assets; 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:

- 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.

- 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.
- 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 2011 is recorded as an expense in 2011 although it may not have been paid until January 2012.

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 essentially the same functions reported as governmental activities in the government-wide financial statements.

The Township maintains the following eight governmental funds: the general fund, five special revenue (or "other governmental") funds, one debt service fund, and 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 consist 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

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

As noted earlier, net assets may serve over time as a useful indicator of the Township's financial position.

The Township's overall financial position as of December 31, 2011 is demonstrated by the following condensed government-wide statement of net assets which shows that total assets exceeded total liabilities by \$11.16 million; an increase of \$247,000 from 2010:

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 2,512,913	\$ 3,233,008
Capital assets - net	<u>14,943,561</u>	<u>14,109,666</u>
Total Assets	<u>17,456,474</u>	<u>17,342,674</u>
Current and other liabilities	392,183	350,104
Long-term liabilities	<u>5,905,000</u>	<u>6,080,000</u>
Total Liabilities	<u>6,297,183</u>	<u>6,430,104</u>
Net Assets:		
Invested in capital assets, net of related debt	8,724,730	7,709,149
Restricted	960,821	1,217,421
Unrestricted	<u>1,473,740</u>	<u>1,986,000</u>
Total Net Assets	<u>\$ 11,159,291</u>	<u>\$ 10,912,570</u>

\$8.7 million of net assets totaling \$11.16 million (78.0%) reflects the Township's investment in capital assets, net of related debt still outstanding that was used to acquire those assets. Capital assets are needed to provide services to citizens; consequently they are not available for future spending.

At the end of 2011, net assets of the Township totaling \$.96 million (8.6%) are subject to restrictions on how they may be used. Accordingly, the remaining net assets (\$1.47 million or 13.4%) are unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors.

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, 2011:

	<u>Governmental</u> <u>2011</u>	<u>Activities</u> <u>2010</u>
Program revenues:		
Charges for services	\$ 1,446,885	\$ 1,007,734
Operating grants and contributions	509,293	446,024
General revenues:		
Taxes and other revenue	<u>4,393,883</u>	<u>3,903,108</u>
Total Revenues	6,350,061	5,356,866
Expenses:		
General government	1,952,456	1,543,677
Public safety	1,997,270	1,867,247
Highways and streets	957,417	1,163,180
Public works	58,536	54,227
Culture and recreation	540,876	558,034
Retirement of bond issuance costs	11,710	116,400
Depreciation (unallocated by function)	<u>585,075</u>	<u>488,764</u>
Total Expenses	<u>6,103,340</u>	<u>5,791,529</u>
Excess before contributions	246,721	(434,663)
NET ASSETS - beginning	<u>10,912,570</u>	<u>11,347,233</u>
NET ASSETS - ending	<u>\$ 11,159,291</u>	<u>\$ 10,912,570</u>

Overall operating results from the Township's governmental activities resulted in an increase of \$246,721 in net assets (2.21 % of ending net assets).

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.

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.

At the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2.19 million, a decrease of \$.74 million from the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance was \$.77 million. As a measure of the general fund's liquidity, it may be useful to compare its unassigned fund balance to total governmental fund expenditures. Unassigned general fund balance represents 17.9% of 2011 general fund expenditures and 11.1% of total governmental fund expenditures. Fund balance increased by \$141,000 during the current fiscal year.

The debt service fund has a total fund balance of \$383,015 all of which is reserved for future debt service. The \$7,169 decrease in the fund balance from the prior year was due to the deficit of fund revenues over the debt service expenditures for the fiscal year.

The capital projects fund has a total fund balance of \$224,984 , all of which is reserved for future capital project expenditures. During 2011, the Township funded the completion of the Squirrel Road traffic light and the West Branch Road realignment project.

General Fund Budgetary Highlights

Actual ending fund balance was greater than budgeted ending fund balance by \$128,000. This variance is attributed in part to the following:

- 1) Receipt of \$284,349 from the Commonwealth, representing 80% of the costs for the Trout Road Bridge Project and a refund of \$20,000 for contracted 2010 police services.
- 2) Fund balance at the beginning of 2011 was lower then expected due to timing of capital project expenditures.
- 3) Deferral of some anticipated expenditures for capital projects including zoning software, sidewalk construction, and Pike Street calming.

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

CAPITAL ASSETS AND LONG-TERM DEBT OVERVIEW

Capital Assets

At December 31, 2011, the Township had invested \$14.9 million in capital assets for its governmental activities net of \$4.4 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 \$.84 million over the prior year. Completion of the Squirrel Road traffic light and West Branch Road realignment projects account for 92.2% of the additions. The Township also added vehicles and equipment valued at \$147,000.

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

Long-term Debt

In August 2010, the Township issued its General Obligation Bonds; Series of 2010 in the aggregate amount of \$6,275,000 to pay off existing debt. The bonds are issued and are secured by the Township's tax and other general revenue.

At December 31, 2011, \$6,080,000 of the Bonds remained outstanding following a principal payment of \$170,000 made in 2011. Interest payments on the Bonds totaled \$196,838.

The non-electoral debt limit of the Township as of December 31, 2011 amounted to \$13,463,853, an increase of \$182,850 from the prior year.

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

POTENTIALLY SIGNIFICANT MATTERS

2012 Budget Highlights

1. The real estate tax millage for 2012 remains at 4.4.
2. Refinancing of debt in 2010 has resulted in the township's temporary reduction of the millage dedicated to debt service by \$.66 mill and a reallocation to the General and Parks funds to provide for capital projects and services.
3. Expenditures budgeted for regional cooperation via the Centre Region Council of Governments increased by 10.8% to \$1,015,000, largely attributable to the investment in regional parks and recreation projects and programs.
4. An additional \$50,000 will be placed in reserve to be used for supplemental funding for regional parkland development.
5. \$100,000 is budgeted for design of an improvement of the Oak Hall / Linden Hall / Brush Valley Road intersection.

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, 2011

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

TOWNSHIP OF COLLEGE
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,779,961
Accounts receivable & other assets	149,534
Taxes receivable	407,261
Prepaid expenses	4,724
Due from water authority	655
Inventory	34,500
Prepaid bond costs, net	136,278
Capital assets, net of accumulated depreciation	<u>14,943,561</u>
Total assets	<u>17,456,474</u>
LIABILITIES	
Accounts payable and other current liabilities	153,053
Deferred revenue	13,026
Due to water authority	1,551
Compensated absences	49,553
Bonds payable - current	175,000
- non current	<u>5,905,000</u>
Total liabilities	<u>6,297,183</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,724,730
Restricted for:	
Debt service	383,015
Special governmental purposes	577,802
Acquisition of parkland	4
Unrestricted	<u>1,473,740</u>
Total net assets	<u>\$ 11,159,291</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	Program Revenues		Capital	Governmental
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Activities
General government	\$1,241,909	\$1,235,948	\$ 18,037	12,076
Public Safety	1,997,270	177,746	158,677	(1,660,847)
Highway and streets	957,417	33,191	234,981	(689,245)
Public works	58,536	--	5,610	(52,926)
Culture and recreation	540,876	--	--	(540,876)
Insurance and benefits	514,134	--	91,988	(422,146)
Interest expense	196,413	--	--	(196,413)
Retirement of bond issuance costs	11,710	--	--	(11,710)
Depreciation (unallocated)	<u>585,075</u>	<u>--</u>	<u>--</u>	<u>(585,075)</u>
Total governmental activities	\$6,103,340	\$1,446,885	\$509,293	(4,147,162)
General Revenues:				
Taxes				3,998,657
Interest				4,672
Other				<u>390,554</u>
Total General Revenues				<u>4,393,883</u>
Change in net assets				246,721
Net assets, beginning				<u>10,912,570</u>
Net assets, ending				<u>\$ 11,159,291</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
YEAR ENDED DECEMBER 31, 2011
FUND FINANCIAL STATEMENTS

TOWNSHIP OF COLLEGE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Debt Service	Capital Projects	Other Governmental	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 613,970	\$377,688	\$ 222,253	\$566,050	\$1,779,961
Accounts receivable	146,803	--	2,731	--	149,534
Due from water authority	655	--	--	--	655
Prepaid assets	--	--	--	--	--
Taxes receivable	390,178	5,327	--	11,756	407,261
Total assets	<u>\$1,151,606</u>	<u>\$383,015</u>	<u>\$ 224,984</u>	<u>\$577,806</u>	<u>\$2,337,411</u>
LIABILITIES					
Accounts payable and other liabilities	\$ 128,873				\$ 128,873
Due to water authority	1,551				1,551
Deferred revenue	13,026				13,026
Total liabilities	<u>143,450</u>				<u>143,450</u>
FUND BALANCES					
Restricted		\$383,015	\$ 224,984	\$577,806	\$1,185,805
Assigned	236,540	--	--	--	236,540
Unassigned	771,616	--	--	--	771,616
Total fund balances	<u>1,008,156</u>	<u>383,015</u>	<u>224,984</u>	<u>577,806</u>	<u>2,193,961</u>
Total liabilities and fund balances	<u>\$1,151,060</u>	<u>\$383,015</u>	<u>\$ 224,984</u>	<u>\$577,806</u>	<u>\$2,337,411</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, 2011

Total fund balances	\$ 2,193,961
Capital assets used in governmental activities excluded from funds because they do not represent financial resources	14,943,561
Other non-financial assets such as inventory and prepaid expenses	39,224
Bond/note issue costs, expenses upon issuance are deferred charges subject to amortization over the term of the bond/note issue	136,278
Accrued interest expense	(24,180)
Liability for compensated absences (vacation pay)	(49,553)
Long-term bonds payable due:	
In 2011	(175,000)
Thereafter	<u>(5,905,000)</u>
Net assets, government-wide	\$ <u>11,159,291</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 2,843,069	\$ 360,696		\$ 794,891	\$ 3,998,656
Impact fees	299,353	--		--	299,353
Licenses, permits & user fees	387,268	--		--	387,268
Intergovernmental	291,345	--		217,948	509,293
Fines and forfeits	155,305	--		--	155,305
Other	395,324	--	\$ 385,891	3,142	784,357
Interest and Rents	<u>72,254</u>	<u>211</u>	<u>259</u>	<u>1,563</u>	<u>74,287</u>
Total revenues	<u>4,443,918</u>	<u>360,907</u>	<u>386,150</u>	<u>1,017,544</u>	<u>6,208,519</u>
EXPENDITURES					
Current:					
General government	1,050,670	938	--	--	1,051,608
Public safety	1,817,250	--	--	180,537	1,997,787
Highways and streets	767,614	--	--	264,105	1,031,719
Public works	58,536	--	--	--	58,536
Culture and recreation	45,108	--	--	496,945	542,053
Insurance and benefits	516,212	--	--	--	516,212
Debt Service:					
Principal payments	--	170,300	--	--	170,300
Interest charges	--	196,838	--	--	196,838
Capital outlays	<u>47,877</u>	<u>--</u>	<u>1,008,111</u>	<u>325,388</u>	<u>1,381,376</u>
Total expenditures	<u>4,303,267</u>	<u>368,076</u>	<u>1,008,111</u>	<u>1,266,975</u>	<u>6,946,429</u>
Excess/(deficiency) of revenues over expenditures	140,651	(7,169)	(621,961)	(249,431)	(737,910)
FUND BALANCES, beginning	<u>867,505</u>	<u>390,184</u>	<u>846,945</u>	<u>827,237</u>	<u>2,931,871</u>
FUND BALANCES, ending	<u>\$ 1,008,156</u>	<u>\$ 383,015</u>	<u>\$ 224,984</u>	<u>\$ 577,806</u>	<u>\$ 2,193,961</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, 2011

Net changes in fund balances - total governmental	\$(737,910)
Expenses, reported on the statement of activities, that (required)/did not require the use of current financial resources:	
Vacation expense accrued to employees	(7,189)
Insurance expense	(1,797)
Interest expense	425
Changes in inventory	1,006
Capital outlays, net of depreciation expense of \$585,075	846,419
Loss on disposal of assets	(12,523)
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 of \$11,710	<u>158,290</u>
Change in net assets of governmental activities	<u>\$ 246,721</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, 2011

	Budget- Both Original and Final	Actual	Variance
REVENUES			
Taxes	\$ 2,812,445	\$ 2,843,069	\$ 30,624
Impact fees	353,510	299,353	(54,157)
Licenses, permits and user fees	350,740	387,268	36,528
Intergovernmental	234,045	291,345	57,300
Fines and forfeits	154,800	155,305	505
Interest and rents	61,775	72,254	10,479
Other	<u>86,430</u>	<u>395,324</u>	<u>308,894</u>
Total revenues	<u>4,053,745</u>	<u>4,443,918</u>	<u>390,173</u>
EXPENDITURES			
General Government	1,075,398	1,050,670	24,728
Public Safety	1,816,106	1,817,250	(1,144)
Highways and streets	825,064	767,614	57,450
Public works	56,024	58,536	(2,512)
Culture and recreation	69,625	45,108	24,517
Insurance and benefits	524,650	516,212	8,438
Capital outlays	<u>54,805</u>	<u>47,877</u>	<u>6,928</u>
Total expenditures	<u>4,421,672</u>	<u>4,303,267</u>	<u>118,405</u>
Excess of revenues over expenditures	(367,927)	140,651	508,578
FUND BALANCE, beginning	<u>1,247,744</u>	<u>867,505</u>	(380,239)
FUND BALANCE, ending	\$ <u>879,817</u>	\$ <u>1,008,156</u>	\$ <u>128,339</u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Trust Funds</u>		
	<u>Deferred</u>	<u>Pension</u>	<u>Agency</u>
	<u>Compensation</u>	<u>Plan</u>	<u>Funds</u>
	<u>Plan</u>	<u>Plan</u>	<u>Funds</u>
ASSETS			
Cash			\$ 234,852
Investments at market value	\$ <u>409,755</u>	\$ <u>1,245,948</u>	<u> --</u>
Total assets	\$ <u>409,755</u>	\$ <u>1,245,948</u>	\$ <u>234,852</u>
LIABILITIES			
Due to other governments and taxpayers			\$ <u>234,852</u>
NET ASSETS			
Held in trust for employees' retirement benefits	\$ <u>409,755</u>	\$ <u>1,245,948</u>	
Total net assets	\$ <u>409,755</u>	\$ <u>1,245,948</u>	

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Deferred Compensation <u>Plan</u>	Pension <u>Plan</u>
ADDITIONS		
Contributions	\$ 41,771	\$ 90,630
Investment losses including realized and unrealized gains and net losses	(4,919)	(1,871)
Total additions	36,852	88,759
DEDUCTIONS		
Distributions to beneficiaries	--	38,423
Fees and charges	<u>20,653</u>	<u>--</u>
Total deductions	<u>20,653</u>	<u>38,423</u>
Changes in net assets	16,199	50,336
NET ASSETS, beginning	<u>393,556</u>	<u>1,195,612</u>
NET ASSETS, ending	\$ <u><u>409,755</u></u>	\$ <u><u>1,245,948</u></u>

See accompanying notes to basic financial statements

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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).

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 the Government Accounting Standards Board.

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, 2011
(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 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 Centre Region 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. 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, 2011
(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 if collected within sixty (60) days of the fiscal year end. 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 are 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, 2011
(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 debt issued to finance capital projects.

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, 2011
(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, 2011
(Continued)

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(e) Capital Assets

Capital assets are land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other assets that are used in operations and have an initial useful life extending beyond a single reporting period.

Under GAAP, management establishes the dollar value ("capitalization threshold") at which the township will capitalize assets that are used in operations.

Management has established the following capitalization thresholds: Land - \$1, infrastructure - \$25,000, and all other capital assets - \$5,000.

Such assets are recorded at historical cost if purchased or constructed or at estimated historical cost if the original cost is not determinable.

The cost of maintenance and repairs that do not add to the value of the asset or extend the life of an asset 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 and vehicles	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

Under GAAP, unpaid vacation is 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, 2011

(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 Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category included amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion included items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

(Continued)

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(j) Fund Balance (continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Township to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Township can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Township Council. Those committed amounts cannot be used for any other purpose unless Township Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In government funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Council or a Township official delegated that authority.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(j) Fund Balance (continued)

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the restricted fund balance classifications could be used.

(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.

(4) 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.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(4) Budgets (continued)

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.

(5) Subsequent Events

Subsequent events have been evaluated through April 12, 2012, which is the date the financial statements were available to be issued.

(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.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

C. CASH AND INVESTMENTS (continued)

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 641,416
Collateralized -	
Collateral held by pledging bank's trust department not in the Township's name	<u>1,451,018</u>
Total deposits	<u>\$ 2,092,434</u>

The Township's carrying amount for bank balances was \$842,348 at December 31, 2011.

In addition to the carrying amount is \$1,172,365 invested in the Pennsylvania Local Government Investment Trust ("PLGIT") and \$100 petty cash.

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 \$1,655,703 at December 31, 2011. This includes various mutual funds, all of which is uninsured. Collateral is held by the respective plan custodian.

D. TAXES

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

Real Estate Taxes

For 2011, total Township real estate taxes were levied at the rate of 4.40 mills on every dollar of taxable assessed valuation.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

D. TAXES (continued)

Real Estate Taxes (continued)

Current period revenues derived from 2011 levies were as follows:

	<u>Rate</u>	<u>Revenue</u>
General fund	1.61	\$ 657,277
Debt service for the purpose of acquiring or constructing Township facilities	0.87	354,909
Parks and recreation	0.77	314,358
Library	0.32	130,588
Road machinery	0.35	142,896
Fire protection	<u>0.48</u>	<u>194,881</u>
	<u>4.40</u>	<u>\$ 1,794,909</u>

Real estate taxes attach as an enforceable lien on property as of January 1st and are generally levied on March 1st. During 2011 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 resolution 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, 2011 was \$570,149,825 of which an estimated \$148,617,415 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 2011, individual taxpayers reported gross earned income (for 2010, the latest information available) of \$212,748,295.

The Township recognized \$1,258,089 in earned income tax revenue during 2011.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

D. TAXES (continued)

Taxes Receivable; Deferred Revenue

At December 31, 2011, 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	\$ 21,931	\$ 18,970	\$ 8,596	\$ 49,497
Earned income	300,000	--	--	300,000
Occupational privilege	55,298	--	--	55,298
Realty transfer	18,999	--	--	18,999
Allowance for uncollectible taxes	(6,050)	(7,214)	(3,269)	(16,533)
	<u>\$ 390,178</u>	<u>\$ 11,756</u>	<u>\$ 5,327</u>	<u>\$ 407,261</u>
Deferred Revenue	<u>\$ 13,026</u>			<u>\$ 13,026</u>

Included in taxes receivable is \$6,024 of delinquent taxes. During 2011, \$28,774 was collected for delinquent taxes, and penalty and interest.

Also included in deferred revenue is \$7,002 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 the completion of the Squirrel Drive traffic light, the purchase of land and the subsequent completion of the West Branch Road realignment project and the purchase of a truck chassis and tractor.

TOWNSHIP OF COLLEGE
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

E. CAPITAL ASSETS

Changes in capital assets during 2011 are presented below:

	Balance January 1, 2011	Additions	Disposals	Transfers	Balance December 31, 2011
Buildings and improvements	\$ 6,683,625				\$ 6,683,625
Equipment	2,219,557	\$ 146,786	\$(29,757)		2,336,588
Infrastructure	<u>6,831,413</u>	<u>1,270,567</u>	()	\$ <u>26,294</u>	<u>8,128,274</u>
Total	<u>15,734,595</u>	<u>1,417,353</u>	<u>29,757</u>	<u>26,294</u>	<u>17,148,487</u>
Less: Accumulated depreciation:					
Buildings and improvements	(1,413,077)	(177,425)	--		(1,590,502)
Equipment	(1,172,415)	(161,986)	17,234		(1,317,167)
Infrastructure	<u>(1,199,620)</u>	<u>(245,666)</u>	--		<u>(1,445,286)</u>
Total	<u>(3,785,112)</u>	<u>(585,077)</u>	<u>17,234</u>		<u>(4,352,955)</u>
Land	<u>2,076,928</u>	--			<u>2,076,928</u>
Construction in progress	<u>83,255</u>	<u>14,140</u>		(<u>26,294</u>)	<u>71,101</u>
Net Assets	\$ <u>14,109,666</u>	\$ --	\$(<u>12,523</u>)	\$ --	\$ <u>14,953,561</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

F. LONG-TERM DEBT

Long-term debt consists of:

	Beginning Balance	Additions	Reductions	Ending Balance
2010 General Obligation Bond	\$ 6,250,000		\$(170,000)	\$ 6,080,000
Compensated absences	42,364	\$ 7,189	--	49,553
	\$ 6,292,364	\$ 7,189	\$(170,000)	\$ 6,129,553

General Obligation Note, Series of 2010

On August 17, 2010, pursuant to its Ordinance 10-07, the Township settled on its General Obligation Bonds, Series of 2010 in the aggregate amount of \$6,275,000. Proceeds served to repay the General Obligation Bonds, Series of 2003 and the General Obligation Note, Series A of 2009.

The weighted average maturity of the bonds is 11.3331 years and the yield calculates to 3.532% with a final maturity on November 15, 2029. Costs associated with the issue were approximately \$150,914.

The following table summarizes the bond maturity schedule:

<u>Due November 15</u>	<u>Principal Amount</u>	<u>Coupon Interest Rate</u>	<u>Coupon Interest Expense</u>	<u>Total Debt Service</u>
2012	\$ 175,000	2.00%	\$ 193,438	\$ 368,438
2013	280,000	2.00%	189,938	469,938
2014	280,000	2.00%	184,338	464,338
2015	290,000	2.00%	178,738	468,738
2016	295,000	2.25%	172,938	467,938
2017	300,000	2.50%	166,300	466,300
2018	310,000	2.75%	158,800	468,800
2019	315,000	3.00%	150,275	465,275
2020	330,000	3.13%	140,825	470,825
2021	340,000	3.25%	130,513	470,513
2022	350,000	3.38%	119,463	469,463
2023	360,000	3.50%	107,650	467,650
2024	370,000	3.63%	95,050	465,050
2025	385,000	3.75%	81,638	466,638
2026	400,000	2.80%	67,200	467,200
2027	415,000	4.00%	52,000	467,000
2028	435,000	4.00%	35,400	470,400
2029	450,000	4.00%	18,000	468,000
	\$ 6,080,000		\$ 2,242,504	\$ 8,322,504

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

F. LONG-TERM DEBT (continued)

General Obligation Bonds, Series of 2010 (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, 2011, the borrowing base, computed under the provisions of Pennsylvania Act 185, was \$5,385,541. Net non-electoral debt may be 250% of such base amount.

Other Long-Term Liabilities

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

G. FUND BALANCES

Fund Balances is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page.

<u>Fund Balances</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
<u>Restricted for:</u>					
Debt Service Payments		\$ 383,015			\$ 383,015
Capital Projects		--	\$ 224,984		224,984
Highway Aid		--	--	\$ 202,453	202,453
Fire Protection		--	--	51,751	51,751
Road Machinery		--	--	155,306	155,306
Parks & Recreation		--	--	143,101	143,101
Library		--	--	25,195	25,195
Total Restricted		<u>383,015</u>	<u>224,984</u>	<u>577,806</u>	<u>1,185,805</u>
<u>Assigned to:</u>					
Workforce housing	\$ 95,000	--	--	--	95,000
Traffic improvements	60,375	--	--	--	60,375
COG Parkland	81,165	--	--	--	81,165
Total Assigned	<u>236,540</u>	<u> </u>	<u> </u>	<u> </u>	<u>236,540</u>
<u>Unassigned:</u>	<u>\$ 771,616</u>	<u> </u>	<u> </u>	<u> </u>	<u>771,616</u>
Total Fund Balance	<u>\$ 1,008,156</u>	<u>\$ 383,015</u>	<u>\$ 224,984</u>	<u>\$ 577,806</u>	<u>\$ 2,193,961</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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.

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 cost for the year ended December 31, 2011 was \$1,214,587.

The Township also pays the Borough for the efforts of the health and dog enforcement officers and for the Borough's collection of the Township's Local Services Tax (LST) and Earned Income Tax (EIT).

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 \$158,677 of such funds and paid \$143,444 to the Alpha Fire Company, State College, Pennsylvania and \$15,233 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.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

J. PENSION (continued)

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.

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 2011	\$ 1,348,278
Covered payroll of participating employees	\$ 1,208,400
Township contribution to plan during 2011	\$ 90,630

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 \$91,988.

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 2011 the Authority reimbursed the Township \$236,072 for payroll expense and paid \$14,305 for pension contributions. The Authority also reimburses its share of payroll taxes, insurance and other benefits.

K. FUND BALANCES; BUDGET AND ACTUAL

Net assets and fund balances are held for the following:

In trust for Employees' Retirement Benefits	\$ <u>1,655,703</u>
---	---------------------

Restricted fund balances in special revenue funds are generally required to be expended for the purpose indicated by the original tax levy. In addition, the Township has received from developers and holds \$138,232 for the acquisition of parkland.

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

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

(Continued)

K. FUND BALANCES; BUDGET AND ACTUAL (continued)

A difference between the general fund balance budgeted at the beginning of the year and the actual balance is 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.

L. 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.

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 2011, the Township received \$77,160 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.

During 2011, the Township received \$1,520 from the IDA for the oversight of its financial activities.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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.

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 2011, the Township contributed \$50,616 to assist CATA's operations and \$6,979 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 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.

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 2011, College Township contributed an aggregate of \$668,148 to fund the following activities and programs:

Centre Region Parks and Recreation	\$208,826
Alpha Fire Company	180,020
Planning Commission	157,300
Administration	57,639
Senior Citizens	26,407
Other	<u>37,956</u>
	<u>\$668,148</u>

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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. See Note L.

COG 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 2011, the Township contributed \$8,809 and \$143,502 to the operations and capital budget of the Authority, respectively. CRRA is not deemed to be fiscally dependent on the Township.

In 2008, the Township, along with four other local municipalities as part of the COG, agreed to share the cost and debt service associated with the CRRA's "Pool Project". The project, to expand and improve the Park Forest and Welch pools, is being financed by revenue bonds with a total principal amount of \$7,900,000. In November 2011, the loan agreement was amended to reduce the remaining principal amount to be repaid to \$6,067,000. The Township's share of the payments due on the Bonds is 17.44% and is the guarantor of 17.44% of any remaining principal.

In April 2011, the Township, along with four other local municipalities as part of the COG, agreed to share the cost and debt service associated with CRRA's "Regional Parks Project". The project, to develop Oak Hall and Whitehall Road regional parks, is being financed by a Guaranteed Project Revenue Bond in the original amount of \$7,578,000. In November 2011, the agreement was modified to reduce the maximum amount available to be advanced to \$7,001,869. The Township's share of the payments due on the bond is 18.11% and is the guarantor of 18.11% of any remaining principal.

Schlow Centre Region Library

The Schlow Centre Region 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.

TOWNSHIP OF COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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 2011, the Township contributed \$129,441 to the operations of the library. The Library is not deemed to be fiscally dependent on the Township.

M. 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, 2011

TOWNSHIP OF COLLEGE
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	<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 cash equivalents	\$ 202,453	\$ 48,813	\$ 153,163	\$ 138,386	\$ 23,235	\$ 566,050
Taxes receivable	<u> --</u>	<u>2,938</u>	<u>2,143</u>	<u>4,715</u>	<u>1,960</u>	<u>11,756</u>
Total assets	<u>\$ 202,453</u>	<u>\$ 51,751</u>	<u>\$ 155,306</u>	<u>\$ 143,101</u>	<u>\$ 25,195</u>	<u>\$ 577,806</u>
FUND BALANCES, RESTRICTED	<u>\$ 202,453</u>	<u>\$ 51,751</u>	<u>\$ 155,306</u>	<u>\$ 143,101</u>	<u>\$ 25,195</u>	<u>\$ 577,806</u>

TOWNSHIP OF COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	<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>
REVENUES						
Taxes		\$ 198,842	\$ 144,896	\$ 318,593	\$ 132,560	\$ 794,891
Intergovernmental	\$ 212,338	--	--	5,610	--	217,948
Interest	151	22	69	1,307	14	1,563
Other	--	--	--	3,142	--	3,142
Total revenues	<u>212,489</u>	<u>198,864</u>	<u>144,965</u>	<u>328,652</u>	<u>132,574</u>	<u>1,017,544</u>
EXPENDITURES						
Public safety	--	180,537	--	--	--	180,537
Highways and streets	264,105	--	--	--	--	264,105
Culture and recreation	--	--	--	367,159	129,786	496,945
Capital outlays:						
Equipment & fixtures	--	--	140,146	--	--	140,146
Infra-structure	<u>185,242</u>	--	--	--	--	<u>185,242</u>
Total expenditures	<u>449,347</u>	<u>180,537</u>	<u>140,146</u>	<u>367,159</u>	<u>129,786</u>	<u>1,266,975</u>
Excess/(deficiency) of revenues over expenses	(236,858)	18,327	4,819	(38,507)	2,788	(249,431)
FUND BALANCES, beginning	<u>439,311</u>	<u>33,424</u>	<u>150,487</u>	<u>181,608</u>	<u>22,407</u>	<u>827,237</u>
FUND BALANCES, ending	<u>\$ 202,453</u>	<u>\$ 51,751</u>	<u>\$ 155,306</u>	<u>\$ 143,101</u>	<u>\$ 25,195</u>	<u>\$ 577,806</u>

TOWNSHIP OF COLLEGE
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUND - TAX COLLECTOR ACCOUNTS
YEAR ENDED DECEMBER 31, 2011

	<u>Balance, January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, December 31, 2011</u>
<u>TAX COLLECTOR</u>				
<u>ASSETS</u>				
Cash - earned income taxes	\$ 93,834	\$ 3,007,517	\$ 3,025,713	\$ 75,638
Cash - real estate taxes	<u>55,557</u>	<u>16,750,413</u>	<u>16,646,756</u>	<u>159,214</u>
Total assets	<u>\$ 149,391</u>	<u>\$ 19,757,930</u>	<u>\$ 19,672,469</u>	<u>\$ 234,852</u>
<u>LIABILITIES</u>				
Due to other governments and taxpayers	<u>\$ 149,391</u>	<u>\$ 19,757,930</u>	<u>\$ 19,672,469</u>	<u>\$ 234,852</u>

TOWNSHIP OF COLLEGE
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
AGENCY FUND - TAX COLLECTOR ACCOUNTS
YEAR ENDED DECEMBER 31, 2011

	<u>Earned Income Taxes</u>	<u>Real Estate Taxes</u>
CASH RECEIPTS:		
Tax collections	\$3,007,415	\$ 16,750,324
Interest income	<u>102</u>	<u>89</u>
Total Receipts	3,007,517	16,750,413
CASH DISBURSEMENTS:		
Distributions as tax collector		
State College Area School District	685,813	14,826,060
Township of College:		
General Fund	362,335	666,215
Special Revenue Funds	--	1,154,481
Borough of State College	154,404	--
Township of Ferguson	300,459	--
Township of Patton	179,234	--
Township of Harris	127,891	--
Township of Halfmoon	32,831	--
Other Tax Collectors	1,044,898	--
Refunds to individual taxpayers	<u>137,848</u>	<u>--</u>
Total Disbursements	<u>3,025,713</u>	<u>16,646,756</u>
Net Change in cash balance	(18,196)	103,657
CASH BALANCES, beginning	<u>93,834</u>	<u>55,557</u>
CASH BALANCES, ending	<u>\$ 75,638</u>	<u>\$ 159,214</u>
Supplemental information -		
Cash balance held as agent for:		
State College Area School District	\$ 2	\$ 95,231
Township of College	3	29,631
Other governments and taxpayers	<u>75,633</u>	<u>34,352</u>
Balance, December 31, 2011	<u>\$ 75,638</u>	<u>\$ 159,214</u>

FIORE FEDELI SNYDER CAROTHERS, LLP

Certified Public Accountants and Consultants

Patrick J. Fiore, CPA
Joseph P. Fedeli, CPA
Robert P. Snyder, CPA
John F. Carothers, CPA
David C. Carothers, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Council
Township of College
1481 East College Avenue
State College, PA 16801

We have audited the financial statements of the Township of College (the "Township") as of and for the year ended December 31, 2011, and have issued our report thereon dated April 12, 2012. 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.

Internal Control Over Financial Reporting

Management of the Township is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

A part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Township Council and management of the Township of College and is not intended to be, and should not be used by anyone other than these specified parties.

Fiore Fedeli Snyder Cantler, LLP

State College, Pennsylvania
April 12, 2012

FIORE FEDELI SNYDER CAROTHERS, LLP

Certified Public Accountants and Consultants

Patrick J. Fiore, CPA
Joseph P. Fedeli, CPA
Robert P. Snyder, CPA
John F. Carothers, CPA
David C. Carothers, CPA

April 12, 2012

Township Council
Township of Colleve
1481 East College Avenue
State College, PA 16801

We have audited the financial statements of the Township of College for the year ended December 31, 2011, and have issued our report thereon dated April 12, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 27, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of College are described in Note A to the financial statements. New accounting policies were adopted to conform with GASB Statement No. 54; the application of existing policies was not changed during the year ended December 31, 2011. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's

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knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management's estimates were reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management and council that are included in the management representation letter dated April 12, 2012.

Township of College
April 12, 2012
Page Three

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Township Council Members and management of the Township of College and is not intended to be and should not be used by anyone other than these specified parties.

Fiore Fedeli Snyder Carothers, LLP

Fiore Fedeli Snyder Carothers, LLP