

**2015 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

140933 STATE COLLEGE BORO, CENTRE COUNTY

Independent Auditor’s Report

Members of Council
Borough of State College

We have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (the Schedules) included in the 2015 Annual Audit and Financial Report of the Borough of State College, Pennsylvania (Borough).

Management’s Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor’s judgment, including assessment of the risks of material misstatements of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Borough on the basis of the instructions by the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without financial statement disclosures, without cash flows, without component unit financial information, without government-wide financial statements, without

Management's Discussion and Analysis, without budgetary comparisons and historical pension information, and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2015 and the results of its operations for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Borough as of December 31, 2015 and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by the DCED.

Maher Duesel

Pittsburgh, Pennsylvania
March 30, 2016



BALANCE SHEET

DCED-CLGS-30 (09-09)

STATE COLLEGE BORO, CENTRE County
BALANCE SHEET
 December 31, 2015

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	5,838,019	1,602,491	2,892,562		5,300,928	16	57,565,206			73,199,222
140-144	Tax Receivable	1,594,812									1,594,812
121-129, 145-149	Accounts Receivable (excluding taxes)	210,327	3,011,543	164,975		1,554,965	1,818				4,943,628
130.00	Due From Other Funds	43,243					2,518				45,761
131-139, 150-159	Other Current Assets	560,478				25,650	113,829				699,957
160-169	Fixed Assets					22,930,307	26,921		71,687,481		94,644,709
180-189	Other Debits									18,250,316	18,250,316
Total Assets and Other Debits		8,246,879	4,614,034	3,057,537		29,811,850	145,102	57,565,206	71,687,481	18,250,316	193,378,405

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	17,798									17,798
200-209, 231-239	All Other Current Liabilities	1,927,243	2,911,214	294,095		2,162,307	16,804	4,780			7,316,443
230.00	Due To Other Funds		38,206					5,037			43,243

STATE COLLEGE BORO, CENTRE County

BALANCE SHEET

December 31, 2015

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities					11,837,130	5,890			17,358,193	29,201,213
240-259	Current Portion of Long-Term Debt and Other Credits					1,281,326				892,123	2,173,449
Total Liabilities and Other Credits		1,945,041	2,949,420	294,095		15,280,763	22,694	9,817		18,250,316	38,752,146
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets								71,687,481		71,687,481
270-289	Fund Balance / Retained Earnings on 12/31	6,301,838	1,664,614	2,763,442		14,531,087	122,408	57,555,389			82,938,778
291-299	Other Equity										
Total Fund and Account Group Equity		6,301,838	1,664,614	2,763,442		14,531,087	122,408	57,555,389	71,687,481		154,626,259
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											193,378,405

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes

301.00	Real Estate Taxes	6,402,262						6,402,262
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	1,093,844						1,093,844
310.20	Earned Income Taxes / Wage Taxes	3,922,649						3,922,649
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	941,139						941,139
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		12,359,894						12,359,894

Licenses and Permits

320-322	All Other Licenses and Permits	285,301						285,301
321.80	Cable Television Franchise Fees	347,314						347,314
Total Licenses and Permits		632,615						632,615

Fines and Forfeits

330-332	Fines and Forfeits	1,000,336						1,000,336
Total Fines and Forfeits		1,000,336						1,000,336

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties									
341.00	Interest Earnings	50,097	9,188	15,228		29,928		1,008,428	1,112,869
342.00	Rents and Royalties	1,327				272,981			274,308
Total Interest, Rents and Royalties		51,424	9,188	15,228		302,909		1,008,428	1,387,177

Federal									
351.03	Highways and Streets								
351.09	Community Development		627,840						627,840
351.00	All Other Federal Capital and Operating Grants	178,623							178,623
352.01	National Forest								
352.00	All Other Federal Shared Revenue and Entitlements								
353.00	Federal Payments in Lieu of Taxes								
Total Federal		178,623	627,840						806,463

State									
354.03	Highways and Streets								
354.09	Community Development			78,727					78,727
354.15	Recycling / Act 101								
354.00	All Other State Capital and Operating Grants	69,200				300,000			369,200
355.01	Public Utility Realty Tax (PURTA)								
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		807,538						807,538
355.04	Alcoholic Beverage Licenses								
355.05	General Municipal Pension System State Aid	1,133,374							1,133,374
355.07	Foreign Fire Insurance Tax Distribution	219,925							219,925
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution			9,184					9,184

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		1,422,499	807,538	87,911		300,000		2,617,948

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes			623,744				623,744
Total Local Government Units				623,744				623,744

Charges for Service								
361.00	General Government	1,325,676						1,325,676
362.00	Public Safety	2,505,215						2,505,215
363.20	Parking	703,462				2,395,285		3,098,747
363.00	All Other Charges for Highway & Street Services	2,975,044		70,734				3,045,778
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)					6,277,620		6,277,620
364.30	Solid Waste Collection and Disposal Charge (trash)					3,279,412		3,279,412
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health	29,793						29,793
366.00	Human Services							
367.00	Culture and Recreation							
368.00	Airports							

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System		176,592					176,592
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service					269,476		269,476
Total Charges for Service		7,539,190	176,592	70,734		11,952,317	269,476	20,008,309

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors							
388.00	Fiduciary Fund Pension Contributions						3,222,480	3,222,480
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues							3,222,480	3,222,480

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition			31,169		68,000		99,169
392.00	Interfund Operating Transfers	912,443		792,166		84,449	78,600	1,867,658
393.00	Proceeds of General Long-Term Debt			2,779,368				2,779,368
394.00	Proceeds of Short Term-Debt							

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	454,626						454,626
Total Other Financing Sources		1,367,069		3,602,703		152,449	78,600	5,200,821

TOTAL REVENUES

24,551,650	1,621,158	4,400,320		12,707,675	348,076	4,230,908	47,859,787
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body							
401.00	Executive (Manager or Mayor)	1,568,955						1,568,955
402.00	Auditing Services / Financial Administration	499,664						499,664
403.00	Tax Collection	975,904						975,904
404.00	Solicitor / Legal Services	144,354						144,354
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing	951,620		84,702				1,036,322
408.00	Engineering Services	1,321,135						1,321,135
409.00	General Government Buildings and Plant	920,201		1,652,447		335,612		2,908,260
Total General Government		6,381,833		1,737,149		335,612		8,454,594

Public Safety

410.00	Police	9,096,498		226,211				9,322,709
411.00	Fire	503,904						503,904
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety

414.00	Planning and Zoning	828,877						828,877
415.00	Emergency Management and Communications	25,293						25,293
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety	302,224						302,224
Total Public Safety		10,756,796		226,211				10,983,007

Health and Human Services

420.00-425.00	Health and Human Services	442,838						442,838
Total Health and Human Services		442,838						442,838

Public Works - Sanitation

426.00	Recycling Collection and Disposal				644,096			644,096
427.00	Solid Waste Collection and Disposal (garbage)				2,987,609			2,987,609
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection				4,960,033			4,960,033
Total Public Works - Sanitation					8,591,738			8,591,738

Public Works - Highways and Streets

430.00	General Services - Administration	2,152,409	29,844					2,182,253
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		124,514					124,514
433.00	Traffic Control Devices		263,318					263,318
434.00	Street Lighting							

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains		15,089	52,033				67,122
437.00	Repairs of Tools and Machinery		119,405					119,405
438.00	Maintenance and Repairs of Roads and Bridges		116,349					116,349
439.00	Highway Construction and Rebuilding Projects			2,064,732				2,064,732
Total Public Works - Highways and Streets		2,152,409	668,519	2,116,765				4,937,693

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking				1,528,102			1,528,102
446.00	Storm Water and Flood Control							
447.00	Transit System	116,051			47,892			163,943
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises		116,051			1,575,994			1,692,045

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	646,556						646,556

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation								
455.00	Shade Trees	572,644						572,644
456.00	Libraries	401,080						401,080
457.00	Civil and Military Celebrations	22,500						22,500
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation	100,000						100,000
Total Culture and Recreation		1,742,780						1,742,780

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing		617,215		90,113			707,328
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development			617,215		90,113			707,328

Debt Service								
471.00	Debt Principal (short-term and long-term)	678,233						678,233
472.00	Debt Interest (short-term and long-term)	359,399			426,048			785,447
475.00	Fiscal Agent Fees							
Total Debt Service		1,037,632			426,048			1,463,680

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation							
482.00	Judgments and Losses						1,256,455	1,256,455
483.00	Pension / Retirement Fund Contributions	1,097,834						1,097,834

STATE COLLEGE BORO, CENTRE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		1,097,834					1,256,455	2,354,289

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						3,141,379	3,141,379
489.00	All Other Unclassified Expenditures						66,100	66,100
Total Unclassified Operating Expenditures							3,207,479	3,207,479

Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers	1,177,764	42,200		593,501	54,193		1,867,658
493.00	All Other Financing Uses							
Total Other Financing Uses		1,177,764	42,200		593,501	54,193		1,867,658

TOTAL EXPENDITURES	24,905,937	1,285,734	4,122,325		11,277,394	389,805	4,463,934	46,445,129
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	-354,287	335,424	277,995		1,430,281	-41,729	-233,026	1,414,658
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STATE COLLEGE BORO

December 31, 2015

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Capital	Note	2010	2020	493,137	302,622		74,221		228,401		228,401
Capital	Bond	2012	2026	1,460,000	1,435,000		5,000		1,430,000		1,430,000
Capital	Bond	2012	2025	9,600,000	9,595,000		550,000		9,045,000		9,045,000
CAPITAL	Note	2014	2025	9,882,000	9,682,500		1,600		9,680,900		9,680,900
CAPITAL	Note	2014	2018	3,418,800	3,404,300		1,093,000		2,311,300		2,311,300
CAPITAL	Note	2014	2033	9,815,000	6,979,691	2,779,368	5,000		9,754,059		9,754,059
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding 32,449,660

Capitalized lease obligations 0

Net debt 32,449,660

STATE COLLEGE BORO, CENTRE County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2015

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	85,715	933,365	1,019,080
Health	25,709		25,709
Housing			
Libraries			
Mass Transit	7,126		7,126
Parks			
Police	178,038		178,038
Recreation	10,728		10,728
Sewer	307,679	120,462	428,141
Solid Waste	527,192		527,192
Streets / Highways	2,230,769	287,102	2,517,871
Water			
Other: Parking	405,040		405,040
TOTAL CAPITAL EXPENDITURES	3,777,996	1,340,929	5,118,925

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

11,783,470

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed:

See Attached Appointed Auditor/CPA

December 31, 2015

NOTES / COMMENTS

January 1, 2015 general fund balance was restated by (\$45,287) to record a payable due to a component unit.

January 1, 2015 fiduciary fund balance was restated by \$635,156 to record activity in the police DROP plan.