

**COUNTY OF DAUPHIN  
HARRISBURG, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT

Commissioners  
County of Dauphin  
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF DAUPHIN as of and for the year ended December 31, 2011, which collectively comprise the COUNTY OF DAUPHIN's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the COUNTY OF DAUPHIN's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the aggregate discretely presented component unit financial statements for the Dauphin County General Authority, which represents 77.61 percent and 46.86 percent, respectively of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts for the Dauphin County General Authority is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Dauphin County General Authority and the Dauphin County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of another auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN as of December 31, 2011, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2011 the COUNTY OF DAUPHIN adopted the provisions of Governmental Accounting Standards Board's Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*", and Statement No. 59 "*Financial Instruments Omnibus*".

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, on our consideration of the COUNTY OF DAUPHIN'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 the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Commissioners  
County of Dauphin  
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of employer contributions and funding progress, schedule of funding progress for postemployment benefits other than pensions and budgetary comparison information on pages 3 through 18 and pages 127, 128; and 129 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF DAUPHIN's financial statements as a whole. The combining non-major fund financial statements and schedule of departmental expenditures on pages 131 through 141 and pages 142 through 150 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements and schedule of departmental expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
October 26, 2012

## Management's Discussion & Analysis

### Introduction

This section of the financial statements for the County of Dauphin (the County) presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2011. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2011.

### Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2011.
- On December 15, 2010, the Board of Commissioners passed a \$154,744,634 General Fund Budget for 2011. A budgeted drawdown on fund balance in the amount of \$23.9 million was necessary in order to cover the initial 2011 expenditure budget. There were no new positions included in the budget.
- On February 4, 2011, the County settled on a \$45,040,000 Basis Swap with the Royal Bank of Canada (RBC). Per the terms of the swap, the County will pay the SIFMA rate to RBC on the 15<sup>th</sup> of each month, up to a maximum of 20%. RBC will pay to the County on the 15<sup>th</sup> of each month, 70% of LIBOR plus 38.3 basis points. This swap is tied to the County's 2011 Bonds, the 2005C Bonds, and the 2006 Bonds.
- On March 23, 2011, Standard & Poors upgraded the County's credit rating from 'AA/Negative Outlook' to 'AA/Stable Outlook'. The negative outlook was affirmed in 2009 due to concerns regarding the County's guarantees on the Harrisburg Incinerator Bonds. Reasons given for removing the negative outlook included the very strong General Fund reserve position and the County's willingness to honor its guarantees.
- On June 30, 2011 the County settled on its \$16,655,000 2011 Refunding Bonds. The bonds refunded the 2002A Bonds and generated approximately \$978,000 in savings.
- On November 15, 2011, the County settled on two Forward-Starting Swaps with RBC. The notional amount of the first one is \$20,330,000 with an effective date of 5/15/15, and is tied to the Series B&C Bonds of 2005. The notional amount of the second one is \$14,405,000 with an effective date of 5/15/16, and is tied to the Series of 2006 Bonds. Per the terms of both swaps, RBC pays 70% of 3-month Libor, while the County pays a fixed 2.252% on the first and 2.403% on the second.
- In 2011, Dauphin County paid \$3,758,689.69 toward Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and City on their obligations to make these payments.
- At December 31, 2011 the General Fund's Unassigned Fund Balance was \$22,492,245.
- The County's total net assets decreased by \$4,190,660 in 2011. Unrestricted net assets at year-end were \$37,787,988.

## Overview of the Financial Statements

The financial section of this report consists of four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the County's pension plan and budget to actual figures for major funds. In addition to these required elements, an optional supplementary section is included with combining and other statements that provide particulars about non-major funds.

The basic financial statements present two different views of the County.

- **Government-wide financial statements**, the first two statements, provide information about the County's overall financial status as well as the financial status of the County's component units.
- **Fund financial statements**, the remaining statements, focus on individual parts of County government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
  - o *Governmental funds statements* show how general government services such as public safety were financed in the short term, as well as what remains for future spending.
  - o *Proprietary fund statements* offer short-term and long-term financial information about the activities the county operates like a business, such as the County's parking garage.
  - o *Fiduciary funds statements* reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and how they are related to one another.

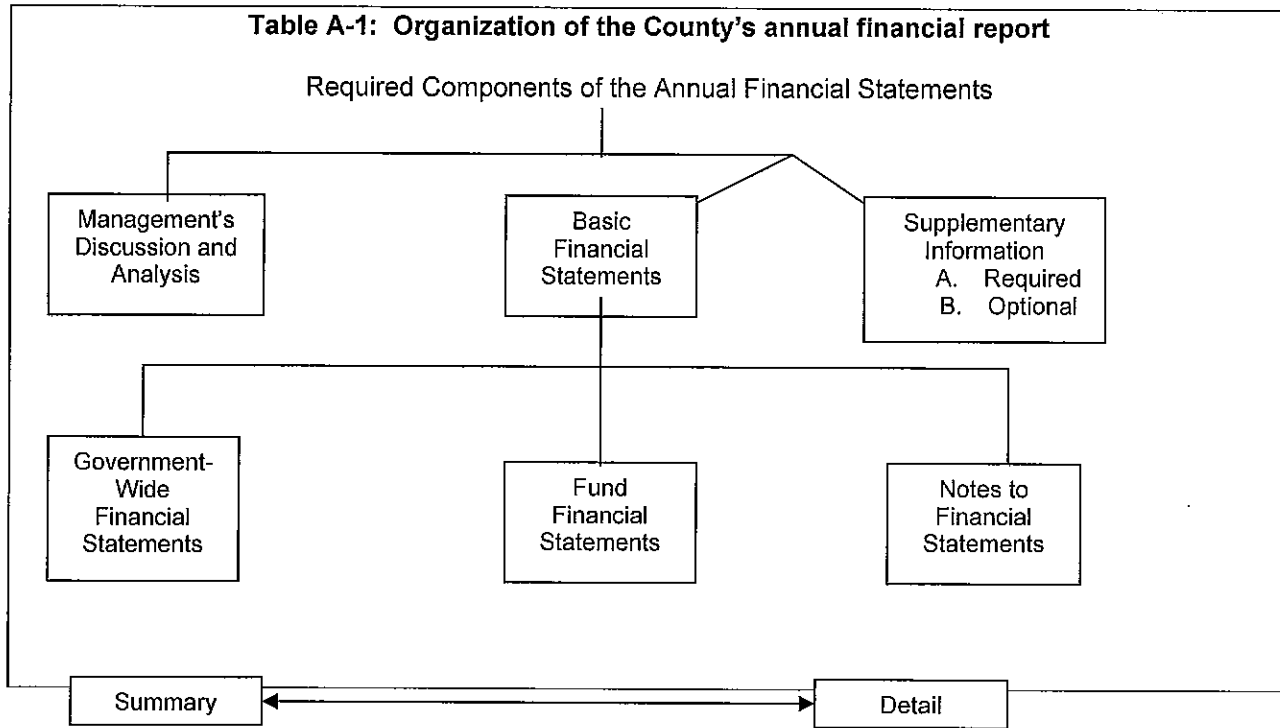


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

**Table A-2: Major features of the government-wide and fund financial statements**

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Parking Garage.	Instances in which the County administers resources on behalf of others, such as the employee pension plan
Required Financial Statements	<ul style="list-style-type: none"> <li>- Statement of net assets</li> <li>- Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>- Balance Sheet</li> <li>- Statement of revenues, expenditures and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Statement of net assets</li> <li>-Statement of revenues, expenses and changes in net assets</li> <li>-Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>- Statement of fiduciary net assets</li> <li>- Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

### Government-wide Financial Statements

Government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net assets includes all of the County's assets and liabilities, except fiduciary funds, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the County's net assets changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net assets are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net assets are one way to measure the County's financial position. Over time, increases or decreases in the County's net assets are one indicator of whether the County financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has five discretely presented component units including the Conservation District; the General Authority; MH/ID Case Management Unit; Industrial Development Authority; and the Economic Development Corporation. Complete and detailed financial statements for the individual component units are available for public inspection in the County Controller's Office. (See Note 1, Notes to the Financial Statements.)

There are two categories of activities for the primary government.

- Governmental activities include the County's basic services such as general and judicial administration, corrections, public safety, public works, and human services. Property taxes and state and federal grants finance most of these activities.
- Business-type activities such as the County's parking facility and the EMA 911 Communications system charge a fee to customers to help cover the costs of services.

Net assets of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expensed to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net assets:

- Capitalize current outlays of capital assets
- Report long-term debt as a liability

- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net asset balances as follows:
  - o Net assets invested in capital assets, net of related debt
  - o Restricted net assets are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
  - o Unrestricted net assets are net assets that do not meet any of the above restrictions

### **Fund Financial Statements**

Fund financial statements provide more detailed information on the County's most significant funds, *not the County as a whole*. Funds are accounting devices, i.e., a group of related accounts, the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

The County has three kinds of funds:

- Governmental funds include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs.

The relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The County adopts an annual budget for the General, certain special revenue, and capital project funds, as required by the state law. Budgetary comparisons of the County's major funds are presented as required supplementary information.

- Proprietary Funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.
- Fiduciary Funds are funds for which the County is the trustee or fiduciary. These include the Employee Retirement Fund and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

## Implementation of GASB No. 34

The year ending December 31, 2002 marked the first year that the County reported its financial statements in accordance with GASB No. 34.

### Government-Wide Financial Statements

#### Net Assets

Dauphin County's total assets were \$276,075,315 at December 31, 2011. Of this amount, \$112,209,422 was capital assets and construction-in-progress.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allows infrastructure to be added over several years. In 2006, the County fully adopted the provisions of GASB No. 34.

Table A-3  
County of Dauphin's  
Condensed Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
Current & Other Assets	\$ 169,710,033	\$ 160,423,731	\$ 6,436,332	\$ 3,442,162	\$ 176,146,365	\$ 163,865,893	-7.0%
Capital Assets	101,652,625	104,948,821	8,147,136	7,260,601	109,799,761	112,209,422	2.2%
<b>Total Assets</b>	<b>\$ 271,362,658</b>	<b>\$ 265,372,552</b>	<b>\$ 14,583,468</b>	<b>\$ 10,702,763</b>	<b>\$ 285,946,126</b>	<b>\$ 276,075,315</b>	<b>-3.5%</b>
Long-Term Debt Outstanding	\$ 169,351,671	\$ 128,114,219	\$ 4,815,690	\$ 4,511,111	\$ 174,167,361	\$ 132,625,330	-23.9%
Other Liabilities	33,219,238	69,833,324	1,585,727	833,521	34,804,965	70,666,845	103.0%
<b>Total Liabilities</b>	<b>\$ 202,570,909</b>	<b>\$ 197,947,543</b>	<b>\$ 6,401,417</b>	<b>\$ 5,344,632</b>	<b>\$ 208,972,326</b>	<b>\$ 203,292,175</b>	<b>-2.7%</b>
<b>Net Assets:</b>							
Invested in Cap. Assets, Net Related Debt	\$ (6,154,912)	\$ (2,074,093)	\$ 2,876,629	\$ 2,824,091	\$ (3,278,283)	\$ 749,998	122.9%
Restricted	25,666,745	34,245,154	-	-	25,666,745	34,245,154	33.4%
Unrestricted	49,279,916	35,253,948	5,305,422	2,534,040	54,585,338	37,787,988	-30.8%
<b>Total Net Assets</b>	<b>\$ 68,791,749</b>	<b>\$ 67,425,009</b>	<b>\$ 8,182,051</b>	<b>\$ 5,358,131</b>	<b>\$ 76,973,800</b>	<b>\$ 72,783,140</b>	<b>-5.4%</b>

The following statement of activities represents changes in net assets for the year ended December 31, 2011. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

Table A-4  
County of Dauphin's  
Condensed Statement of Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total % Change</u>
	2010	2011	2010	2011	2010	2011	
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 29,471,081	\$ 26,519,719	\$ 78,296,362	\$ 75,276,489	\$ 107,767,443	\$ 101,796,208	-5.5%
Operating Grants & Contributions	134,435,369	128,852,300	72,630	67,596	134,507,999	128,919,896	-4.2%
General Revenues							
Property Taxes	98,914,846	98,588,435	-	-	98,914,846	98,588,435	-0.3%
Hotel Taxes	8,458,641	8,900,896	-	-	8,458,641	8,900,896	5.2%
In Lieu of Taxes	1,700,024	1,261,808	-	-	1,700,024	1,261,808	-25.8%
Unrestricted Investment Earnings	517,651	353,772	46,524	26,286	564,175	380,058	-32.6%
Gain/Loss on Asset Disposal	6,713	6,900	-	-	6,713	6,900	2.8%
Swap/Options Termination Payments/(Fees)	(2,363,500)	-	-	-	(2,363,500)	-	-100.0%
(Depreciation)/Appreciation in Fair Market Value of Investments	64,132	4,339	-	-	64,132	4,339	-93.2%
Transfers From Component Units	635,589	637,609	-	-	635,589	637,609	0.3%
Transfers In/(Out)	(1,411,552)	(665,116)	1,411,552	665,116	-	-	0.0%
<b>Total Revenues</b>	<b>270,428,994</b>	<b>264,460,662</b>	<b>79,827,068</b>	<b>76,035,487</b>	<b>350,256,062</b>	<b>340,496,149</b>	<b>-2.8%</b>
<b>Program Expenses</b>							
General Government	15,891,018	14,962,285	-	-	15,891,018	14,962,285	-5.8%
Judicial	57,190,514	58,308,574	-	-	57,190,514	58,308,574	2.0%
Public Safety	45,250,006	43,701,896	5,962,956	7,469,461	51,212,962	51,171,357	-0.1%
Public Works	422,910	1,622,670	1,723,845	1,492,312	2,146,755	3,114,982	45.1%
Human Services	115,534,215	114,333,808	70,248,283	68,097,179	185,782,498	182,430,987	-1.8%
Culture & Recreation	10,306,477	10,566,471	-	-	10,306,477	10,566,471	2.5%
Conservation & Development	14,185,820	18,143,699	-	-	14,185,820	18,143,699	27.9%
Interest on Long Term Debt	5,865,430	4,187,999	-	-	5,865,430	4,187,999	-28.6%
Other Programs	-	-	1,567,212	1,800,455	1,567,212	1,800,455	14.9%
<b>Total Program Expenses</b>	<b>264,646,390</b>	<b>265,827,402</b>	<b>79,502,296</b>	<b>78,859,407</b>	<b>344,148,686</b>	<b>344,686,809</b>	<b>0.2%</b>
<b>Change in Net Assets</b>	<b>5,782,604</b>	<b>(1,366,740)</b>	<b>324,772</b>	<b>(2,823,920)</b>	<b>6,107,376</b>	<b>(4,190,660)</b>	<b>-168.6%</b>
<b>Net Assets - Beginning</b>	<b>63,009,145</b>	<b>68,791,749</b>	<b>7,857,279</b>	<b>8,182,051</b>	<b>70,866,424</b>	<b>76,973,800</b>	<b>8.6%</b>
<b>Net Assets - Ending</b>	<b>\$ 68,791,749</b>	<b>\$ 67,425,009</b>	<b>\$ 8,182,051</b>	<b>\$ 5,358,131</b>	<b>\$ 76,973,800</b>	<b>\$ 72,783,140</b>	<b>-5.4%</b>

## Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2011, general property taxes brought in \$98,588,435. Table A-5 depicts the net program expenses for the year ended December 31, 2011.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 14,962,285	\$ 8,752,080
Judicial	58,308,574	39,305,892
Public Safety	43,701,896	34,025,516
Public Works	3,114,982	1,099,333
Human Services	182,430,987	11,807,620
Culture & Recreation	10,566,471	10,093,710
Conservation & Development	18,143,699	1,367,972
Interest on Long Term Debt	4,187,999	4,187,999
Other Programs	9,269,916	3,330,583
<b>Total</b>	<b>\$ 344,686,809</b>	<b>\$ 113,970,705</b>

The County relied on property taxes and other general revenues to fund 33.1% of its governmental and business-type activities in 2011.

The property tax is based on the assessed value of real property. The County's 2011 millage rate of 6.876 is unchanged from 2010 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 58.5% of general government spending in 2011. The remainder of the cost was funded by grants and fees for specific services. 67.4% of judicial system spending came from the property tax and other general revenues with the remainder coming from grants, fines and court costs. Property taxes and other general revenue covered 77.9% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Public Works required tax and other general revenue dollars to cover 35.3% of its expenses in 2011. This area of the County's operations includes the management of a parking garage; the maintenance and replacement of county bridges; and the solid waste and recycling programs.

Program expenditures for Culture & Recreation and Interest on Long Term Debt were almost 100% funded by property taxes and other general revenues, while Human Services expenses required only 6.5% from these sources, with most of the remainder being picked up by state and federal grants.

7.5% of Conservation and Development program expenditures were covered by property tax and other general revenues in 2011. This area of County Government includes Gaming monies from the Hollywood Casino located in Dauphin County which have pushed total expenses much higher in recent years.

## Capital Assets

The County's investment in capital assets at December 31, 2011, net of accumulated depreciation, was \$112,209,422 which is up over \$2.4 million from 2010. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2011.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
Construction in Progress	\$ 11,628,258	\$ 10,847,916	\$ 63,821	\$ 11,016	\$ 11,692,079	\$ 10,858,932	-7.1%
Infrastructure - Construction-in-Progress	4,769,066	53,663	-	-	4,769,066	53,663	-98.9%
Intangibles	211,827	211,827	-	-	211,827	211,827	0.0%
Land	498,551	498,551	111,492	111,492	610,043	610,043	0.0%
Infrastructure	11,935,947	17,031,217	-	-	11,935,947	17,031,217	42.7%
Buildings & Improvements	82,646,188	82,646,188	3,817,947	3,817,947	86,464,135	86,464,135	0.0%
Machinery & Equipment	40,430,554	48,857,344	12,391,870	12,466,141	52,822,424	61,323,485	16.1%
Furniture & Fixtures	-	-	65,346	23,220	65,346	23,220	-64.5%
Leasehold Assets	11,892,539	12,262,498	15,840,898	15,727,900	27,733,437	27,990,398	0.9%
Accumulated Depreciation	(62,360,305)	(67,460,383)	(24,144,238)	(24,897,115)	(86,504,543)	(92,357,498)	-6.8%
<b>Total Capital Assets</b>	<b>\$ 101,652,625</b>	<b>\$ 104,948,821</b>	<b>\$ 8,147,136</b>	<b>\$ 7,260,601</b>	<b>\$ 109,799,761</b>	<b>\$ 112,209,422</b>	<b>2.2%</b>

'Construction in Progress' (CIP) remained fairly stable in 2011 as the renovations continue on the projects funded by the 2009 construction bonds. These projects include a Juvenile Judicial Center in the County's Human Services Building; a Female Work Release Center at the site of the County's Male Work Release Center; and a new Judicial Center at the site of the old female work release center.

The 'Infrastructure CIP' shows a large decrease with the completion of Bridge 122. The completion of this project also caused the large increase in the 'Infrastructure' section of the table above. All of the County's bridge projects are funded out of the Liquid Fuels Fund. No property tax dollars are used.

Other detailed information about the County's capital assets can be found in Note 6, Notes to Financial Statements.

## Debt Administration

### Long Term Debt:

At December 31, 2011, the County had \$163,142,154 of long-term debt outstanding. This was a decrease of \$8,343,622 from the previous year. Table A-7 details activity related to the long-term debt.

Type	Beginning Balance	Additions	Reductions	Ending Balance
Bonds & Notes Payable	\$ 161,616,500	\$ 15,655,000	\$ (24,760,000)	\$ 152,511,500
Compensated Absences	7,462,076	541,619	-	8,003,695
Estimated Workers Comp. Claims	2,407,200	219,759	-	2,626,959
<b>Total Long Term Debt</b>	<b>\$ 171,485,776</b>	<b>\$ 16,416,378</b>	<b>\$ (24,760,000)</b>	<b>\$ 163,142,154</b>

The amount of indebtedness a county may incur is limited by Pennsylvania law to 300 percent (non-electoral) and 400 percent (net non-electoral and lease rental) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The County's non-electoral debt limit at December 31, 2011 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$150 million, well below the debt limit.

At year-end, the County had \$152,511,500 million in bonds and notes outstanding. This figure is down from 2010 as principle continues to be retired. There was no new money issued in 2011 that would have added to the outstanding debt.

More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

### Bond Rating

The County's bond rating through Standard & Poors is 'AA Stable Outlook' as of December 31, 2011. This rating was upgraded from a 'Negative Outlook' in March 2011 as detailed on the first page of this analysis. The current combined net non-electoral and net lease rental debt limit is approximately \$1.3 billion.

### Governmental Funds

The County of Dauphin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The County's governmental funds include the general fund, special revenue funds, and the capital projects fund. The general fund is the chief operating fund for the County. Special revenue funds are restricted to specific legislated use, while construction and other projects funded primarily through bond issues are run through the Capital Projects Fund. The major funds are shown on the statement of revenues, expenditures and changes in fund balance in the financial statements.

## Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2011 and December 31, 2010 were as follows. Table A-8 also presents changes from 2010 to 2011.

Source	2011	2010	Changes from 2010 to 2011
Property Taxes	\$ 98,746,079	\$ 98,928,619	\$ (182,540)
Hotel Taxes	8,900,896	8,458,641	442,255
Intergovernmental	128,516,500	135,810,438	(7,293,938)
Charges for Services	20,900,323	24,209,696	(3,309,373)
License and Permits	79,916	81,145	(1,229)
Court Costs and Fines	5,271,488	5,195,912	75,576
Interest and Rents	427,856	615,504	(187,648)
Appreciation Fair Market Value Investments	4,339	64,132	(59,793)
Miscellaneous Revenue	1,791,516	211,430	1,580,086
Transfers from Component Units	637,609	635,589	2,020
Proceeds from Sale of Fixed Assets	6,900	6,713	187
Capital Lease Proceeds	378,741	318,850	59,891
Bonds/Notes Proceeds	15,655,000	58,126,500	(42,471,500)
Net Premium on Bonds Issued	1,091,219	560,109	531,110
Operating Transfers In	15,286,068	16,546,130	(1,260,062)
<b>Total Revenues</b>	<b>\$ 297,694,450</b>	<b>\$ 349,769,408</b>	<b>\$ (52,074,958)</b>

Governmental fund revenues totaled \$297,694,450 for the year ended December 31, 2011. This is a decrease of approximately \$52 million from the revenue total in 2010.

As in the past few years, reductions in State and Federal funding due to budget constraints are again the main factor in the decrease in the 'Intergovernmental' revenue category. Most of the monies from ARRA, the federal stimulus program, ended in 2010.

The 'Charges for Services' category is showing a \$3.3 million decrease due primarily to the closing of the detention portion of the County's Juvenile Center in late 2010. The payments made by Children & Youth to that facility were classified in this area.

The primary cause of the overall \$52.1 million decrease in total revenue can be found in the 'Bonds/Notes Proceeds' category. In 2010, there was a large refunding of three of the County's existing bond issues, along with a \$36 million note issuance for the Harrisburg Incinerator. In 2011, the only activity in this area was for a refunding of the County's 2002A bonds in the amount of \$15.655 million as shown above.



## Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2011 and December 31, 2010 were as follows. Table A-9 also presents changes from 2010 to 2011.

Function	2011	2010	Changes from 2010 to 2011
General Government	\$ 13,310,093	\$ 15,246,114	\$ (1,936,021)
Judicial	57,423,430	56,732,643	690,787
Public Safety	40,787,150	44,964,637	(4,177,487)
Public Works	1,578,056	4,683,407	(3,105,351)
Human Services	113,897,014	115,854,754	(1,957,740)
Culture & Recreation	10,585,517	10,088,173	497,344
Conservation & Development	18,137,502	14,388,173	3,749,329
Debt Service Principle	8,607,154	5,571,115	3,036,039
Debt Service Interest	5,284,554	5,456,580	(172,026)
Capital Projects	7,827,806	8,376,398	(548,592)
Payment to Refunded Bond Escrow Agent	16,465,000	23,610,000	(7,145,000)
Swap Option Termination Payments	-	2,363,500	(2,363,500)
Operating Transfers Out	15,951,184	17,957,682	(2,006,498)
<b>Total Expenditures</b>	<b>\$ 309,854,460</b>	<b>\$ 325,293,176</b>	<b>\$ (15,438,716)</b>

Governmental fund expenditures totaled \$309,854,460 for the year ended December 31, 2011. This represents a decrease of approximately \$15.4 million from 2010.

The closing of the detention portion of the County's Juvenile Center caused the reduction in the 'Public Safety' category. The cost to run this center was significantly higher than private sector facilities due to the union contract covering the County employees.

The decrease in the 'Public Works' category expense was due to the Bridge 122 project. The bulk of the expenses for this \$5 million plus Liquid Fuels Fund project occurred in 2010.

'Conservation & Development' category expenses are showing an increase in 2011 as more Gaming Fund projects are funded at the municipal level. All municipalities in Dauphin County are eligible to apply for grants from the County's proceeds of the gaming funds coming out of the Hollywood Casino.

The other two main drivers of the overall decrease in expenditures in 2011 are in debt related categories. The 'Payment to Refunded Bond Escrow Agent' is down because the County didn't borrow as much as it did in 2010. There were no swap options terminated in 2011; therefore, this category had no expenditures in 2011.

## Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net assets for proprietary funds at December 31, 2011.

Table A-10: 2011 Ending Fund Balances, Governmental Funds; Net Assets, Proprietary Funds		
Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 91,199,378	\$ -
Children & Youth Fund	-	-
Mental Health / Mental Retardation	-	-
Low Income Housing Fund	746,796	-
Gaming Fund	19,331,575	-
Capital Projects Fund	11,800,528	-
Other Governmental Funds	4,900,725	-
Health Choices Fund	-	47,096
Human Services Building Fund	-	(851,404)
Other Enterprise Funds	-	6,162,439
<b>Total</b>	<b>\$ 127,979,002</b>	<b>\$ 5,358,131</b>

The County's governmental funds reported a combined fund balance of \$127,979,002 at December 31, 2011. Of that total, \$22,492,245 was unassigned in the General Fund and is available to meet the County's current and future needs. The Proprietary Funds are showing a balance of \$5,358,131 at year-end.

A detailed breakdown of ending fund balance for the \$4,900,725 in 'Other Governmental Funds' and the \$6,162,439 in 'Other Enterprise Funds' can be found in the 'Other Supplementary Information' section of the financial statements.

## Budgetary Highlights

The County budget director revises the budget on an ongoing basis. These revisions include common budget transfers from one line item to another, and amendments to the bottom-line of individual funds. The line item transfers are submitted by department directors, and if reasonable, are entered into the system. No commissioner approval is required for these types of budget revisions. Budget Amendments, which represent increases or decreases to the bottom-line of an individual fund, are entered as new sources of revenue are identified or unplanned operating expenditures become evident. New grants are a common source of budget amendments. The County Board of Commissioners approves these amendments on a quarterly basis.

On December 15, 2010 the Dauphin County Commissioners approved the 2011 General Fund Budget totaling \$154,744,634. It contained a drawdown of fund balance in the amount of \$23,939,949 to meet the initial budgeted expenditures. Throughout the year, budget amendments of \$30,770,064 were approved. The budget amendments resulted in a final General Fund budget for 2011 in the amount of \$185,514,698. The bulk of the amendments processed in 2011 were the result of closing the County's State Grant Fund and moving the accounting for these grants to the General Fund.

In early 2011, a management decision was made to move most of the programs in the County's State Grant Fund to the General Fund. The State Grant Fund is a special revenue fund that has been in existence since the 1980's, and primarily houses grants that run on a July-June fiscal year. Entries were made to move all revenue and expenditure activity to the General Fund effective 7/1/10 with the exception of the Adult Probation Act 35 program which will remain in the State Grant Fund. The resulting revenue and expense increase to the General Fund for this six-month transfer of activity was not included in the final 2010 budget figures. The total annual budget for the programs that were transferred is around \$30 million.

## **Economic Factors and Next Year's Budget**

### **Economic Conditions**

Unemployment in Dauphin County now stands at approximately 7.9%. Pennsylvania's average unemployment rate is 7.5 % and the national unemployment rate is 8.3%.

Homeownership in Dauphin County is at 65.5% with the median value of owner-occupied housing units being \$153,100. There is currently an estimated 268,977 residents within Dauphin County. The estimated median household income is \$52,371.

The County is home to many great companies such as the Hershey Company, HE&R, Milton S. Hershey/Penn State University Medical Center, Phoenix Development Corporation, Pinnacle Health System, Capital Blue Cross, Tyco, Arcelor Mittal, and the Commonwealth of Pennsylvania.

Furthermore, the County houses many institutions of higher education. Penn State University has a four-year campus in Middletown and Harrisburg University is located in the heart of downtown Harrisburg. Harrisburg Area Community College (HACC) is also located in Harrisburg, while Dickinson University and Widener University are located in Dauphin County. Eastern University, Temple University, the University of Phoenix, and Albright University all maintain campuses in the Harrisburg area, offering select undergraduate and graduate degree programs. In addition, the Dixon University Center, also centrally located in Harrisburg, is a regional hub of undergraduate and graduate degree program where students can earn degrees from many statewide institutions such as Shippensburg University, Millersville University, Indiana University of PA, Elizabethtown University, East Stroudsburg University, West Chester University, Clarion University, and a few others.

Situated in the south-central Region of Pennsylvania, Dauphin County is strategically located close to major domestic and international markets. Within a 500 mile radius of the Region lies 40% of the United States population and more than 60% of Canada's population. This fact makes Dauphin County a major distribution hub for the movement of goods. It is estimated that approximately 61,000 freight carriers pass through the county daily and 33% of the nation's gross national product moves through Dauphin County.

These details have come together earning the Harrisburg-Carlisle MSA region many distinctions. SiteSelection.com ranked Harrisburg-Carlisle #6 on its top metro areas in 2010 for new and expanded facilities; Marketwatch.com ranked Harrisburg #9 on its Best US Cities to do business list (2010); Forbes ranked the area No. 5 among America's most livable cities (2010); Forbes also ranked the area No. 2 among America's best places to raise a family.(2010); and the Sports Business Journal named the area the #1 Minor League Sports Market (2011). These lists consider numerous factors such as low unemployment rates, shorter commute times, plentiful entertainment and recreation opportunities, etc.

To support these growth patterns, new economic development projects continue to evolve such as the expansion of TecPort, The Hershey Center for Applied Research, Hollywood Casino, The Swatara Market Place, and other ongoing developments and redevelopments of commercial space throughout the county. There are also proposals for the continued development of the mid-town and downtown sections of Harrisburg, including the construction of additional retail/office space, Federal Building will be relocated in the Mid-Town area, expansion of HACC Mid-Town campus. Advances also exist for a proposed regional rail service, Red Rose Capital Corridor and Corridor 2 (Premium Bus Service), Dauphin County Redevelopment Authority Middletown Inter-Model Center, and many alternative energy projects underway, including the Dauphin County IDA additional 1 Mega Watt Solar Farm Project bringing the Solar Farm to 2 Mega Watts by the end of this year. The Lykens Hotel 44 Mixed Income Rental Units Housing Development project called the Union Street Apartments will hopefully begin construction next year sometime. These developments will provide economic vitality for Dauphin County for years to come.

**Next Year's Budget**

On December 14, 2011, the Board of Commissioners passed a \$184,493,314 General Fund Budget for 2012 maintaining the 6.876 millage rate. A budgeted drawdown on fund balance in the amount of \$20.9 million was necessary in order to cover the initial 2012 expenditure budget. There were two new positions added to the General Fund at a total cost of approximately \$129,000 including benefits. The cost of these two positions was offset by the elimination of some part-time positions and reductions in service costs.

On February 27, 2012, the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2012 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019.

Dauphin County paid \$2.2 million toward Harrisburg Incinerator Debt from January through August after defaults by the Authority and City so far in 2012. The County continues to honor its obligations in this area.

On October 16, 2012, the County terminated the 2004D Basis Swap and the 2011 Basis Swap. The termination of the 2004D swap resulted in a final net cash benefit to the County of approximately \$405,000 while the 2011 swap netted almost \$645,000 over its term.

The County has 7 labor contracts with four separate unions that represent approximately 57% of all employees. Two of the contracts (Teamsters- Schaffner and the Court Related Non-Professional employees covered by AFSCME) will expire on 12/31/2012 and are currently proceeding through negotiation. All other contracts have been settled. Salary increases for other contracts including the recently settled contracts for the Court Appointed Professionals, Court Related Non-Professional Employees and employees at the Dauphin County Prison are between 2 and 3% for 2011 and all are 3% for 2012. Non-union employees received 2% in salary increases in 2011 and 2012.

**Contacting the County's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this financial information or requests for additional information should be directed to:

County of Dauphin  
Budget & Finance Department  
P.O. Box 1295  
Harrisburg, PA 17108

COUNTY OF DAUPHIN  
STATEMENT OF NET ASSETS (DEFICIT)  
DECEMBER 31, 2011

<u>Assets</u>	Primary Government			Component <u>Units</u>
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	
Cash and Cash Equivalents	\$ 48,524,619	\$ 2,352,030	\$ 50,876,649	\$ 2,959,184
Investments	9,360,474	462,598	9,823,072	2,917,569
Inventory	-	-	-	90,433
Receivables:				
Accounts, Net of Allowance	57,380,905	527,826	57,908,731	1,926,313
Taxes	8,388,567	-	8,388,567	-
Interest and Dividends	4,923	-	4,923	5,931
Program Loans	2,534,470	-	2,534,470	74,085
Deferred Loans	3,833,766	-	3,833,766	-
Internal Balances	95,228	(95,228)	-	-
Due From Other Governments	24,250,703	-	24,250,703	817,000
Due From Component Units	137,242	-	137,242	-
Investment in Direct Financing Leases, Current	-	-	-	797,512
Prepaid Expenses	1,244,464	-	1,244,464	328,127
Other Assets	1,109,898	101,900	1,211,798	-
Due From Related Party	-	-	-	166,942
Deferred Issuance Costs on Bonds, Net	-	-	-	991,248
Bond Issuance Costs	-	-	-	55,536
Bond Discount	-	-	-	1,292,307
Deferred Loss on Bonds	-	93,036	93,036	-
Deferred Interest from Refunding	2,269,786	-	2,269,786	-
Loans Receivable, Net of Current Portion	-	-	-	253,567
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	7,872,134
Restricted Cash	1,232,179	-	1,232,179	14,556,797
Restricted Investments	56,507	-	56,507	16,498,493
Capital Assets, Not Being Depreciated	11,611,957	122,508	11,734,465	7,216,324
Capital Assets Being Depreciated, Net	93,336,864	7,138,093	100,474,957	64,747,776
<b>Total Assets</b>	<b>\$ 265,372,552</b>	<b>\$ 10,702,763</b>	<b>\$ 276,075,315</b>	<b>\$ 123,567,278</b>
<u>Liabilities</u>				
Accounts Payable	\$ 7,104,792	\$ 320,604	\$ 7,425,396	\$ 3,873,594
Accrued Liabilities	2,398,189	103,841	2,502,030	13,361,419
Unearned Revenues	12,790,059	-	12,790,059	627,390
Due to Primary Government	-	-	-	137,242
Funds Held in Escrow	431,329	-	431,329	-
Funds Held in Fiduciary Capacity	535,054	-	535,054	-
Security Deposits	-	-	-	8,841
Other Liabilities	4,369,652	-	4,369,652	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	797,749	409,076	1,206,825	32,586
General Obligation Debt	41,406,500	-	41,406,500	3,971,340
Notes Payable	-	-	-	138,300
Loans Payable	-	-	-	55,572
Portion Due or payable after one year:				
Obligation Under Capital Lease	4,281,236	4,120,470	8,401,706	34,295
General Obligation Debt	111,105,000	-	111,105,000	116,902,143
Notes Payable	-	-	-	1,902,134
Loans Payable	-	-	-	1,805,236
Line of Credit	-	-	-	29,767
Deferred Charge on Debt Refunding, Net	-	-	-	(991,537)
Accrued Compensated Absences	7,648,592	355,103	8,003,695	-
Estimated Workers' Compensation Claims	2,591,421	35,538	2,626,959	-
Unfunded Other Postemployment Benefits	2,487,970	-	2,487,970	-
<b>Total Liabilities</b>	<b>197,947,543</b>	<b>5,344,632</b>	<b>203,292,175</b>	<b>141,888,322</b>
<b>Net Assets (Deficit)</b>				
Invested in Capital Assets, Net of Related Debt	(2,074,093)	2,824,091	749,998	(25,474,266)
Restricted for:				
Program Purposes	21,535,421	-	21,535,421	13,708,087
Debt Service	-	-	-	253,401
Capital Projects	11,800,528	-	11,800,528	-
Permanent Fund	909,205	-	909,205	-
Unrestricted	35,253,948	2,534,040	37,787,988	(6,808,266)
<b>Total Net Assets (Deficit)</b>	<b>\$ 67,425,009</b>	<b>\$ 5,358,131</b>	<b>\$ 72,783,140</b>	<b>\$ (18,321,044)</b>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General Government	\$ 25,450,965	\$ (10,488,680)	\$ 5,911,259	\$ 289,946	\$ -	\$ (8,752,080)	\$ -	\$ (8,752,080)
Judicial	53,005,426	5,303,148	10,172,292	8,830,390	-	(39,305,892)	-	(39,305,892)
Public Safety	41,926,883	1,775,013	7,541,430	2,134,950	-	(34,025,516)	-	(34,025,516)
Public Works	1,620,843	1,827	-	782,389	-	(840,281)	-	(840,281)
Human Services	112,461,597	1,872,211	2,202,963	100,248,912	-	(11,881,933)	-	(11,881,933)
Culture and Recreation	10,020,111	546,360	130,804	341,857	-	(10,093,710)	-	(10,093,710)
Conservation and Development	17,992,444	151,255	580,871	16,214,856	-	(1,367,972)	-	(1,367,972)
Interest and Fiscal Charges on Long Term Debt	4,187,999	-	-	-	-	(4,187,999)	-	(4,187,999)
<b>Total government activities</b>	<b>266,666,268</b>	<b>(838,866)</b>	<b>29,519,719</b>	<b>128,882,300</b>	<b>-</b>	<b>(110,455,383)</b>	<b>-</b>	<b>(110,455,383)</b>
<b>Business-type activities:</b>								
Human Services - Health Choices Fund	68,091,896	5,283	68,171,492	-	-	-	74,313	74,313
Public Works - Human Services Building	861,411	630,901	1,233,260	-	-	-	(259,052)	(259,052)
Other Programs:								
Public Works - Solid Waste Fund	1,610,431	73,260	861,306	67,596	-	(754,779)	(754,779)	(754,779)
Public Safety - Emergency 911	7,340,029	129,432	4,965,596	-	-	(2,503,865)	(2,503,865)	(2,503,865)
Culture and Recreation - Fort Hunter	118,774	-	44,835	-	-	(71,939)	(71,939)	(71,939)
Total Other Programs	9,067,234	202,562	5,871,737	67,596	-	(3,330,583)	(3,330,583)	(3,330,583)
<b>Total business-like activities</b>	<b>78,020,541</b>	<b>838,866</b>	<b>75,276,489</b>	<b>67,596</b>	<b>-</b>	<b>(3,515,322)</b>	<b>(3,515,322)</b>	<b>(3,515,322)</b>
<b>Total Primary government</b>	<b>\$ 344,686,809</b>	<b>\$ -</b>	<b>\$ 101,796,208</b>	<b>\$ 128,949,896</b>	<b>\$ -</b>	<b>\$ (110,455,383)</b>	<b>\$ (3,515,322)</b>	<b>\$ (113,970,705)</b>
<b>Component Units:</b>								
Conservation District	\$ 391,187	\$ -	\$ 269,374	\$ 699,923	\$ -	\$ -	\$ -	\$ 578,110
General Authority	29,855,444	-	26,806,518	-	-	-	-	(3,049,926)
Mental Health/Mental Retardation	9,945,838	-	194,541	9,667,435	-	-	-	(63,862)
Case Management Unit	8,392,334	-	650,077	13,019,925	1,706,742	-	-	6,984,410
Industrial Development Authority	-	-	-	-	-	-	-	-
Dauphin County Economic Development Corporation	3,778,539	-	370,498	3,932,395	-	-	-	523,354
<b>Total Component Units</b>	<b>\$ 52,364,342</b>	<b>\$ -</b>	<b>\$ 28,290,008</b>	<b>\$ 27,339,678</b>	<b>\$ 1,706,742</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,872,086</b>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes								
Hotel taxes								
In-lieu of taxes								
Unrestricted investment income								
Gain / loss from asset disposal								
Appreciation in Fair Market Value of Investments								
Transfers from Component Unit								
Transfers from/(to) Primary Government								
Transfers in/out								
Total general revenues, special items, and transfers								
Change in net assets								
Net assets - beginning								
Net assets (deficit) - ending								

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

COUNTY OF DAUPHIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

Assets	General	Children and Youth	Mental Health and Mental Retardation	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 18,884,614	\$ 2,500	\$ 6,024,110	\$ 637,289	\$ 7,835,102	\$ 11,336,628	\$ 3,804,376	\$ 48,524,619
Investments	4,202,987	-	1,280,660	114,224	1,665,698	998,477	1,684,730	9,946,776
Receivables								
Accounts, net	57,126,161	75,705	-	20,507	-	-	158,532	57,380,905
Taxes, net	8,388,567	-	-	-	-	-	-	8,388,567
Loans	-	-	-	-	2,200,000	-	334,470	2,534,470
Deferred Loans	-	-	-	3,833,766	-	-	-	3,833,766
Interest and Dividends	4,923	-	-	-	-	-	-	4,923
Due From Other Funds	9,715,892	-	-	-	-	-	-	9,715,892
Due From Other Governments	1,870,541	12,596,854	-	-	7,630,775	-	2,152,533	24,250,703
Due From Component Units	137,242	-	-	-	-	-	-	137,242
Prepaid Expenses	1,244,464	-	-	-	-	-	-	1,244,464
Other Assets	-	4,784	-	-	-	-	57,402	62,186
Restricted Assets								
Cash	1,232,179	-	-	-	-	-	-	1,232,179
Investments	56,507	-	-	-	-	-	-	56,507
Total Assets	\$ 102,864,077	\$ 12,679,843	\$ 7,304,770	\$ 4,605,766	\$ 19,331,575	\$ 12,335,105	\$ 8,192,043	\$ 167,313,199

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

COUNTY OF DAUPHIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2011

	General	Children and Youth	Mental Health and Mental Retardation	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Liabilities</b>								
Accounts Payable	\$ 2,145,039	\$ 2,903,426	\$ 368,685	\$ 25,224	\$ -	\$ 534,577	\$ 1,128,841	\$ 7,104,792
Accrued Liabilities	1,167,768	124,917	46,705	-	-	-	146,628	1,486,018
Deferred Revenues	6,104,337	476,398	6,889,380	3,833,766	-	-	1,572,287	18,876,168
Due to Other Funds	-	9,175,102	-	-	-	-	445,562	9,620,664
Funds Held in Escrow	431,329	-	-	-	-	-	-	431,329
Funds Held in Fiduciary Capacity	535,054	-	-	-	-	-	-	535,054
Other Liabilities	1,280,172	-	-	-	-	-	-	1,280,172
<b>Total Liabilities</b>	<b>11,664,699</b>	<b>12,679,843</b>	<b>7,304,770</b>	<b>3,858,990</b>	<b>-</b>	<b>534,577</b>	<b>3,291,318</b>	<b>39,334,197</b>
<b>Fund Balances:</b>								
Nonspendable	47,835,377	-	-	-	2,200,000	-	334,470	50,369,847
Restricted	-	-	-	746,796	17,131,575	11,800,528	4,566,255	34,245,154
Assigned	20,871,756	-	-	-	-	-	-	20,871,756
Unassigned	22,492,245	-	-	-	-	-	-	22,492,245
<b>Total Fund Balances</b>	<b>91,199,378</b>	<b>-</b>	<b>-</b>	<b>746,796</b>	<b>19,331,575</b>	<b>11,800,528</b>	<b>4,900,725</b>	<b>127,979,002</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 102,864,077</b>	<b>\$ 12,679,843</b>	<b>\$ 7,304,770</b>	<b>\$ 4,605,786</b>	<b>\$ 19,331,575</b>	<b>\$ 12,335,105</b>	<b>\$ 8,192,043</b>	<b>\$ 167,313,199</b>

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



COUNTY OF DAUPHIN  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Total fund balances for governmental funds \$ 127,979,002

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	498,551
Intangible Assets	211,827
Construction in progress - Infrastructure	53,663
Construction in progress	10,847,916
Infrastructure, net of \$6,265,254 accumulated depreciation	10,765,963
Buildings and improvements, net of \$42,678,821 accumulated depreciation	39,967,367
Machinery and Tools, net of \$9,698,793 accumulated depreciation	39,158,551
Leasehold assets, net of \$8,817,515 accumulated amortization	<u>3,444,983</u>

Total capital assets 104,948,821

The County is self insured for the costs of worker's compensation. The liability for workers' compensation is included in the statement of net assets in the following amount: (2,591,421)

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 6,086,109

Assets/Liabilities not available to pay for current period's expenditures and therefore not reported in the funds,

Investments in derivative instruments	(586,302)
Other liabilities (unamortized Swap Options)	(143,000)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Also, during the year the County issued additional debt. The amount borrowed is received in the governmental funds and increases fund balance. The County incurred costs of \$187,944. The bond issuance costs will be amortized as an adjustment of interest expense over the remaining life of the new debt.

Balances at December 31, 2011 are:

Accrued interest on bonds	(912,171)
General obligation Debt	(152,511,500)
Less Deferred interest from refunding	2,269,786
Capital leases payable	(5,078,985)
Compensated absences	(7,648,592)
Deferred amount of bond issuance costs	1,047,712
Unamortized premiums/discounts	(2,946,480)
Unfunded Other Postemployment Benefits	(2,487,970)
	<u>(168,268,200)</u>

Total net assets of governmental activities \$ 67,425,009

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

	General	Children and Youth	Mental Health and Mental Retardation	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Property Taxes	\$ 98,746,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,746,079
Hotel Taxes	-	-	-	-	-	-	8,900,896	8,900,896
Intergovernmental	38,182,649	33,145,836	25,461,517	93,706	14,364,023	305,299	15,963,370	128,516,500
Charges for Services	18,250,381	850,566	945,110	323,826	-	-	530,440	20,900,323
License and Permits	79,916	-	-	-	-	-	-	79,916
Court Costs and Fines	3,924,379	-	-	-	-	-	1,347,109	5,271,488
Interest and Rents	272,664	-	11,102	3,226	59,648	34,323	46,893	427,856
Appreciation in Fair Market Value of Investments	-	-	-	-	-	-	4,339	4,339
Miscellaneous Revenue	-	-	-	-	-	298,686	1,494,830	1,791,516
<b>Total Revenues</b>	<b>159,456,068</b>	<b>33,986,402</b>	<b>26,417,829</b>	<b>420,758</b>	<b>14,423,671</b>	<b>636,308</b>	<b>29,287,877</b>	<b>284,638,913</b>
<b>Expenditures</b>								
Current:								
General Government	13,310,093	-	-	-	-	-	-	13,310,093
Judicial	49,722,491	-	-	-	-	-	7,700,939	57,423,430
Public Safety	40,504,125	-	-	-	-	-	283,025	40,787,150
Public Works	-	-	-	-	-	-	1,578,056	1,578,056
Human Services	30,082,091	43,702,896	27,113,116	-	-	-	12,998,911	113,897,014
Culture and Recreation	2,137,847	-	-	-	-	-	8,447,670	10,585,517
Conservation and Development	3,985,999	-	-	409,432	13,391,620	-	350,451	18,137,502
Debt Service	-	-	-	-	-	-	-	-
Principle	8,040,518	-	141,636	-	-	-	425,000	8,607,154
Interest	5,222,211	-	29,465	-	-	-	32,878	5,284,554
Capital Projects	-	-	-	-	-	7,827,806	-	7,827,806
<b>Total Expenditures</b>	<b>153,005,375</b>	<b>43,702,896</b>	<b>27,284,217</b>	<b>409,432</b>	<b>13,391,620</b>	<b>7,827,806</b>	<b>31,816,930</b>	<b>277,438,276</b>
<b>Excess of Revenues Over (Under)</b>	<b>6,450,693</b>	<b>(9,706,494)</b>	<b>(866,388)</b>	<b>11,326</b>	<b>1,032,051</b>	<b>(7,191,498)</b>	<b>(2,529,053)</b>	<b>(12,799,363)</b>
<b>Other Financing Sources (Uses)</b>								
Transfer In	1,837,752	9,735,952	877,406	9,555	-	260,000	2,565,403	15,286,068
Transfer Out	(14,423,879)	(29,603)	(11,018)	-	(1,380,856)	-	(105,828)	(15,951,184)
Transfers from Component Units	637,609	-	-	-	-	-	-	637,609
Proceeds (Loss) from Asset Disposal	-	145	-	-	-	-	6,755	6,900
Premium on Bonds Issued	1,091,219	-	-	-	-	-	-	1,091,219
Capital Lease Proceeds	378,741	-	-	-	-	-	-	378,741
Payment to Bond Escrow Agent	(16,465,000)	-	-	-	-	-	-	(16,465,000)
Proceeds of General Obligation Debt	15,655,000	-	-	-	-	-	-	15,655,000
<b>Total Other Financing Sources(Uses)</b>	<b>(11,288,558)</b>	<b>9,706,494</b>	<b>866,388</b>	<b>9,555</b>	<b>(1,380,856)</b>	<b>260,000</b>	<b>2,466,330</b>	<b>639,353</b>
<b>Net change in fund balances</b>	<b>(4,837,865)</b>	<b>-</b>	<b>-</b>	<b>20,881</b>	<b>(348,805)</b>	<b>(6,931,498)</b>	<b>(62,723)</b>	<b>(12,160,010)</b>
<b>Fund Balances - Beginning of Year</b>	<b>96,037,243</b>	<b>-</b>	<b>-</b>	<b>725,915</b>	<b>19,680,380</b>	<b>18,732,026</b>	<b>4,963,448</b>	<b>140,139,012</b>
<b>Fund Balances - End of Year</b>	<b>\$ 91,199,378</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 746,796</b>	<b>\$ 19,331,575</b>	<b>\$ 11,800,528</b>	<b>\$ 4,900,725</b>	<b>\$ 127,979,002</b>

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

COUNTY OF DAUPHIN  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds \$ (12,160,010)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$8,577,782) exceeded depreciation (\$5,281,586) and net book value of disposed fixed assets (\$0) in the current period. 3,296,196

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt issued:			
General Obligation Debt	(15,655,000)		
Bond issuance costs on new debt issues	187,944		
Premium/discount on new debt issues	(1,091,219)		
Capital Leases	(378,741)		
Repayments:			
General Obligation Debt	7,855,000		
Payment to Bond Escrow Agent	16,465,000		
Capital Leases	752,154		
Net adjustment	8,135,138		8,135,138

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	(472,670)	
Other postemployment benefits expense	(920,084)	
Investment loss from derivative instruments	973,283	
Amortization of debt premium/discount	283,439	
Amortization of bond issuance costs	(278,887)	
Amortization of deferred interest from refunding	31,402	
Accrued interest on long-term debt	87,318	
Combined adjustment	(296,199)	(296,199)

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned real estate tax revenue from 12/31/10 to 12/31/11. (157,644)

The County is self insured for the costs of worker's compensation. The increase in liability related to the worker's compensation is reported as an increase in expenditures of the governmental activities. (184,221)

Change in net assets of governmental activities \$ (1,366,740)

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

COUNTY OF DAUPHIN  
STATEMENT OF NET ASSETS (DEFICIT)  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

	Health Choices Fund	Human Service Building	Other Enterprise Funds	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 148,997	\$ 11,225	\$ 2,191,808	\$ 2,352,030
Investments	-	2,365	460,233	462,598
Accounts Receivables	-	3,300	524,526	527,826
Other Assets	-	-	101,900	101,900
<b>Total current assets</b>	<b>148,997</b>	<b>16,890</b>	<b>3,278,467</b>	<b>3,444,354</b>
<b>Noncurrent Assets</b>				
Capital Assets, Not Being Depreciated	-	-	122,508	122,508
Capital Assets, Being Depreciated (Net)	-	3,542,985	3,595,108	7,138,093
Deferred Loss on Bonds, Net	-	93,036	-	93,036
<b>Total noncurrent assets</b>	<b>-</b>	<b>3,636,021</b>	<b>3,717,616</b>	<b>7,353,637</b>
<b>Total assets</b>	<b>\$ 148,997</b>	<b>\$ 3,652,911</b>	<b>\$ 6,996,083</b>	<b>\$ 10,797,991</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts Payable	\$ 6,673	\$ 24,009	\$ 289,922	\$ 320,604
Accrued Liabilities	-	35,306	68,535	103,841
Due to Other Funds	95,228	-	-	95,228
Obligation Under Capital Lease	-	350,000	59,076	409,076
<b>Total current liabilities</b>	<b>101,901</b>	<b>409,315</b>	<b>417,533</b>	<b>928,749</b>
<b>Noncurrent liabilities:</b>				
Obligation Under Capital Lease	-	4,095,000	25,470	4,120,470
Accrued Workers Compensation	-	-	35,538	35,538
Accrued Compensated Absences	-	-	355,103	355,103
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>4,095,000</b>	<b>416,111</b>	<b>4,511,111</b>
<b>Total liabilities</b>	<b>101,901</b>	<b>4,504,315</b>	<b>833,644</b>	<b>5,439,860</b>
<b>NET ASSETS (DEFICIT)</b>				
Invested in Capital Assets	-	-	-	-
Net of Related Debt	-	(808,979)	3,633,070	2,824,091
Unrestricted	47,096	(42,425)	2,529,369	2,534,040
<b>Total net assets (deficit)</b>	<b>\$ 47,096</b>	<b>\$ (851,404)</b>	<b>\$ 6,162,439</b>	<b>\$ 5,358,131</b>

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

COUNTY OF DAUPHIN  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS (DEFICIT)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 68,171,492	\$ 1,233,260	\$ 5,871,737	\$ 75,276,489
<b>Total Operating Revenues</b>	<b>68,171,492</b>	<b>1,233,260</b>	<b>5,871,737</b>	<b>75,276,489</b>
<b>Operating Expenses</b>				
Personnel Services	229,501	-	5,291,818	5,521,319
Contracted Services	34,226	109,650	878,740	1,022,616
Supplies and Materials	651	3,998	60,687	65,336
Repairs and Maintenance	-	95,633	1,608,368	1,704,001
Utilities	468	157,762	368,723	526,953
Other Services and Charges	25,027	630,901	476,933	1,132,861
Claims Expense	67,807,306	-	-	67,807,306
Depreciation and Amortization	-	344,760	577,996	922,756
<b>Total Operating Expenses</b>	<b>68,097,179</b>	<b>1,342,704</b>	<b>9,263,265</b>	<b>78,703,148</b>
<b>Operating Income (Loss)</b>	<b>74,313</b>	<b>(109,444)</b>	<b>(3,391,528)</b>	<b>(3,426,659)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	3,507	2	22,777	26,286
Interest Expense	-	(149,608)	(6,651)	(156,259)
Grants	-	-	67,596	67,596
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,507</b>	<b>(149,606)</b>	<b>83,722</b>	<b>(62,377)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>77,820</b>	<b>(259,050)</b>	<b>(3,307,806)</b>	<b>(3,489,036)</b>
Transfers In	-	740,128	32,819	772,947
Transfers Out	(107,831)	-	-	(107,831)
<b>Total Transfers In (Out)</b>	<b>(107,831)</b>	<b>740,128</b>	<b>32,819</b>	<b>665,116</b>
<b>Change In Net Assets</b>	<b>(30,011)</b>	<b>481,078</b>	<b>(3,274,987)</b>	<b>(2,823,920)</b>
<b>Total Net Assets (Deficit) - Beginning of Year</b>	<b>77,107</b>	<b>(1,332,482)</b>	<b>9,437,426</b>	<b>8,182,051</b>
<b>Total Net Assets (Deficit) - End of Year</b>	<b>\$ 47,096</b>	<b>\$ (851,404)</b>	<b>\$ 6,162,439</b>	<b>\$ 5,358,131</b>

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

COUNTY OF DAUPHIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
<b>Cash Flows From Operating Activities</b>				
Receipts from Health Choices Services	\$ 68,056,627	\$ -	\$ -	\$ 68,056,627
Receipts from Recycling Services	-	-	5,766,034	5,766,034
Receipts from Recreational Activities	-	-	44,835	44,835
Receipts from Space and Parking Rentals	-	1,236,164	-	1,236,164
Payments to Employees	(229,501)	-	(5,172,869)	(5,402,370)
Payments to Suppliers	(198,339)	(1,021,808)	(3,445,201)	(4,665,348)
Payments for Claims	(67,807,306)	-	-	(67,807,306)
Internal Activity - Payments (from) to other funds	95,228	-	10,741	105,969
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(83,291)</b>	<b>214,356</b>	<b>(2,796,460)</b>	<b>(2,665,395)</b>
<b>Cash Flow From Noncapital Financing Activities</b>				
Operating Transfers In (Out)	(107,831)	740,128	32,819	665,116
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(107,831)</b>	<b>740,128</b>	<b>32,819</b>	<b>665,116</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Fixed Assets	-	-	(21,466)	(21,466)
Grants	-	-	67,596	67,596
Interest Paid	-	(150,996)	(6,651)	(157,647)
Principal Payments on Capital Lease	-	(350,000)	(57,364)	(407,364)
Principal Payments on Bonds	-	(440,000)	-	(440,000)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>-</b>	<b>(940,996)</b>	<b>(17,885)</b>	<b>(958,881)</b>
<b>Cash Flows from Investing Activities</b>				
Interest Income	3,507	2	22,777	26,286
Investments	-	(2,365)	(460,233)	(462,598)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>3,507</b>	<b>(2,363)</b>	<b>(437,456)</b>	<b>(436,312)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(187,615)</b>	<b>11,125</b>	<b>(3,218,982)</b>	<b>(3,395,472)</b>
Cash and Cash Equivalents, Beginning of Year	336,612	100	5,410,790	5,747,502
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 148,997</b>	<b>\$ 11,225</b>	<b>\$ 2,191,808</b>	<b>\$ 2,352,030</b>

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

COUNTY OF DAUPHIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Reconciliation of Operating income (loss) to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 74,313	\$ (109,444)	\$ (3,391,528)	\$ (3,426,659)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	344,760	577,996	922,756
Change in assets and liabilities				
Accounts Receivable	-	2,900	(60,880)	(57,980)
Accrued Interest	2	4	12	18
Prepaid Expenses	-	-	(1,466)	(1,466)
Accounts Payable	(137,967)	(15,635)	(50,284)	(203,886)
Accrued Expenses	-	(8,229)	50,000	41,771
Deferred Revenue	(114,867)	-	-	(114,867)
Accrued Vacation and Sick Pay	-	-	68,949	68,949
Due To/Due From Other Funds	95,228	-	10,741	105,969
Net Cash Provided by (Used In) Operating Activities	<u>\$ (83,291)</u>	<u>\$ 214,356</u>	<u>\$ (2,796,460)</u>	<u>\$ (2,665,395)</u>

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

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

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,266,560	\$ 7,589,334	\$ 11,855,894
Investments	200,036,152	449,504	200,485,656
Interest and Dividends Receivable	430,680	-	430,680
Employee Contributions Receivable	<u>3</u>	<u>-</u>	<u>3</u>
<b>Total Assets</b>	<b><u>\$ 204,733,395</u></b>	<b><u>\$ 8,038,838</u></b>	<b><u>\$ 212,772,233</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 561,817	\$ 561,817
Benefits Payable	300,638	-	300,638
Funds Held in Escrow	-	5,759,486	5,759,486
Due To Other Governments	<u>-</u>	<u>1,717,535</u>	<u>1,717,535</u>
<b>Total Liabilities</b>	<b><u>300,638</u></b>	<b><u>8,038,838</u></b>	<b><u>8,339,476</u></b>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<b><u>\$ 204,432,757</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 204,432,757</u></b>

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



COUNTY OF DAUPHIN  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2011

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,209,819
Employer	10,293,492
	14,503,311
Total Contributions	14,503,311
Investment Income:	
Net Depreciation in Fair Value of Investments	(1,235,740)
Interest	1,554,252
Dividends	1,870,999
Miscellaneous Revenue	17,727
	2,207,238
Less: Investment Expense	568,023
	1,639,215
Net Investment Income	1,639,215
Total Additions	16,142,526
Deductions:	
Benefits	10,633,488
Refunds of Contributions	613,073
Administrative Expenses	164,791
	11,411,352
Total Deductions	11,411,352
Net Increase	4,731,174
Net Assets - Beginning of Year	199,701,583
Net Assets End of Year	\$ 204,432,757

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

COUNTY OF DAUPHIN  
COMBINING STATEMENT OF NET ASSETS (DEFICITS)  
COMPONENT UNITS  
DECEMBER 31, 2011

<u>Assets</u>	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Cash and Cash Equivalents	\$ 467,390	\$ 1,146,381	\$ -	\$ 1,333,039	\$ 12,374	\$ 2,959,184
Investments	674,331	2,243,238	-	-	-	2,917,569
Inventory	-	90,433	-	-	-	90,433
Receivables:						
Accounts, Net of Allowance	15,405	680,507	1,219,211	-	11,190	1,926,313
Interest and Dividends	5,743	188	-	-	-	5,931
Loans	-	-	-	74,085	-	74,085
Due from Other Governments	110,155	-	-	-	706,845	817,000
Investment in Direct Financing Leases, Current	-	659,212	-	138,300	-	797,512
Prepaid Expenses	10,922	275,269	41,936	-	-	328,127
Due from Related Party	-	-	-	-	166,942	166,942
Deferred financing costs (net of accumulated amortization)	-	981,248	-	-	-	991,248
Bond Issuance Costs	-	-	-	26,197	29,339	55,536
Bond Discount	-	1,292,307	-	-	-	1,292,307
Loans Receivable, Net of Current Portion	-	-	-	253,567	-	253,567
Investment in Direct Financing Leases, net of Current Portion	-	5,970,000	-	1,902,134	-	7,872,134
Restricted Cash	-	3,331,516	-	8,219,008	3,006,273	14,556,797
Restricted Investments	-	16,498,493	-	-	-	16,498,493
Capital Assets, Not Being Depreciated	-	2,297,903	-	4,918,421	-	7,216,324
Capital Assets, Being Depreciated, Net	756,041	60,428,652	310,924	1,508,424	1,743,735	64,747,776
<b>Total Assets</b>	<b>\$ 2,039,987</b>	<b>\$ 95,905,347</b>	<b>\$ 1,572,071</b>	<b>\$ 18,373,175</b>	<b>\$ 5,676,698</b>	<b>\$ 123,567,278</b>
<u>Liabilities</u>						
Accounts Payable	\$ 16,011	\$ 1,399,169	\$ 153,049	\$ 1,583,866	\$ 721,499	\$ 3,873,594
Accrued Liabilities	-	12,571,088	721,908	8,761	59,664	13,361,419
Unearned Revenues	32,801	589,784	4,805	-	-	627,390
Due to Primary Government	137,242	-	-	-	-	137,242
Security Deposits	-	-	-	8,841	-	8,841
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	32,586	-	-	-	32,586
General Obligation Debt	-	3,766,340	-	-	215,000	3,971,340
Notes Payable	-	-	-	138,300	-	138,300
Loans Payable	-	-	-	55,572	-	55,572
Portion Due or payable after one year:						
Capital Lease Obligation	-	34,295	-	-	-	34,295
General Obligation Debt	-	112,727,143	-	-	4,175,000	116,902,143
Notes Payable	-	-	-	1,902,134	-	1,902,134
Loans Payable	-	-	-	1,805,236	-	1,805,236
Line of Credit	-	-	-	29,767	-	29,767
Deferred Charge on Debt Refunding, Net	-	(991,537)	-	-	-	(991,537)
<b>Total Liabilities</b>	<b>186,054</b>	<b>130,118,868</b>	<b>879,760</b>	<b>5,532,477</b>	<b>5,171,163</b>	<b>141,868,322</b>
<b>Net Assets (Deficits)</b>						
Invested in Capital Assets, Net of Related Debt	756,041	(31,007,200)	310,924	4,592,234	(126,265)	(25,474,266)
Restricted for:						
Program Purposes	144,459	2,967,107	381,387	7,106,504	3,108,630	13,708,087
Debt Service	-	253,401	-	-	-	253,401
Unrestricted	953,433	(6,428,829)	-	1,141,960	(2,476,830)	(6,808,266)
<b>Total Net Assets (Deficits)</b>	<b>\$ 1,853,933</b>	<b>\$ (34,213,521)</b>	<b>\$ 692,311</b>	<b>\$ 12,840,698</b>	<b>\$ 505,535</b>	<b>\$ (18,321,044)</b>

COUNTY OF DAUPHIN  
COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Conservation District Conservation and Development	\$ 391,187	\$ 269,374	\$ 699,923	\$ -	\$ 578,110	-	-	-	\$ 578,110	
General Authority General Authority Operations	29,855,444	26,805,518	-	-	-	(3,049,926)	-	-	(3,049,926)	
Case Management Unit Human Services	9,845,838	194,541	9,887,435	-	-	-	-	(63,862)	(63,862)	
Industrial Development Authority Conservation and Development	8,392,334	650,077	13,019,925	1,706,742	-	-	6,984,410	-	6,984,410	
Dauphin County Economic Development Corporation Tourism and Economic Development	3,779,639	370,498	3,932,395	-	-	-	-	523,354	523,354	
Total Component Units	\$ 52,364,342	\$ 28,290,008	\$ 27,339,678	\$ 1,706,742	\$ 578,110	\$ (3,049,926)	\$ 6,984,410	\$ 523,354	\$ 4,972,086	
General revenues:										
Unrestricted investment earnings					12,255				198,618	
Transfer from / (to) primary government					(637,609)	156,924		8,044	(637,609)	
Total general revenue, special items, transfers					(625,354)	156,924		8,044	(438,991)	
Change in net assets					(47,244)	(2,893,002)	(63,862)	6,992,454	4,593,095	
Net assets (Deficit) -beginning					1,901,177	(31,320,519)	756,173	5,848,244	(22,854,139)	
Net assets (Deficit) -ending					\$ 1,853,933	\$ (34,213,521)	\$ 692,311	\$ 12,840,698	\$ (18,321,044)	

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

COUNTY OF DAUPHIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

A. Reporting Entity

The County of Dauphin (the "County") operates under the direction of an elected Board of Commissioners, and provides the following services: general administrative services, tax assessments and collections, judicial, public improvements, public safety and human services programs. The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 39 for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Dauphin (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

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

Dauphin County Conservation District ("District"): The District was formed by the County Commissioners in 1952 pursuant to the Conservation District Law ("Law"). The seven-member board is made up of one County Commissioner and six members appointed by the County Commissioners from a list of nominees received from organizations approved by the Commonwealth of Pennsylvania. The District was formed to manage the conservation of natural resources in the County. The Law gives the Commonwealth certain powers to supervise and direct the operations of the District. Employees of the District are County employees subject to the County Salary Board. The Law also gives the County Commissioners the ability to unilaterally disband the District if they believe a substantial portion of landowners desire such action.

The District operates and reports on a calendar year basis.

Dauphin County General Authority ("General Authority"): The General Authority was incorporated on March 17, 1984. It was created for the purpose of acquiring, financing, holding, constructing, improving, maintaining and operating, owning, and leasing, either in the capacity of lessor or lessee, projects of the kind and character contemplated by law for a general purpose authority. The General Authority's five-member board is appointed by the County Commissioners.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County General Authority ("General Authority"): (Continued)

The County has guaranteed the General Authority Revenue Bonds Series of 2011 (golf course debt). The proceeds were used to refund the Series of 2005 bonds and pay the issuance costs. Series of 2005 bonds were used to advance refund the 1993 Series Bonds which financed the construction of the golf course operated by the General Authority. The General Authority has agreed to pay the County 90% of the revenues net of operating expenses and debt service earned in connection with the golf course. The County has also guaranteed the General Authority's 1992 Series Bonds (lease debt) related to the long-term lease of the human services building and the General Authority's 2009 Series Bonds, Series C and D (lease debt). The County Commissioners must approve all of the General Authority's bond issues, but neither the County nor the General Authority has an ongoing liability for these bond issues other than the golf course and lease debt.

The General Authority reports on a calendar year basis.

Case Management Unit (CMU): The CMU provides case management services to persons with mental illness and mental retardation in the County of Dauphin. CMU performs intake and evaluation for all clients served by Dauphin County MH/MR program, plans and coordinates services for clients with direct service providers and monitors the progress of clients within the Dauphin County system. The MH/MR Program approves the CMU administrator and board member appointments. The County has the ability to dissolve the CMU. Revenues are primarily from contracts with the County.

The CMU operates on a fiscal year ending June 30.

Dauphin County Industrial Development Authority ("IDA"): The IDA was organized in 1967 as a standing authority of Dauphin County. It operates in compliance with the Industrial Development Authority Law, Act No. 102, August 23, 1967.

The IDA's serves as a financing vehicle for industrial development in Dauphin County. The IDA arranges financing through tax exempt and taxable bonds as well as mortgages for manufacturers, non-profits and companies establishing corporate headquarters in the County. The IDA participates in new construction and rehabilitation each year through its industrial recruitment and expansion projects. The IDA also owns several commercial properties which it leases.

The County pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. IDA's management and support staff are employees of the County. In addition the County has the sole power to appoint members of the IDA's Board of Directors and guarantees the IDA's debts.

The IDA operates and reports on a fiscal year ending September 30.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County Economic Development Corporation ("DCEDC"): The DCEDC is a nonprofit organization which operates in compliance with Section 7502 of the Nonprofit Corporation Law of 1972 and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The DCEDC, an economic development corporation, was established to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. The DCEDC also administers programs to promote tourism and regional development.

The DCEDC is administered by the County of Dauphin through the Dauphin County Department of Community and Economic Development. The Commissioners of Dauphin County have the sole power to appoint members of the DCEDC's Board of Directors. The County pays for all significant management and administrative costs required to operate the DCEDC on a day-to-day basis as the DCEDC's management and support staff are employees of the County. The County also provides significant operating revenue to the DCEDC, primarily through distributions of hotel tax collections.

The DCEDC operates and reports on a calendar year end basis.

B. Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County does not supply any funding (either directly or as a result of special financing relationships) and has no responsibility for fiscal matters for these entities (i.e., not responsible for deficits or entitled to surpluses, no guarantees of debt, etc.). These organizations include:

Authorities

Dauphin County Housing Authority  
 Dauphin County Redevelopment Authority  
 Dauphin County Hospital Authority  
 Dauphin County Library System

Advisory Boards

Dauphin County Parks and Recreation  
 Dauphin County Planning Commission  
 Aging Advisory Council  
 Child Care Advisory Committee  
 Mental Health/Mental Retardation Advisory Board  
 Woodside Juvenile Detention Center Advisory Board  
 Drugs and Alcohol Advisory Board  
 Fort Hunter Board

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures

The County is a participant with other municipalities in joint ventures that provide services to the constituents of all the participants. The County has no interest in the equity of these organizations and therefore they should not be included in its financial reporting entity. Separately published audit reports of the Joint Ventures are available for public inspection in the Controller's Office. Condensed financial information relative to these entities is included in the notes herein:

<u>Name of Organization</u>	<u>Cumberland, Dauphin Harrisburg Transit Authority</u>	<u>Tri-County Regional Planning Commission</u>
Services Provided	Bus Services	Regional Planning
Dauphin County Board Representation	3 of 7 Members	11 of 32 Members
Fiscal Year	June 30, 2011	December 31, 2011
Current Assets	\$ 6,410,225	\$ 698,228
Total Assets	\$ 36,731,389	\$ 717,939
Net Assets/Fund Balance	\$ 30,361,226	\$ 395,163
Operating Revenues	\$ 7,027,064	\$ 2,360,274
Operating Income (Loss)	\$ (14,927,223)	\$ 4,588
Net Income (Loss)	\$ 6,014,326	\$ 6,751
Dauphin County Contribution to Operations	\$ 361,826	\$ -
Dauphin County Working Capital Advances	None	None

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include; 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

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

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

Governmental fund financial statements are reported using the current financial resource 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 County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.



COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial revenues of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general County government, boards, commissions, the court systems, and health and welfare services.
- The Children and Youth Families Fund is used to account for specific revenue sources related to the provisions of Children and Youth that are restricted to expenditures for those specified purposes.
- The Mental Health / Mental Retardation (MHMR) Fund is used to account for specific revenue sources related to the provisions of MHMR that are restricted to expenditures for those specific purposes.
- The Low Income Housing Fund is used to account for specific revenues related to improving economic development opportunities and expanding the supply of low- and moderate-income housing. Revenues are restricted for those specified purposes.
- The Gaming Fund is used to account for revenue received from the operation of Hollywood Casino in East Hanover Township. These funds are to be used at the sole discretion of the Dauphin County Commissioners. The Gaming Advisory Committee advises the County on the need for municipal grants for health, safety, transportation, and other projects in the public interest generated as a result of gaming.
- The Capital Projects Fund is used to account for financial resources to be used for capital acquisitions and the related expenditures.

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, "Accounting and financial reporting for Proprietary funds and other Governmental entities that use Proprietary Fund Accounting", the County has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standard Board (FASB) on or before November 30, 1989 for business-type activities and enterprise funds.

The County reports the following major proprietary funds:

- Health Choices Fund accounts for the fiscal activities of the County Behavioral Health Program.
- Human Services Building Fund accounts for the fiscal activities of the County's Human Services Building.

These proprietary funds are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

Additionally, the County reports the following fund types:

- The Pension Trust Fund accounts for the revenue (i.e. member contributions, County contributions, and net investment income) and the expenses (i.e. contributions refunded, retirement allowances and death benefits paid) of the Pension Trust Fund.
- The Agency Funds that consist of restricted revenues of the various row offices of the County. The row office funds, in essence are escrow funds maintained by the row offices for bail posted, funds held for sheriff sales, realty transfer taxes held and owed to other governmental entities and other funds received for disposition of legal action.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

• Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All receivables are shown net of an allowance for doubtful accounts.

3. Investments

Investments for the County are reported at fair value.

4. Restricted Assets

Restricted Assets represent revenues set-aside for liquidation of specific obligations, as detailed in Note 4.

5. Capital Assets

Capital Assets, which include property, plant and equipment and infrastructure assets (e.g. bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation is not recognized for intangible (eg. Easements) assets since they have an indefinite life.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

5. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	40
Machinery and Equipment	3-20
Infrastructure	40
Leasehold Assets	5-20

6. Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts.

7. Compensated Absences

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

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as general government expenditures.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

9. Unearned and Deferred Revenues

Revenues that are received but not earned are deferred in the governmental-wide and enterprise fund financial statements. In the County's governmental funds, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred and unearned 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 County has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized. The County deems revenues received within 365 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

10. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

11. Net Assets/Fund Balances

The governmental fund financial present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

11. Net Assets/Fund Balances (Continued)

- *Committed Fund Balance* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners remove or change the specific use by taking the same type of action (resolution) that was employed when the funds were initially committed.
- *Assigned Fund Balance* – This classification includes amount that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Commissioners delegated the responsibility to approve/or remove assigned fund balance that reflect the Commissioner's intended use of the resources to the Budget Director.
- *Unassigned Fund Balance* – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the County's policy is to apply restricted net assets first, then unrestricted net assets as they are needed.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

12. Accounting Estimates

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

G. Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of Governmental Accounting Standards Board's Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". The adoption of this statement resulted in the reclassification of fund balances in the Balance Sheet – Governmental Funds and the modification of certain note disclosures.

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

H. Pending Changes in Accounting Principles

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

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

In November 2010, the GASB Issued Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*". The County is required to adopt statement No. 61 for its calendar year 2013 financial statements.

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles (Continued)

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

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

In June 2012, the GASB issued Statement No. 67, *"Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25"*. The County is required to adopt statement No. 67 for its calendar year 2014 financial statements.

In June 2012, the GASB issued Statement No. 68, *"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"*. The County is required to adopt statement No. 68 for its calendar year 2015 financial statements.

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

Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

The financial statements of the District are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets are recorded at cost. Depreciation is being provided on a straight line method over the estimated useful lives of the assets.

Dauphin County General Authority

Basis of Accounting

The General Authority financial statements are reported using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheet. Net assets are segregated into "invested in capital assets, net of related debt", "restricted" and "unrestricted" components. The financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Basis of Accounting (Continued)

The General Authority's enterprise funds have elected to apply GASB pronouncements only, rather than pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

Conduit Debt Issues

The General Authority participates in various bond issues for which it has limited liability. Acting solely in an agency capacity, the General Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together for which it receives an administrative fee. Although the General Authority is a party to the Trust indenture with the trustee, the agreements are structured such that there is no recourse against the General Authority in the case of default. As such, the corresponding debt is not reflected on the General Authority's balance sheet.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the General Authority considers all highly liquid investments of a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value.

Direct Financing Lease Transactions

The General Authority accounts for its leases with various agencies as direct financing leases.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Capital Assets

Capital Assets are recorded at cost. The General Authority provides for depreciation and amortization over the estimated useful lives of the assets using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation or amortization of such assets are removed from the accounts and any resulting gain or loss is credited or charged to income for the period. Expenditures for maintenance and repairs are charged to income as incurred. Capital assets are defined by the General Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventory consists of consumable supplies used for operations and maintenance and also represents items for sale. Inventory is expensed when the items are used or sold.

Deferred Financing Costs

Deferred financing costs, representing issuance costs for the outstanding bonds, net of reimbursement, are amortized over the outstanding terms of the bonds using the effective interest method.

Bond Discount

Bond discounts, representing the underwriters' discount on bonds issued and/or the discount for bonds issued at less than par value, are amortized over the outstanding terms of the bonds using the effective interest method.

Restricted Assets

Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards and other resolutions and formal actions of the General Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Net Assets

Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net assets not included in the above categories.

For the time period that the revenue bonds are outstanding and the trust indenture is in effect in each fund, the net assets of the fund are presented as restricted for fund operations.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the General Authority, these revenues are charges for services, investment income and miscellaneous revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the General Authority.

Case Management Unit

Basis of Presentation

The Case Management Unit's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Case Management Unit applies all GASB pronouncements as well as FASB statements and interpretations and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Revenue Recognition

Revenue from County program funded contracts is recognized as reimbursable costs are incurred as established by regulations promulgated by the Pennsylvania Department of Public Welfare. Reimbursable costs are reduced by other program income including third-party reimbursements, private payments, and interest income.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Revenue Recognition (Continued)

Net patient service revenue consists of Healthchoices, medical assistance and client fees. These revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Use of Estimates

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

Capital Assets

Capital assets of Case Management Unit include furniture and equipment and leasehold improvements and are reported in the financial statements at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are defined as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of 3 years.

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

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

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	3-10
Leasehold Improvements	10

Income Taxes

The Case Management Unit has been recognized as a not-for-profit corporation which is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and also from state income taxes.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Compensated Absences

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

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

The Dauphin County Industrial Development Authority operations are reported as a proprietary fund. This fund is used to account for activities which are associated with the financing of industrial development projects in the County of Dauphin. The financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Industrial Development Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements.

Cash and Cash Equivalents

The IDA considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at September 30, 2011 consist of cash held in bank accounts.

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants. Restricted assets also consist of cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses as well as security deposits for the property management fund. At September 30, 2011, the restricted cash balance was \$8,219,008.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Capital Assets

Capital Assets which include office equipment and furnishings and buildings and building improvements, are recorded at original cost at the time title reverts to the IDA and said assets are in operating condition. The IDA records all capital outlays as capital assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives for office equipment furnishings range from three to seven years. The estimated useful life for buildings and building improvements are forty years and fifteen years, respectively.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions in the IDA's financial statements related to the collectability of loans and other receivables and the useful lives of fixed assets. Actual results could differ from those estimates.

Long-Term Obligations

Long-term debt and other obligations are reported as noncurrent liabilities. Bond issuance costs in connection with issuing debt are a deferred charge and amortized to expense over the life of the bonds.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at outstanding principal. Account balances generally are written off when management judges such balances uncollectible such as an account in bankruptcy. Management continually monitors and reviews loan receivable balances. Interest at rates ranging from 3-5% is charged on unpaid balances and is recognized in revenue upon receipt. The IDA's management evaluates the risk and when determined to be necessary, provides an allowance for loans which may become uncollectible. Loans receivable are shown net of an allowance of \$89,571 at September 30, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Direct Financing Lease Transactions

The IDA accounts for its leases with the County of Dauphin as direct financing leases in accordance with FASB No. 13.

Debt Related Costs

Debt related costs include issuance costs that have been capitalized and are amortized to interest expense using the straight-line method over the term of the associated debt.

Net Assets

Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- a. *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted Net Assets* – This category represents net assets of the Authority that are restricted for project or other purposes.
- c. *Unrestricted Net Assets* – This category represents net assets of the Authority, not restricted for any project or other purpose.

Dauphin County Economic Development Corporation ("DCEDC")

Basis of Accounting

DCEDC's financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. DCEDC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board statements and interpretations and the Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")  
 (Continued)

Cash and Cash Equivalents

DCEDC considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Assets

Restricted assets represent cash balances from hotel tax and grant program distributions received from Dauphin County. These distributions are restricted for the purpose of promoting tourism and regional development and for the CDBG, Home and Section 108 programs. At December 31, 2011 the restricted cash balance was \$3,006,273.

Capital Assets

Capital assets are recorded at their original cost and are depreciated on a straight-line basis over their estimated useful lives. Assets with an initial, individual cost that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets and depreciated. Estimated useful lives are as follows:

Equipment and Furnishings	3-7 years
Buildings	39 years
Works of Art	7 years

Net Assets

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

- a. *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted Net Assets* – This category represents net assets of the Authority that are restricted for project or other purposes.
- c. *Unrestricted Net Assets* – This category represents net assets of the DCEDC, not restricted for any project or other purpose.



COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")  
(Continued)

Use of Estimates

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

Income Taxes

DCEDC is tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files Form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose could be subject to federal income taxes, however management believes that there is no tax liability as of December 31, 2011.

NOTE 2: BUDGETARY DATA

County Budget Process

Formal budgetary accounting is employed as a management control for the General Fund, Certain Special Revenue Funds, and Capital Project Funds of the County. Annual operating budgets are adopted each year through the passage of an annual budget ordinance and accounting principles generally accepted in the United States of America are used to complete the budget. The County of Dauphin follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) During July and August, the department heads are supplied with current financial status reports for their programs which they are to use as a basis or guide for financial projections for the ensuing year. These proposed budgets are then submitted to the County Commissioners for review.
- (2) During September, the Finance Department interviews each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures and recommends an expenditure amount.
- (3) The County Commissioners then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures.
- (4) Upon consolidation of the department and agency expenditure projections, the County Commissioners must ascertain the most viable method of financing them.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

- (5) Subsequently, the Director of Budget assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
- (6) By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements, as set forth in the County Code, public notice is given that the proposed budget is available for inspection for a period of 20 days.
- (7) After the 20-day inspection period but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate ordinance.
- (8) As required by the Commonwealth of Pennsylvania County Code, the proposed budget is made available for public inspection for at least 20 days prior to the date of adoption, with adoption required by December 31. Subsequent to the budget approval, the County Commissioners adopt the appropriation measures required to put the budget into effect and fix the rate of taxation. Within 15 days subsequent to the legal adoption of the budget, the County Commissioners file a copy of the budget with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Legal Requirements

An annual budget is required to be legally adopted for the General Fund since real estate taxes are levied to finance its operations. Although not legally required, the County also adopts annual budgets for its Capital Projects Fund, and certain additional Special Revenue Funds (the Domestic Relations and Liquid Fuels Fund). Budgetary data is presented on the basis of accounting principles generally accepted in the United States of America for all funds that adopt annual budgets.

Level of Control

The County is legally required to maintain budgetary controls at the major function level. In practice, the County maintains budgetary control at the fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners.

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2011 were as follows:

Governmental Funds	
CDARS	\$ 9,094,078
Fort Hunter Permanent Fund	
Fixed Income Mutual Funds - Bonds	465,402
Fixed Income Mutual Funds - Stocks	443,803
Total Permanent Fund	909,205
Total Governmental Funds	10,003,283
Investment Derivatives	(586,302)
Total Governmental Activities	9,416,981
Enterprise Funds	
CDARS	462,598
Total Enterprise Funds	462,598
Fiduciary Funds	
Retirement Fund	
CDARS	46,160
U.S. Government Securities	29,072,678
Corporate Bonds	17,375,033
Common Stocks	68,084,903
Equity Funds	70,970,773
Other	14,486,605
Total Retirement Fund	200,036,152
Agency Fund	
CDARS	449,504
Total Fiduciary Funds	200,485,656
Total Investments	\$ 210,365,235

As of December 31, 2011, the County had the following debt investments and maturities within its excess operating fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Fixed Income Mutual Fund - Bonds	\$ 465,402	\$ 465,402	\$ -	\$ -	\$ -
Investment Derivatives	(586,302)	70,407	-	-	(656,709)
Total	\$ (120,900)	\$ 535,809	\$ -	\$ -	\$ (656,709)

The terms and fair values of the investment derivatives are described in Note 10.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2011, the County had the following debt investments and maturities within its retirement plan accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 19,654,080	\$ 2,515,269	\$ 12,805,776	\$ 4,333,035	\$ -
U.S. Government Agencies	9,418,598	-	729,399	3,371,452	5,317,747
Corporate Bonds	17,375,033	526,914	8,061,091	7,134,132	1,652,896
Total	\$ 46,447,711	\$ 3,042,183	\$ 21,596,266	\$ 14,838,619	\$ 6,970,643

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's Operating Funds Investment Policy states that maturities shall be set to generally match the projected cash flow requirements for the County as determined by the County Controller.

The County's Retirement Plan Investment Policy Statement ("Retirement Investment Policy") states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. The average effective duration of domestic intermediate fixed income securities shall be no more than 25 percent greater or less than the effective duration Barclays Bond Index.

The County is invested in two basis swaps, three fixed to variable interest rate swaptions, two forward-starting fixed payor swaps with notional amounts totaling \$134,635,000. At December 31, 2011, the swaps had a total fair value of (\$586,302). See Note 10 for more detail on the terms of each swap.

*Credit Risk.* The County's Operating Investment Policy limits investments to direct obligations of the United States Government or its agencies or instrumentalities; other obligations that are either insured or guaranteed by the United States Government; deposits with banks within the Commonwealth of Pennsylvania properly insured in accordance with the requirements of the County Code or properly collateralized in accordance with the County Code and Act 72 of 1971 P.S. Section 3836-1, et seq.; or investments with the Pennsylvania Local Government Investment Trust ("PLGIT").

As of December 31, 2011, the County's operating investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Fixed Income Mutual Funds	US Government	69%
Fixed Income Mutual Funds	Aaa	5%
Fixed Income Mutual Funds	Aa	5%
Fixed Income Mutual Funds	A	11%
Fixed Income Mutual Funds	Baa	10%

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The County's Retirement Investment Policy limits the average quality of fixed income securities to a minimum of "A2" or better, the third broad investment grade as determined by Moody's. The minimum quality of any single fixed income investment shall be investment grade, as defined by two out of three of the following rating agencies; Moody's, Standard and Poors, or Fitch. If an investment is made in commercial paper, the single standard shall be "A1", "P1", or "Prime".

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Agencies	AAA	100%
Corporate Bonds	Aaa	1%
Corporate Bonds	AA	1%
Corporate Bonds	Aa1	2%
Corporate Bonds	Aa2	13%
Corporate Bonds	Aa3	15%
Corporate Bonds	A1	10%
Corporate Bonds	A2	20%
Corporate Bonds	A3	15%
Corporate Bonds	Baa1	11%
Corporate Bonds	Baa2	6%
Corporate Bonds	Baa3	5%
Corporate Bonds	BBB	1%

*Custodial Credit Risk.* For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2011, \$64,188,562 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2011.

*Concentration of Credit Risk.* The County's Operating Investment Policy does not allow a single issuer or guarantor to represent more than 10% of the total value of holdings at the time of acquisition.

The County's Retirement Investment Policy limits single investments in U.S. Treasury securities and zero coupon securities to 30% and 10%, respectively, of the domestic intermediate fixed income investments at market value. Agency securities are limited to 50% of fixed income investments at market value, 25% per agency and to 10% per any single issue. Other types of securities are limited to 5% for each single security.

At December 31, 2011, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment RiskDauphin County Conservation DistrictDeposits and Investments

*Custodial credit risk.* For Deposits and investments custodial credit risk is the risk that in the event of a bank failure, the Conservation District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2011, the Conservation District's cash balance was \$368,788, and its bank balance was \$373,008. Of this bank balance, \$123,008 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured. The District's cash equivalents of \$98,602 were not subject to custodial credit risk, as they were invested in a state investment pool.

In addition, at December 31, 2011, the Conservation District held \$674,331 certificates of deposit which are classified as investments on the financial statements. Of the investments balance, \$252,395 are in fixed interest rate certificates of deposit which are subject to FDIC coverage, and therefore \$2,395 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured.

As of December 31, 2011, the District had the following debt investments and maturities that are classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 98,602	\$ 98,602	\$ -	\$ -	\$ -

*Interest rate risk.* The District's Investment Policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

*Credit risk.* As of December 31, 2011 all of the District's investments in the state investment pool were rated AAA by Standard and Poors.

Dauphin County General AuthorityDeposits and Investments

Cash and investments are held by trustees, pursuant to provisions of various Trust Indentures, except for the Administrative Fund cash account and the Dauphin Highlands Golf Course cash account, which are administered by the General Authority's Executive Director.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County General Authority (Continued)Deposits and Investments (Continued)

The Municipality Authorities Act provides for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations or their agencies or instrumentalities and insured or collateralized time deposits and certificates of deposit. The Act does not prescribe regulations relating to demand deposits.

Deposits

*Custodial credit risk.* 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 General Authority does not have a deposit policy for custodial credit risk. At December 31, 2011, the book balance of the Authority's unrestricted deposits was \$1,146,381 and the bank balance was \$1,255,113. Of the unrestricted bank balance, \$1,001,870 was covered by federal depository insurance, and \$253,243 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2011, the book balance of the Authority's restricted deposits was \$3,331,516 and the bank balance was \$3,337,614. Of the restricted bank balance, \$239,108 was covered by federal depository insurance, and \$3,098,506 was collateralized under Act 72.

Investments

Total General Authority investments reported on the balance sheet at December 31, 2011 are as follows:

	Fair Value
Unrestricted	
Money market funds	\$ 2,241,278
U.S. government obligations	1,960
	\$ 2,243,238
Restricted	
Money market funds	\$ 12,951,586
U.S. government agency obligations	3,546,907
	\$ 16,498,493

*Concentration of credit risk.* The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5 percent of the Authority's investments were held with the following issue:

	Fair Value	Percent of Investment
Government National Mortgage Association	\$ 3,548,867	18.94%

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County General Authority (Continued)Investments (Continued)

*Credit Risk.* The Authority does not have a formal policy that would limit investment choices with regard to credit risk. The Authority's investments had the following level of exposure to credit risk as of December 31, 2011:

	<u>Fair Value</u>	<u>Rating</u>
<b>Unrestricted</b>		
Money market funds	\$ 2,241,278	AAAm
U.S. government obligations	1,960	AA+
<b>Restricted</b>		
Money market funds	\$ 7,583,373	AAAm
Money market funds	5,368,213	AA+
U.S. government agency obligations	3,546,907	Unrated

*Interest rate risk.* The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the Authority's money market and fixed income investments and their related average maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater Than 10</u>
<b>Unrestricted</b>					
Money market funds	\$ 2,241,278	\$ 2,241,278	\$ -	\$ -	\$ -
U.S. Government obligations	1,960	-	-	-	1,960
	<u>\$ 2,243,238</u>	<u>\$ 2,241,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,960</u>
<b>Restricted</b>					
Money market funds	\$ 12,951,586	\$ 12,951,586	\$ -	\$ -	\$ -
U.S. Government agency obligations	3,546,907	3,546,907	-	-	-
	<u>\$ 16,498,493</u>	<u>\$ 16,498,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Case Management UnitCash Concentrations

*Custodial Credit Risk* – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, CMU will not be able to recover the value of its deposits that are in the possession of an outside party. As of June 30, 2011, CMU's cash balance was \$0 and its bank balance was \$0. Of the bank balance for June 30, 2011, \$0 of the CMU's deposits were exposed to custodial credit risk, as they are collateralized with securities held by pledging financial institution and uninsured.



COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County Industrial Development Authority (“IDA”)Deposits

*Custodial credit risk.* For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the IDA will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At September 30, 2011, \$9,225,965 of the IDA’s deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the IDA’s name. The IDA does not have a formal policy to limit its exposure to custodial credit risk.

Dauphin County Economic Development Corporation (“DCEDC”)Deposits

*Custodial Credit Risk.* For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the DCEDC will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$1,885,864 of the DCEDC’s bank deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the DCEDC’s name. The DCEDC does not have a formal policy to limit its exposure to custodial credit risk.

## NOTE 4: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as “restricted” in the balance sheet. Restricted assets are composed of the following:

	<u>Cash and Accrued Interest</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 431,329
Amounts held in fiduciary capacity District Attorney’s Office	535,054
Amounts Reserved for Workers’ Compensation Liabilities	<u>265,796</u>
Total General Fund	<u>1,232,179</u>
Total Governmental Funds	<u>\$ 1,232,179</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 5: RISK MANAGEMENT

The County is exposed to risk of loss related to self-insurance activities for workers' compensation. The County records the liability for the risk associated with the workers' compensation. The County has excess workers' compensation insurance with a self-insured retention per occurrence of \$750,000, and a maximum indemnity per occurrence of \$1,000,000.

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust amount for workers' compensation. The cash balance at December 31, 2011, was \$265,796 and is included in the restricted cash amount in the General Fund. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act in case the County could not pay claims.

The County maintains workers' compensation reserves for claims incurred and claims incurred but not reported on the funds to which, per the County's estimate, they apply. Independent of these reserves, the County maintains a \$120,000 deposit with a third-party administrator to facilitate claim processing. This amount is recorded in the General Fund.

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are discounted at 3.5% for workers' compensation. Accrued workers' compensation self-insurance liabilities at December 31, 2011, are summarized as follows:

Governmental Activities	Business-Type Activities	Total
\$ 2,591,421	\$ 35,538	\$ 2,626,959

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2011 and 2010.

<u>2011</u>			
January 1, 2011, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2011, <u>Liability</u>
<u>\$2,407,200</u>	<u>\$440,662</u>	<u>\$(220,903)</u>	<u>\$2,626,959</u>
<u>2010</u>			
January 1, 2010, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2010, <u>Liability</u>
<u>\$2,647,347</u>	<u>\$33,442</u>	<u>\$(273,589)</u>	<u>\$2,407,200</u>

There have been no significant reductions in insurance coverage from coverage in the prior year and the amount of settlements have not exceeded insurance coverage for each of the past three years.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 5: RISK MANAGEMENT (CONTINUED)

Component Units – Risk Management

Case Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. CMU is liable for all claims up to an aggregate of \$1,425,737 or \$85,000 per individual for any one plan year. Once the deductible has been met, all future stop loss reimbursements for that contract year are payable. CMU purchased stop loss insurance to cover all claims incurred in excess of these deductible points of \$109,212. As of June 30, 2011, CMU has recorded a liability for claims incurred. No settlements exceeded insurance coverage for each of the past three years. The claims liability is included in accrued expenses on the financial statements.

Balance as of June 30, 2010	\$	99,552
Add: Incurred claims relating to:		
Stop Loss Reimbursement		-
Current year		1,342,272
		1,441,824
Less: Payment of claims relating to:		
Prior years		99,552
Current year		1,233,060
		1,332,612
Balance as of June 30, 2011	\$	109,212

Dauphin County Industrial Development Authority ("IDA")

The IDA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages during 2011. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ -	\$ -	\$ 498,551
Intangible Assets	211,827	-	-	211,827
Construction in Progress - Infrastructure	4,769,066	379,867	(5,095,270)	53,663
Construction in Progress	11,628,258	7,548,821	(8,329,163)	10,847,916
<b>Total Capital Assets, Not Being Depreciated</b>	<b>17,107,702</b>	<b>7,928,688</b>	<b>(13,424,433)</b>	<b>11,611,957</b>
Capital Assets, Being Depreciated				
Infrastructure	11,935,947	5,095,270	-	17,031,217
Buildings and Improvements	82,646,188	-	-	82,646,188
Machinery and Equipment	40,430,554	8,599,516	(172,726)	48,857,344
Leasehold Assets	11,892,539	378,741	(8,782)	12,262,498
<b>Total Capital Assets, Being Depreciated</b>	<b>146,905,228</b>	<b>14,073,527</b>	<b>(181,508)</b>	<b>160,797,247</b>
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(5,840,773)	(424,481)	-	(6,265,254)
Buildings and Improvements	(41,244,667)	(1,434,154)	-	(42,678,821)
Machinery and Equipment	(7,101,451)	(2,770,088)	172,726	(9,698,793)
Leasehold Assets	(8,173,414)	(652,883)	8,782	(8,817,515)
<b>Total Accumulated Depreciation and Amortization</b>	<b>(62,360,305)</b>	<b>(5,281,586)</b>	<b>181,508</b>	<b>(67,460,383)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>84,544,923</b>	<b>8,791,941</b>	<b>-</b>	<b>93,336,864</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 101,652,625</b>	<b>\$ 16,720,629</b>	<b>\$ (13,424,433)</b>	<b>\$ 104,948,821</b>
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 111,492	\$ -	\$ -	\$ 111,492
Construction in Progress	63,821	11,016	(63,821)	11,016
<b>Total Capital Assets, Not Being Depreciated</b>	<b>175,313</b>	<b>11,016</b>	<b>(63,821)</b>	<b>122,508</b>
Capital Assets, Being Depreciated				
Buildings and Improvements	3,817,947	-	-	3,817,947
Machinery and Equipment	12,391,870	74,271	-	12,466,141
Furniture and Fixtures	65,346	-	(42,126)	23,220
Leasehold Assets	15,840,898	-	(112,998)	15,727,900
<b>Total Capital Assets, Being Depreciated</b>	<b>32,116,061</b>	<b>74,271</b>	<b>(155,124)</b>	<b>32,035,208</b>
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(1,881,743)	(93,586)	-	(1,975,329)
Machinery and Equipment	(10,455,631)	(426,549)	-	(10,882,180)
Furniture and Fixtures	(65,582)	-	42,126	(23,456)
Leasehold Assets	(11,741,282)	(387,866)	112,998	(12,016,150)
<b>Total Accumulated Depreciation and Amortization</b>	<b>(24,144,238)</b>	<b>(908,001)</b>	<b>155,124</b>	<b>(24,897,115)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>7,971,823</b>	<b>(833,730)</b>	<b>-</b>	<b>7,138,093</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 8,147,136</b>	<b>\$ (822,714)</b>	<b>\$ (63,821)</b>	<b>\$ 7,260,601</b>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 6: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities:</u>	
General Government	\$ 812,177
Judiciary	846,639
Conservation and Development	10,857
Human Services	439,493
Culture and Recreation	73,040
Public Safety	2,674,899
Public Works	<u>424,481</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 5,281,586</u>
<u>Business-Type Activities:</u>	
Public Works	\$ 147,810
Public Safety	375,753
Human Services	330,005
Culture and Recreation	<u>54,433</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 908,001</u>

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,200,553	40 years
Machinery and Equipment	152,018	5-6 years
Leasehold Assets	<u>15,241</u>	5 years
	<u>1,477,907</u>	
Less: Accumulated Amortization and Depreciation	<u>721,866</u>	
	<u>\$ 756,041</u>	

Depreciation expense for the year ended December 31, 2011 was \$50,218.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County General Authority

Changes in Capital Assets of the business-type activities at December 31, 2011, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,028,786	\$ -	\$ -	\$ 2,028,786
Construction in progress	13,957	269,117	(13,957)	269,117
<b>Total capital assets, not being depreciated</b>	<b>2,042,743</b>	<b>269,117</b>	<b>(13,957)</b>	<b>2,297,903</b>
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	95,481,452	466,401	-	95,947,853
Building improvements	365,983	-	-	365,983
Golf course equipment	976,810	21,978	(36,500)	962,288
Other equipment	1,511,052	77,544	-	1,588,596
<b>Total capital assets, being depreciated</b>	<b>104,078,394</b>	<b>565,923</b>	<b>(36,500)</b>	<b>104,607,817</b>
Less accumulated depreciation for:				
Land improvements	(2,910,885)	(191,437)	-	(3,102,322)
Buildings	(35,898,125)	(3,273,767)	-	(39,171,892)
Building improvements	(271,510)	(12,619)	-	(284,129)
Golf course equipment	(731,614)	(65,155)	36,500	(760,269)
Other equipment	(722,706)	(137,847)	-	(860,553)
<b>Total accumulated depreciation and amortization</b>	<b>(40,534,840)</b>	<b>(3,680,825)</b>	<b>36,500</b>	<b>(44,179,165)</b>
<b>Capital assets, being depreciated, net</b>	<b>63,543,554</b>	<b>(3,114,902)</b>	<b>-</b>	<b>60,428,652</b>
<b>Capital assets, net</b>	<b>\$65,586,297</b>	<b>\$(2,845,785)</b>	<b>\$ (13,957)</b>	<b>\$62,726,555</b>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County General Authority (Continued)

Depreciation and amortization was calculated on the straight-line method using the following useful lives:

	<u>Estimated Useful Life</u>
Land	-
Construction in progress	-
Land improvements	30 years
Buildings	30 years
Building improvements	15 years
Golf course equipment	7 years
Other equipment	7-10 years

Case Management Unit

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,526,314	\$ 38,277	\$ -	\$1,564,591
Leasehold Improvements	99,750	-	-	99,750
<b>Total Capital Assets, Being Depreciated</b>	<b>1,626,064</b>	<b>38,277</b>	<b>-</b>	<b>1,664,341</b>
Less Accumulated Depreciation for:				
Furniture and Equipment	1,138,730	138,612	-	1,277,342
Leasehold Improvements	66,100	9,975	-	76,075
<b>Total Accumulated Depreciation</b>	<b>1,204,830</b>	<b>148,587</b>	<b>-</b>	<b>1,353,417</b>
<b>Total Capital Assets, net</b>	<b>\$ 421,234</b>	<b>\$ 110,310</b>	<b>\$ -</b>	<b>\$ 310,924</b>

CMU functions solely as designee in possession of the assets for the purpose of providing services under the County contract. Capital assets purchased are capitalized and depreciated over their estimated useful life for financial statement purposes.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County Industrial Development Authority (“IDA”)

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2011:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Capital assets, not being Depreciated:				
Construction in progress	\$ 1,107,001	\$3,760,520	\$ -	\$ 4,867,521
Land	50,900	-	-	50,900
<b>Total capital assets, not Depreciated</b>	<b>1,157,901</b>	<b>3,760,520</b>	<b>-</b>	<b>4,918,421</b>
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building Improvements	1,508,947	9,310	-	1,518,257
Office furniture and equipment	14,521	-	-	14,521
<b>Total capital assets, being depreciated</b>	<b>1,997,822</b>	<b>9,310</b>	<b>-</b>	<b>2,007,132</b>
Less accumulated depreciation for:				
Buildings held for lease	(65,224)	(11,859)	-	(77,083)
Building improvements	(313,282)	(100,907)	-	(414,189)
Office furniture and equipment	(5,580)	(1,856)	-	(7,436)
<b>Total accumulated depreciation</b>	<b>(384,086)</b>	<b>(114,622)</b>	<b>-</b>	<b>(498,708)</b>
<b>Total capital assets, being depreciated, net</b>	<b>1,613,736</b>	<b>(105,312)</b>	<b>-</b>	<b>1,508,424</b>
<b>Total capital assets, net</b>	<b>\$ 2,771,637</b>	<b>\$3,655,208</b>	<b>\$ -</b>	<b>\$ 6,426,845</b>



COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County Economic Development Corporation ("DCEDC")

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2011:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital assets, being depreciated:				
Furniture and Equipment	\$ 19,927	\$ -	\$ -	\$ 19,927
Works of Art	8,011	-	-	8,011
Buildings	2,068,611	-	-	2,068,611
Total capital assets, being depreciated	2,096,549	-	-	2,096,549
Less accumulated depreciation for:				
Furniture and Equipment	(19,927)	-	-	(19,927)
Works of Art	(8,011)	-	-	(8,011)
Buildings	(271,835)	(53,041)	-	(324,876)
Total accumulated depreciation	(299,773)	(53,041)	-	(352,814)
Total capital assets, being depreciated, net	1,796,776	(53,041)	-	1,743,735
Total capital assets, net	\$ 1,796,776	\$ (53,041)	\$ -	\$ 1,743,735

Depreciation expense was \$53,041 for the year ended December 31, 2011.

## NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2011:

Reading Hospital and Medical Center	\$ 7,055,000
Dauphin County Library System	985,197
Pinnacle Health Systems	185,995,000
Pinnacle Health Systems	100,000,000
United Church of Christ Homes, Inc	29,185,000
	<u>\$ 323,220,197</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority

Variable Rate Demand Revenue Bonds (WITF, Inc. Project), Series of 2005

On September 23, 2005, the IDA issued Variable Rate Demand Revenue Bonds, Series of 2005 (the Bonds) in the aggregate principal amount of \$19,000,000. The IDA appointed Fulton Financial Advisors, N.A., to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the payments required to be made by WITF, Inc. (the Borrower) under a loan agreement by and between DCIDA and the Borrower (the Agreement.)

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrower for the acquisition and construction of a public media center to be occupied and used by the Borrower, and payment of related costs and expenses, including a portion of the costs incurred to issue the Bonds. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2026.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make the payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

In 2009 the IDA approved the refinancing of these bonds into a tax exempt private loan. The refinanced aggregate principal is \$18,000,000.

Lease Revenue Bonds, Series of 2005 (Pennsylvania Fish and Boat Commission)

On September 28, 2005, the IDA issued Lease Revenue Bonds, Series of 2005 (the Bonds) in the aggregate principal amount of \$4,220,000. The IDA appointed Manufacturers and Traders Trust Company, to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the payments required to be made by PA Fish and Boat Commission (the Borrower) under a lease/purchase agreement by and between DCIDA and the Borrower (the Agreement).

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrower to advance refund Lease Revenue Bonds, Series of 1999, fund a debt service reserve fund, and pay Bond issuance costs. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2015.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirement of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

Taxable Mortgage Revenue Bonds, Series 2006 Bentley Harrisburg Senior Living Facility)

On April 6, 2006, the Authority issued Taxable Mortgage Revenue Bonds, Series 2006 (the Bonds) in the aggregate principal amount of \$2,720,000. The IDA appointed Wells Fargo Bank, N.A. to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the Authority, payable solely from the payments required to be made by Harrisburg Senior Living, LLC and Bentley Harrisburg Senior Center, LLC (the Borrowers) under the loan agreement by and between IDA and the Borrowers (the Agreement).

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrowers to refinance certain short-term debt incurred by the Borrowers to acquire the facility, to fund certain working capital needs for the facility, and to pay Bond issuance costs. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2039.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

Federally Taxable Tax Increment Financing Bond, Series of 2006 (The Harrisburg East Mall Tax Increment Financing District)

On June 30, 2006, the IDA issued a Tax Increment Financing Bond, Series of 2006 (the Bond) in the aggregate principal amount of \$3,200,000. The IDA appointed Manufacturers and Traders Trust Company, to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the Tax Increment Financing revenues (TIF revenues) under a reimbursement and trust agreement by and between DCIDA and the Trustee (the Agreement.)

Pursuant to the Agreement, the IDA will reimburse Feldman Lubert Adler Harrisburg, LP (the Company) for costs incurred and paid and eligible to be funded pursuant to the Tax Increment Financing Act, Act of July 11, 1990, P.L. 465, as amended and supplemented. The Trustee, via TIF revenues, is obligated to make payments in amounts equal to scheduled principal and interest to the Company, along with certain annual administrative expenses of the IDA, until the Bond matures in 2015.

The IDA assigned, transferred and pledged all moneys held from time to time by the Trustee, the TIF Agreement and all pledged receipts under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Trustee is obligated to make timely payments directly to the Company in amounts necessary to satisfy the debt service requirements of the Bond. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bond.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

Grant Revenue Note, Series of 2006 (High Pointe Commons)

In October 2006, the IDA received a grant in the amount of \$3,719,540 from the Pennsylvania Department of Community and Economic Development (DCED) under DCED's Infrastructure and Facilities Improvement Program (Program). The grant is payable in ten equal annual installments. The IDA, pursuant to the Program, issued Grant Revenue Note, Series of 2006 (Note) in the amount of \$3,055,025 in order to provide financing in anticipation of the receipt of the grant. In accordance with a Development IFIP Grant Agreement, the proceeds of the Note were provided to High Pointe Commons Holding, LP for the development of a retail sales center. Final maturity on the Note is October 2015. DCED will disburse the proceeds of the grant to the IDA. The proceeds, upon receipt, are to be applied for and toward the payment of debt service on the Series 2006 Note. High Pointe Commons Holding, LP executed a Guaranty Agreement for the Series 2006 Note, secured by a second lien on the High Pointe Commons Retail Center. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

Mortgage Revenue Notes, Series of 2006 and 2007 (Hershey Christian School Association Project)

In November 2006, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$6,000,000. Pursuant to a Loan Agreement, the IDA lent the full proceeds of the Note to a Pennsylvania non-profit corporation (Corporation) for the acquisition and construction of an educational facility. Final maturity on the Note is November 2030. The Note is secured by an Open-End Mortgage and Security Agreement from the Corporation. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

In January 2007, the IDA issued a series of additional Mortgage Revenue Notes (2007 Notes) totaling \$700,000. Pursuant to the Supplemental Loan Agreement, the IDA lent the proceeds of the notes to the Corporation for the acquisition and construction of an educational facility. Final maturity on the Notes is November 2030. The Notes are secured by an Open-End Mortgage and Security Agreement from the Corporation. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Notes.

Mortgage Revenue Note, Series of 2007 (Yellow Breeches Educational Center, Inc. Project)

In December 2007, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$437,000 for the purpose of assisting a Pennsylvania non-profit corporation in the acquisition, of an existing educational facility, and the acquisition of the sewer treatment plant, which serves said educational facility. Final Maturity on the Note is December 2023. The note is secured by various assets of the borrower, accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

Multifamily Housing Revenue Bonds, Series of 2008 (Central Pennsylvania MHA Associates LP Project)

In November 2008, the IDA authorized the issuance of Multifamily Housing Revenue Bonds (Bonds) totaling \$13,000,000. Pursuant to a Loan Agreement, the IDA lent the full proceeds of the Bond to a Limited Partnership (LP) for the acquisition, rehabilitation and equipping of land and land improvements and the marketing and leasing of leasable space in the improvements. Final maturity on the Bonds is December 2040. The Bonds are secured by an Open-End Mortgage, Assignment of Leases and Rents, and Security Agreement and from LP. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

Mortgage Revenue Note, Series of 2008 (Visiting Nurse Association)

In December 2008, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$766,000 for the purpose of assisting a Pennsylvania non-profit corporation (Corporation) in the acquisition and renovation of a facility and in refinancing of a line of credit of the Corporation. Final maturity on the Note is 2023. The Note is secured by a mortgage of the Corporation, and accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT

A summary of changes in long-term debt obligations excluding obligations under capital lease follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and notes payable:</b>					
General obligation debt	\$ 161,176,500	\$ 15,655,000	\$ 24,320,000	\$ 152,511,500	\$ 41,406,500
<b>Total bonds and notes payable</b>	<b>161,176,500</b>	<b>15,655,000</b>	<b>24,320,000</b>	<b>152,511,500</b>	<b>41,406,500</b>
<b>Other liabilities:</b>					
Compensated absences	7,175,922	472,670	-	7,648,592	-
Estimated workers compensation claims	2,407,200	184,221	-	2,591,421	-
Other postemployment benefits	1,567,886	920,084	-	2,487,970	-
<b>Total other liabilities</b>	<b>11,151,008</b>	<b>1,576,975</b>	<b>-</b>	<b>12,727,983</b>	<b>-</b>
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 172,327,508</b>	<b>\$ 17,231,975</b>	<b>\$ 24,320,000</b>	<b>\$ 165,239,483</b>	<b>\$ 41,406,500</b>
<b>Business-Type Activities:</b>					
<b>Bonds and notes payable:</b>					
General obligation debt	\$ 440,000	\$ -	\$ 440,000	\$ -	\$ -
<b>Total bonds and notes payable</b>	<b>440,000</b>	<b>-</b>	<b>440,000</b>	<b>-</b>	<b>-</b>
<b>Other liabilities:</b>					
Compensated absences	286,154	68,949	-	355,103	-
Estimated workers compensation claims	-	35,538	-	35,538	-
<b>Total other liabilities</b>	<b>286,154</b>	<b>104,487</b>	<b>-</b>	<b>390,641</b>	<b>-</b>
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 726,154</b>	<b>\$ 104,487</b>	<b>\$ 440,000</b>	<b>\$ 390,641</b>	<b>\$ -</b>

An analysis of debt service requirements to maturity on the Governmental Activities obligations follows:

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2012	\$ 41,406,500	\$ 9,293,227	\$ 50,699,727
2013	8,125,000	4,845,313	12,970,313
2014	8,450,000	4,541,062	12,991,062
2015	7,815,000	4,157,934	11,972,934
2016	8,145,000	3,820,197	11,965,197
2017-2021	46,600,000	13,205,823	59,805,823
2022-2026	29,690,000	3,044,290	32,734,290
2027-2029	2,280,000	187,767	2,467,767
	<u>\$152,511,500</u>	<u>\$ 43,095,613</u>	<u>\$195,607,113</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below (Payable from General Fund tax revenues.):

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2011</u>
2002	\$ 3,500,000	Provide funds to construct road and transportation improvements at a variable interest rate from 1.80%-3.85%. (Final Maturity in 2012).	\$ 440,000
2004	\$ 39,760,000	General Obligation Bonds, Series 2004 and General Obligation Notes, Series C and D issued for defeasing General Obligation Bonds, Series of 1998, 1999 Series A of 2003 and to partially refund the Second Series of 2001 and to pay the cost of issuance related to the bond issue at a variable interest rate from 2.40%-5.40%. (Final Maturity in 2024).	17,495,000
2005	\$ 33,990,000	General Obligation Bonds, Series of B and C of 2005 issued to currently refund General Obligation Bonds, Series A of 2000; to advance refund General Obligation Bonds, Second Series of 2001; and to advance refund General Obligation Bonds, Series of 2002 at a variable interest rate from 2.65%-5.00%. (Final Maturity in 2024)	23,555,000
2006	\$ 16,450,000	General Obligation Bonds, Series of 2006 issued to fund the costs of the emergency communications project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.55%-5.00%. (Final Maturity 2023)	16,425,000
2009	\$ 21,965,000	General Obligation Bonds, Series of 2009 issued to fund the following projects: the Energy Project, the Work Release Center Project, the Juvenile Court Project and the Emergency Vehicle Storage Building Project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.000%-4.125%. (Final Maturity 2029)	20,930,000
2010	\$ 23,380,000	General Obligation Bonds, Series B, C and D of 2010 issued to currently refund General Obligation Notes, Series A and B of 2004 and General Obligation Bonds, Series of 2008 and to pay the cost of issuance related to the bond issue at a variable interest rate from 1.00%-5.00%. (Final Maturity, Series B – 2014; Series C – 2012; Series D – 2023)	23,365,000
2010	\$ 34,746,500	Federally Taxable Bond Anticipation Note issued to pay on the Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, issued by the Harrisburg Authority. The Note bears interest equal to the LIBOR rate or the Base Rate plus 25 basis points, not exceeding the maximum rate. (Final Maturity 2012)	34,746,500
2011	\$ 15,655,000	General Obligation Bonds, Series of 2011 issued to currently refund General Obligation Bond, Series A of 2002 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.40%-5.00%. (Final Maturity 2024)	<u>15,555,000</u>
			<u>\$ 152,511,500</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Interest rates on the above obligations range from 0.4% to 5.4%. The County has pledged its taxing power as security for outstanding general obligation debt.

In August 2005, the County issued \$4,120,000 in General Obligation Bonds, Series A of 2005 to currently refund general obligation debt of the County. The Human Service Building Fund recognized a bond premium of \$41,144 as a result of this refunding. The premium is being amortized on the interest method over the term of the bonds. The balance of the premium at December 31, 2011 is fully amortized.

In June 2011, the County issued \$15,655,000 in General Obligation Bonds, Series of 2011. The County recognized a bond premium of \$1,091,219 as a result of the issuance. The County transferred \$16,465,000 to a Bond Escrow agent to be used to currently refund the outstanding General Obligation Bonds, Series A of 2002. In addition, the County paid \$187,944 in bond issuance costs. The bonds mature on November 15, 2024 and carry an interest rate between 0.40% and 5.00%.

These refunding transactions resulted in an estimated cash flow savings of \$1,020,533 for the County and an estimated economic gain of \$978,198.

In the current and prior years, the County defeased various general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying general purpose financial statements. At December 31, 2011, the principal amount outstanding relative to defeased debt was \$29,425,000.



COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term DebtDauphin County General Authority

Long-term debt outstanding at December 31, 2011, is as follows:

## Office and Parking Revenue Bonds (Riverfront Office Center):

Series A of 1998	\$ 28,840,000
Series C of 1998-Capital Appreciation Bonds	13,256,402
Hotel and Conference Center Bonds (Hyatt Hotel Project) Series of 1998	56,620,000
Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009 (Building Bonds)	4,445,000
Lease Revenue Bonds (100 Chestnut Street) – Series D of 2009	2,170,000
Dauphin County Guaranteed Lease Revenue Bonds Series A and B of 2011 (Dauphin Highlands)	11,152,081
Capital Lease Payable (Dauphin Highlands)	<u>66,881</u>
	<u>\$116,550,364</u>

Long-term debt is shown on the balance sheet as follows:

Current portion of capital lease obligation	\$ 32,586
Current portion of long-term debt	3,756,340
Long-term debt, net of current portion	112,727,143
Capital lease payable, net of current portion	<u>34,295</u>
	<u>\$116,550,364</u>

Long-term liability activity for the General Authority for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt	\$118,637,912	\$12,033,414	\$ (14,120,962)	\$116,550,364	\$ 3,788,926
Deferred charge	(722,717)	(915,665)	646,845	(991,537)	-
	<u>\$117,915,195</u>	<u>\$11,117,749</u>	<u>\$ (13,474,117)</u>	<u>\$115,558,827</u>	<u>\$ 3,788,926</u>

Each of the General Authority's financing programs is described below. The General Authority has complied with the covenants contained in its debt agreements for the year ended December 31, 2011 except as described in Note 26.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Office and Parking Revenue Bonds – Series A, B and C of 1998 (Riverfront Office Center)

On June 30, 1998, the General Authority issued Office and Parking Revenue Bonds Series A, B, and C in the principal amounts of \$38,950,000, \$1,120,000, and \$5,235,436 respectively. The bond proceeds were used to acquire certain real estate and parking facilities in the City of Harrisburg, known as the "Riverfront Office Center," to fund a debt service reserve, and to pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

The bonds, as issued, consisted of Current Interest and Capital Appreciation Bonds. The Series A and B are Current Interest Bonds and the Series C are Capital Appreciation Bonds.

The Current Interest Bonds bear interest and mature as follows:

Series A

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	6.00%	\$ 1,230,000	\$ 1,730,400	\$ 2,960,400
2013	6.00%	1,305,000	1,656,600	2,961,600
2014	6.00%	1,385,000	1,578,300	2,963,300
2015	6.00%	1,465,000	1,495,200	2,960,200
2016	6.00%	1,555,000	1,407,300	2,962,300
2017-2021	6.00%	9,290,000	5,520,000	14,810,000
2022-2025	6.00%	12,610,000	2,199,900	14,809,900
		<u>\$28,840,000</u>	<u>\$15,587,700</u>	<u>\$44,427,700</u>

Series B

There was no balance remaining on the Series B bonds at December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Office and Parking Revenue Bonds – Series A, B and C of 1998 (Riverfront Office Center) (Continued)Series C

The Capital Appreciation Bonds, which have an effective yield of 7%, bear no stated interest and have stated initial principal values as follows:

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$1,049,885	\$ 770,115
January 1, 2025	293,857	1,820,000	1,075,929	744,071
July 1, 2025	283,920	1,820,000	1,101,082	718,918
January 2, 2026	274,310	1,820,000	1,125,397	694,603
July 1, 2026	265,047	1,820,000	1,148,893	671,107
January 1, 2027	256,074	1,820,000	1,171,589	648,411
July 1, 2027	247,411	1,820,000	1,193,501	626,499
January 1, 2028	3,310,677	25,205,000	16,822,322	8,382,678
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$24,688,598</u>	<u>\$13,256,402</u>

As required by a mandatory sinking fund provision, the trustee deposited \$2,964,300 of bond proceeds to the Debt Service Reserve Account.

Hotel and Conference Center Revenue Bonds – Series of 1998 (Hyatt Hotel Project)

On July 1, 1998, the General Authority issued Hotel and Conference Center Revenue Bonds, Series 1998 in the principal amount of \$64,500,000. The bond proceeds were used to provide funds to design, construct, and equip the Hyatt Regency Pittsburgh International Airport Hotel and Conference Center, to capitalize interest through the construction period, to fund a debt service reserve, to fund an operating reserve and pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Hotel and Conference Center Revenue Bonds – Series of 1998 (Hyatt Hotel Project) (Continued)

The Bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	6.20%	\$ 1,675,000	\$ 3,458,515	\$ 5,133,515
2013	6.20%	1,770,000	3,351,720	5,121,720
2014	6.20%	1,885,000	3,238,415	5,123,415
2015	6.20%	2,000,000	3,117,980	5,117,980
2016	6.20%	2,125,000	2,990,105	5,115,105
2017-2021	6.20%	12,640,000	12,745,960	25,385,960
2022-2026	6.20%	16,910,000	8,206,940	25,116,940
2027-2029	6.20%	17,615,000	1,964,315	19,579,315
		\$56,620,000	\$39,073,950	\$95,693,950

As required by a mandatory sinking fund provision, the trustee deposited \$5,189,000 of bond proceeds to the Debt Service Reserve Account. However, as discussed in Note 26, unscheduled draws were made out of the Bond Reserve Fund.

Dauphin County Guaranteed Lease Revenue Bonds - Series C of 2009 (Building Bonds)

On November 21, 2001, the General Authority issued \$5,620,000 Dauphin County Guaranteed Lease Revenue Refunding Bonds – Series A of 2001 and \$4,750,000 Dauphin County Guaranteed Lease Revenue Bonds, Series B of 2001. The proceeds of Series A of 2001 were used to defease the County Building Bonds Series of 1997. At December 31, 2011, the balance outstanding on both the County Building Bonds Series of 1997 and the Dauphin County Lease Revenue Refunding Bonds, Series A of 2001 is zero.

The Series B of 2001 Bonds were issued to make renovations and improvements to a portion of the building; upgrade the electrical, plumbing and HVAC systems and installation of a new steam heating system to the property; and to pay the costs of issuance associated with issuing the bonds.

On November 12, 2009, the general Authority issued \$4,865,000 Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009. The proceeds of Series C of 2009 were used to currently refund Series B of 2001 and to pay the costs of issuance associated with issuing the bonds. The balance outstanding on the Series B of 2001 bonds at December 31, 2011 is zero.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Lease Revenue Bonds - Series of 2001 and Series C of 2009 (Building Bonds) (Continued)

The County has pledged its taxing power to support its lease rental payments related to both principal and interest due on the General Authority's Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	2.00%	\$ 350,000	\$ 141,225	\$ 491,225
2013	2.25%	360,000	134,225	494,225
2014	2.50%	365,000	126,125	491,125
2015	3.00%	375,000	117,000	492,000
2016	3.00%	385,000	105,750	490,750
2017-2021	3.20%-3.85%	2,140,000	331,015	2,471,015
2022	3.88%	470,000	18,213	488,213
		<u>\$ 4,445,000</u>	<u>\$ 973,553</u>	<u>\$ 5,418,553</u>

Lease Revenue Bonds – Series D of 2009 (100 Chestnut Street)

On October 1, 2003, the Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$2,490,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$1,355,000. The Authority used the 2003 bond proceeds to advance refund the Lease Revenue Bonds, Series A and B of 1998, resulting in defeasance of the bonds. The bonds are insured by a municipal bond guaranty insurance policy.

On November 12, 2009, the General Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The General Authority used the Series D bond proceeds to currently refund the 2003 Bonds Payable, Series A. As of December 31, 2011, the Series A and Series B of 2003 bonds had a zero balance.

The bonds bear interest and mature as follows:

Series D of 2009

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1.55%	\$ 295,000	\$ 56,848	\$ 351,848
2013	2.00%	295,000	52,275	347,275
2014	2.30%	300,000	46,375	346,375
2015	2.70%	305,000	39,475	344,475
2016	3.00%	315,000	31,240	346,240
2017-2018	3.20%-3.40%	660,000	33,180	693,180
		<u>\$2,170,000</u>	<u>\$ 259,393</u>	<u>\$2,429,393</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)

Dauphin County General Authority (Continued)

Lease Revenue Bonds – Series A and B of 1998 (100 Chestnut Street)

On September 1, 1998, the General Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$4,285,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$340,000. The bond proceeds were used to acquire certain real estate in the City of Harrisburg, known as "100 Chestnut Street," to fund certain renovations to the facility, to fund a debt service reserve, and to pay the costs of issuance. On October 1, 2003, the General Authority advance refunded the Series A of the 1998 Bonds, resulting in a defeasance of the bonds. As a result, the liability for those bonds has been removed from the 100 Chestnut Street Fund. The balance outstanding on the defeased Series A bonds on December 31, 2011 is \$2,105,000. The Series B bonds matured in 2006 and were paid in full.

Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 (Dauphin Highlands)

On January 6, 2005, the General Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds are insured by a municipal bond guaranty insurance policy. The net proceeds were used to advance refund the 1993 Series Capital Appreciation Bonds, advance refund the County Guaranteed Revenue Bonds, Series of 2003 and pay the costs of issuing the bonds. As a result, the liability for those bonds has been removed from Dauphin Highlands. At December 31, 2011, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$11,690,000 and \$8,045,007, respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2011.

On September 30, 2011, the Authority issued Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 (Series A of 2011) and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011 (Series B of 2011), in the principal amounts of \$8,796,927 and \$2,355,154, respectively. The bonds are insured by a municipal bond guarantee insurance policy. The Authority used the proceeds of Series A 2011 to currently refund the Series A of 2005 and pay the cost of issuance. The net proceeds of Series B of 2011 were used to advance refund the Series B of 2005 and pay issuance costs. As a result, the liability for those bonds has been removed from the Authority. The current refunding of the Series A of 2005 is estimated to reduce total debt service payments by \$4,390,331 through 2034, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$3,141,181. The advance refunding of the Series B of 2005 is estimated to reduce the total debt service payments by \$276,861 through 2021, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$267,308. The balance outstanding on the defeased Series B of 2005 on December 31, 2011 is \$2,075,000.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 (Dauphin Highlands) (Continued)

The interest rate on Series A of 2011 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on London Interbank Offered Rate (LIBOR) plus 1.75% not to exceed 12%. The interest rate on these bonds as of December 31, 2011 was 2.046%. Dauphin County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2011 Revenue Refunding Bonds. These bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 76,496	\$ 181,919	\$ 258,415
2013	86,197	180,269	266,466
2014	97,129	178,398	275,527
2015	109,448	176,289	285,737
2016	8,427,657	145,025	8,572,682
	<u>\$ 8,796,927</u>	<u>\$ 861,900</u>	<u>\$ 9,658,827</u>

The interest rate on Series B of 2011 Bonds is variable. Per the bond agreements the interest rates will change monthly and be calculated based on LIBOR plus 1.75%, not to exceed 12%. The interest rate on these bonds as of December 31, 2011 was 2.046%. Dauphin County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series B of 2011 Bonds. These bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 129,844	\$ 47,858	\$ 177,702
2013	146,312	45,056	191,368
2014	164,868	41,880	206,748
2015	185,777	38,300	224,077
2016	1,728,353	28,841	1,757,194
	<u>\$ 2,355,154</u>	<u>\$ 201,935</u>	<u>\$ 2,557,089</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development AuthorityQualified Tax-Exempt Obligations

\$488,000 Guaranteed Lease Revenue Note, Series of 2004, due in monthly installments of \$4,855 through November 4, 2014 plus interest at 3.63%.

The proceeds of the note, dated November 4, 2004, were used for and towards the acquisition of a building situated at 1805 North Cameron Street in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated November 4, 2004 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2004:

Principal	Interest	Interest Rate	Maturity Date
\$ 53,061	\$ 5,204	3.63%	2012
54,927	3,338	3.63%	2013
56,858	1,406	3.63%	2014
9,669	42	3.63%	2015
<u>\$ 174,515</u>	<u>\$ 9,990</u>		

\$900,000 Guaranteed Lease Revenue Note, Series of 2006, due in monthly installments of \$5,677 through April 5, 2026 plus interest at 4.40%.

The proceeds of the note, dated April 5, 2006, were used for and towards the acquisition of a building situated at 1300 Rolleston Street in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated April 5, 2006 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.



COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)\$900,000 Guaranteed Lease Revenue Note, Series of 2006 (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2006:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 36,239	\$ 31,883	4.40%	2012
37,895	30,226	4.40%	2013
39,627	28,494	4.40%	2014
41,438	26,683	4.40%	2015
43,332	24,789	4.40%	2016
248,238	92,368	4.40%	2017 to 2021
281,798	30,425	4.40%	2022 to 2026
<u>\$ 728,567</u>	<u>\$ 264,868</u>		

\$410,651 Guaranteed Lease Revenue Note, Series 2007A, due in monthly installments of \$2,688 through August 16, 2027 plus interest at 4.83%.

The proceeds of the note, dated August 16, 2007 were used for and towards the acquisition of a building situated at 2125 Paxton Church Road in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated August 16, 2007 between the Authority, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the Authority in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)\$410,651 Guaranteed Lease Revenue Note, Series 2007A (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2007A:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 15,454	\$ 16,799	4.83%	2012
16,216	16,037	4.83%	2013
17,016	15,238	4.83%	2014
17,854	14,399	4.83%	2015
18,734	13,519	4.83%	2016
108,470	52,795	4.83%	2017 to 2021
137,974	23,291	4.83%	2022 to 2026
23,711	479	4.83%	2027 to 2030
<u>\$ 355,429</u>	<u>\$ 152,557</u>		

\$900,000 Guaranteed Lease Revenue Note Series 2007, due in monthly installments of \$5,291 through November 29, 2027 plus interest at 4.89%.

The proceeds of the note, dated November 29, 2007, were used for and towards the acquisition of a building situated at 5925 Stevenson Avenue in Lower Paxton Township, Dauphin County, Pennsylvania; and paying the costs and expenses related to the foregoing purposes and the issuance of the Note.

Under a lease agreement dated November 29, 2007 between the IDA, as lessor and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making payments directly to the bank. The County guarantees payment of the principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2007:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 33,546	\$ 37,502	4.83%	2012
35,224	35,824	4.83%	2013
36,987	34,062	4.83%	2014
38,837	32,211	4.83%	2015
40,780	30,268	4.83%	2016
236,619	118,621	4.83%	2017 to 2021
302,029	53,211	4.83%	2022 to 2026
57,901	1,306	4.83%	2027
<u>\$ 781,923</u>	<u>\$ 343,005</u>		

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)

\$1,900,000 Guaranteed Mortgage Revenue Series of 2010 interest due in monthly installments at a fixed rate of 5.65% APR for the first five years through December 1, 2015, and then float at Prime floor of 4% through the maturity of the Note on December 1, 2020.

The proceeds of the note, dated December 1, 2010, were used to pay issuance costs of \$26,197 and \$1,675,870 was used to refinance the outstanding principal balances of the Guaranteed Lease Revenue Note, Series of 2005, Loan Payable, Vartan Bank, and Guaranteed Construction Note, Series 2008. The remaining balance of \$197,933 was used to pay outstanding interest on the old debt and to fund the 2010 Renovation Project.

The following is a maturity schedule for the Guaranteed Mortgage Revenue Note Series 2010:

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$	55,572	\$ 104,280	5.65%	2012
	57,941	101,911	5.65%	2013
	61,349	98,503	5.65%	2014
	64,957	94,895	5.65%	2015
	68,520	91,332	5.65%	2016
	1,552,469	339,205	5.65%	2017-2021
	<u>\$1,860,808</u>	<u>\$ 830,126</u>		

The following is a summary of long-term debt for the year ended September 30, 2011:

	Balance October 1, 2010		Additions	Deletions	Balance September 30, 2011	Due Within One Year
Guaranteed lease revenue notes:						
Series of 2004	\$ 221,570	\$ -	\$ (47,055)	\$ 174,515	\$ 53,061	
Series of 2005	785,978	-	(785,978)	-	-	
Series of 2006	763,222	-	(34,655)	728,567	36,239	
Series of 2007	813,871	-	(31,948)	781,923	33,546	
Series of 2007(A)	370,157	-	(14,728)	355,429	15,454	
Subtotal	2,954,798	-	(914,364)	2,040,434	138,300	
2008 Construction Note	714,961	-	(714,961)	-	-	
Loan Payable	174,931	-	(174,931)	-	-	
Guaranteed mortgage revenue note	-	1,900,000	(39,192)	1,860,808	55,572	
Total	<u>\$ 3,844,690</u>	<u>\$1,900,000</u>	<u>\$(1,843,448)</u>	<u>\$3,901,242</u>	<u>\$ 193,872</u>	

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Economic Development Corporation

The following is a summary of long-term debt for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2004 Guaranteed Parking Revenue Note	\$ 1,870,000	\$ -	\$ -	\$ 1,870,000	\$ 55,000
Section 108 Note Payable	<u>2,680,000</u>	<u>-</u>	<u>(160,000)</u>	<u>2,520,000</u>	<u>160,000</u>
	<u>\$ 4,550,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 4,390,000</u>	<u>\$ 215,000</u>

Long-term debt at December 31, 2011, consisted of the following:

Note payable of \$2,200,000 to a bank, payable in variable annual installments plus interest not to exceed 10%, initial principal payment due 2006, final payment due December 2030. Interest rate at December 31, 2011 was 1.7477%. \$ 1,870,000

Section 108 Note payable in the amount of \$3,000,000 issued for the purpose of redeveloping a brownfield site at an approximate interest rate of 5.4% and final payment due August 2026. 2,520,000

4,390,000

Less current portion (215,000)

Long-term debt \$ 4,175,000

Maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 215,000	\$ 169,046	\$ 384,046
2013	230,000	160,037	390,037
2014	230,000	150,734	380,734
2015	235,000	141,398	376,398
2016	240,000	131,944	371,944
2017 to 2021	1,300,000	504,629	1,804,629
2022 to 2026	1,400,000	223,776	1,623,776
2027 to 2031	540,000	24,818	564,818
	<u>\$ 4,390,000</u>	<u>\$ 1,506,382</u>	<u>\$ 5,896,382</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 9: GUARANTEED DEBT

The County is currently the guarantor of three Swaps that were issued through the Harrisburg Authority.

The first swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003, originally issued in the amount of \$96,480,000. The synthetic variable swap (the "2003 Variable Swap") was executed in the amount of \$65,000,000. The 2003 Variable Swap was entered into with the Royal Bank of Canada (the Counterparty). The effective date of the 2003 Variable Swap was December 30, 2003 and the termination date is December 1, 2013. The Harrisburg Authority pays to the Counterparty SIFMA and receives from the Counterparty a fixed rate of 3.37%.

The second swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003 (the "2003D Bonds"), originally issued in the amount of \$96,480,000. A 6% cap (the "2003D Cap") was purchased from the Royal Bank of Canada (the Counterparty), commenced in 2006 and expires in 2033. The Authority is obligated to make semiannual payments to the Counterparty in connection with the 2003D Cap in the amount of \$247,000.

Component Units – Guaranteed Debt

Dauphin County Economic Development Corporation

On August 15, 2002, the Dauphin County Industrial Development Authority (IDA) issued County Guaranteed Revenue Bonds, Series of 2002 (the Bonds) in the aggregate principal amount of \$3,500,000.

The IDA appointed M & T Bank (formerly Allfirst), to serve as trustee, bond registrar and paying agent for the Bonds. The Bonds are limited obligations of IDA, payable solely from the funds pledged by the County of Dauphin (the County) under an agreement titled "Repayment Agreement by and between Dauphin County Industrial Development Authority and County of Dauphin, Pennsylvania regarding \$3,500,000 Dauphin County Industrial Development Authority County Guaranteed Revenue Bonds, Series of 2002," (the Repayment Agreement).

Pursuant to the Repayment Agreement, the IDA lent the full proceeds of the Bonds to the County to finance road and transportation improvements related to tourism and regional promotion and to pay costs incurred to issue the bonds. The County is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 9: GUARANTEED DEBT (CONTINUED)

Component Units – Guaranteed Debt (Continued)

Dauphin County Economic Development Corporation (Continued)

Under the bond indenture and the Repayment Agreement, the County is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. DCEDC will make debt service payments to the Trustee on behalf of the County using Hotel Tax Revenue from Dauphin County. However, the Bonds are the obligations of the County, not DCEDC, and therefore are not reflected as a liability in the financial statements of DCEDC as of December 31, 2011.

Scheduled interest rates and principal maturities on the Bonds are as follows:

<u>Maturity</u> November 15	<u>Rate of</u> <u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2012	3.85%	<u>\$ 440,000</u>	<u>\$ 16,940</u>	<u>\$ 456,940</u>
		<u>\$ 440,000</u>	<u>\$ 16,940</u>	<u>\$ 456,940</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 10: INTEREST RATE SWAPS

The County is a party to contracts for various derivative instruments as discussed below.

At December 31, 2011, the County has the following derivative instruments outstanding:

	Notional Amount	Fair Value		Changes in Fair Value	
		Fair Value at December 31, 2011 Classification	Amount	Change in Fair Value Classification	Amount
<b>Governmental Activities</b>					
<b>A Investment Derivatives:</b>					
2007 Fixed to Variable Rate Swaption	\$ 16,975,000	Investment	\$ 29,619	Unrestricted Investment Gain	\$ 609,261
<b>B</b> 2011 Fixed to Variable Rate Swaption	\$ 16,480,000	Investment	\$ 29,348	Unrestricted Investment Gain	\$ 583,760
<b>C</b> 2007 Fixed to Variable Rate Swaption	\$ 6,600,000	Investment	\$ 11,440	Unrestricted Investment Gain	\$ 283,035
Total Fixed to Variable Interest Rate Swaps			\$ 70,407		\$ 1,476,056
<b>D</b> 2005 Basis Swap	\$ 14,805,000	Investment	\$ 88,633	Unrestricted Investment Gain	\$ 99,569
<b>E</b> 2011 Basis Swap	\$ 45,050,000	Investment	\$ (92,998)	Unrestricted Investment Loss	\$ (92,998)
Total Basis Swaps			\$ (4,365)		\$ 6,571
<b>F</b> 2015 Forward-Starting Fixed Payer Swap	\$ 20,330,000	Investment	\$ (393,702)	Unrestricted Investment Loss	\$ (393,702)
<b>G</b> 2016 Forward-Starting Fixed Payer Swap	\$ 14,405,000	Investment	\$ (258,642)	Unrestricted Investment Loss	\$ (258,642)
Total Forward-Starting Fixed Payer Swaps			\$ (652,344)		\$ (652,344)
Total Investment Derivatives			\$ (586,302)		\$ 830,283

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 10: INTEREST RATE SWAPS (CONTINUED)

*Terms of the Investment Derivatives.* The terms, fair values, and credit ratings of the investment derivatives as of December 31, 2011 were as follows.

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Swap Termination Date	Counterparty	Counterparty Credit Rating
<b><u>Swaptions:</u></b>							
A Series 2005C	\$ 16,975,000	9/25/2007	SIFMA	3.735%	11/15/2012	DEPFA Bank	Baa3/BBB/BBB+
B Series 2011	\$ 16,480,000	9/25/2007	SIFMA	3.735%	11/15/2012	DEPFA Bank	Baa3/BBB/BBB+
C Series 2005B	\$ 6,600,000	9/25/2007	SIFMA	3.775%	11/15/2012	DEPFA Bank	Baa3/BBB/BBB+
<b><u>Basis Swaps:</u></b>							
D Series D of 2004 GON	\$ 14,805,000	10/1/2005	SIFMA	67% of USD-LIBOR + .39%	3/1/2019	RBC	Aa1/AA-/AA
E Portions of Series 2011 GOB, 2005 C GOB, and 2006 GOB	\$ 45,040,000	10/1/2005	SIFMA	70% of USD-LIBOR + .383%	11/15/2024	RBC	Aa1/AA-/AA
<b><u>Fixed Payer Forward Starting Swaps:</u></b>							
F Portion of Series 2005 B and 2005 C / 2015 Bonds	\$ 20,330,000	5/15/2015	notional balance * fixed rate of 2.252%	notional balance * 70% of 3-Month LIBOR	11/15/2024	RBC	Aa1/AA-/AA
G 2006 Bonds / 2016 Bonds	\$ 14,405,000	5/15/2016	notional balance * fixed rate of 2.403%	notional balance * 70% of 3-Month LIBOR	11/15/2023	RBC	Aa1/AA-/AA



COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

*Fair market value.* The fair market value of the derivative investments were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

*Credit risk.* As of December 31, 2011, the County was not exposed to credit risk for those investment derivatives with negative fair values. For the derivative investments with positive fair values, the County is be exposed to credit risk in the amount of the derivative's fair value. The County executes its derivative instruments with two counterparties that comprise 100% percent of its net exposure to credit risk. The Counterpartys' credit ratings are shown in the table above.

The County's Master Swap Agreement contains netting provisions applicable to circumstances where the County enters into more than one derivative transaction with a single counterparty. Under these netting provisions, should one party become insolvent or otherwise default on its obligations, the close-out netting provisions permit the nondefaulting party to terminate all affected transactions and net any settlement amounts payable so that a single sum will be owed by, or owed to, the nondefaulting party.

*Interest Rate Risk.* On the County's Basis Swap as SIFMA increases and LIBOR decreases, the County's net payment on the swaps increase. On the County's Swaptions, as SIFMA increases, the County's net payment on the swaps increase. On the County's Fixed Payer swaps, as LIBOR increases, the County's net payment on the swaps decrease.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 11: DIRECT FINANCING LEASES

Component Unit - Direct Financing Leases

Dauphin County General Authority

The General Authority's County Building Bond Fund leasing operation consists of leasing a parking garage/office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the County Building Bonds. Subsequent to leasing, the County designated the General Authority as agent to operate the facility. All operating costs remain the responsibility of the County and are accounted for on the County's records. In November 2009, the General Authority currently refunded the Revenue Bonds Series 2001 through the issuance of Guaranteed Lease Revenue Bonds, Series C of 2009. The term of the revised lease agreement is 20 years and expires in 2022.

The General Authority's 100 Chestnut Street Bond Fund leasing operation consists of leasing an office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the Chestnut Street Revenue Bonds. The Chestnut Street Revenue Bonds were originally advanced refunded in 2003 through the issuance of Lease Revenue Bonds, Series A and B of 2003. In November 2009, the General Authority refunded the Lease Revenue Bonds, Series A of 2003 through the issuance of Tax Exempt Lease Revenue Bonds, Series D of 2009. The term of the revised lease agreement is 15 years and expires in 2018.

Following is a schedule of minimum lease payments for all direct financing leases:

Years Ending December 31,	County Building Bond Fund	100 Chestnut Street Fund	Total
2012	\$ 491,225	\$ 351,848	\$ 843,073
2013	494,225	347,275	841,500
2014	491,125	346,375	837,500
2015	492,000	344,475	836,475
2016	490,750	346,240	836,990
2017-2021	2,471,015	693,180	3,164,195
2022	488,213	-	488,213
	\$ 5,418,553	\$ 2,429,393	\$ 7,847,946

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)Dauphin County General Authority (Continued)

The net investment in direct financing leases consists of the following at December 31, 2011:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
Total Minimum Lease			
Payments to be Received	\$ 5,418,553	\$ 2,429,393	\$ 7,847,946
Less: Unearned Income	973,553	245,181	1,218,734
	<u>\$ 4,445,000</u>	<u>\$ 2,184,212</u>	<u>\$ 6,629,212</u>
Current Portion	\$ 350,000	\$ 309,212	\$ 659,212
Noncurrent Portion	4,095,000	1,875,000	5,970,000
	<u>\$ 4,445,000</u>	<u>\$ 2,184,212</u>	<u>\$ 6,629,212</u>

Dauphin County Industrial Development Authority

On November 4, 2004 the IDA entered into a lease agreement with the County of Dauphin for a building for a fifteen year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2004 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased buildings and equipment for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2004 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$174,515.

On April 5, 2006, the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2006 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2006 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$728,567.

On August 15, 2007 the IDA entered into a lease agreement with County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2007A Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2007A Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$355,429.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)

Dauphin County Industrial Development Authority (Continued)

On November 29, 2007 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty-year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series 2007 Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series 2007 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$781,923.

Following is a schedule of minimum lease payments for the direct financing leases:

<u>Years Ending</u> <u>September 30,</u>	
2012	\$ 229,688
2013	229,687
2014	229,687
2015	181,133
2016	171,422
2017 – 2021	857,111
2022 – 2026	828,729
2027 – 2030	83,397
	<u>\$ 2,810,854</u>

The net investment in direct financing lease consists of the following at September 30, 2011:

Total Minimum Lease Payments to be Received	\$ 2,810,854
Less: Unearned Interest Income	<u>(770,420)</u>
	<u>\$ 2,040,434</u>
Current Portion	\$ 138,300
Noncurrent Portion	<u>1,902,134</u>
	<u>\$ 2,040,434</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 12: CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in capital lease obligations for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Capital Leases	\$ 5,452,398	\$ 378,741	\$ (752,154)	\$ 5,078,985	\$ 797,749
Total Capital Lease Obligations	<u>\$ 5,452,398</u>	<u>\$ 378,741</u>	<u>\$ (752,154)</u>	<u>\$ 5,078,985</u>	<u>\$ 797,749</u>
<u>Business-Type Activities</u>					
Capital Leases					
Human Services Building	\$ 4,795,000	\$ -	\$ (350,000)	\$ 4,445,000	\$ 350,000
911 EMA	141,910	-	(57,364)	84,546	59,076
Total Capital Lease Obligations	<u>\$ 4,936,910</u>	<u>\$ -</u>	<u>\$ (407,364)</u>	<u>\$ 4,529,546</u>	<u>\$ 409,076</u>

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for as an Enterprise Fund bearing interest at rates from 1.00% to 3.875% and for the Chestnut Street Building that is accounted for in the Governmental Activities bearing interest rates from 1.00% to 3.40%, both of which were refunded in 2009. As a result of the refunding, the Human Service Building Fund recognized a loss of \$124,319 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2011 is \$93,036. Also as a result of refunding, the County recognized a loss of \$68,278 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2011 is \$44,742 and is included in deferred interest from refunding on the Statement of Net Assets.

The County also has four lease payables to the Industrial Development Authority for District Justice Offices that are accounted for in the Governmental Activities bearing interest rates from 3.46% to 4.89%. The County has also entered into capital lease agreements for computer equipment, office and other equipment, and a security system which are accounted for in the Governmental Activities. Also, the County has entered into capital lease agreements for computer equipment in the 911 EMA Fund that is accounted for as an Enterprise Fund.

In 2011, the County entered into three new capital leases all in Governmental Activities. Two leases were for IT Equipment in the amounts of \$39,380 and \$26,980, and the other lease was for Prison Equipment in the amount of \$312,381.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

The following is a schedule of future minimum lease payments under the capital lease agreements, together with the present value of the net minimum lease payments as of December 31, 2011:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>911 EMA Fund</u>
2012	\$ 943,958	\$ 491,226	\$ 63,012
2013	776,423	494,226	26,677
2014	691,327	491,126	-
2015	542,599	492,001	-
2016	539,209	490,751	-
2017-2021	1,679,376	2,471,019	-
2022-2026	946,440	488,213	-
2027-2031	169,172	-	-
<b>Total Minimum Lease Payments</b>	<b>6,288,504</b>	<b>5,418,562</b>	<b>89,689</b>
<b>Less: Amount Representing Interest</b>	<b>1,209,519</b>	<b>973,562</b>	<b>5,143</b>
<b>Total Present Value of Net Minimum Lease Payments</b>	<b>5,078,985</b>	<b>4,445,000</b>	<b>84,546</b>
<b>Less: Amounts Due within One Year</b>	<b>797,749</b>	<b>350,000</b>	<b>59,076</b>
	<b>\$ 4,281,236</b>	<b>\$ 4,095,000</b>	<b>\$ 25,470</b>

The assets associated with the capital leases are shown as Leasehold Assets within the Capital Asset Note (See Note 6).

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Component Unit- Capital Lease Obligation

Dauphin County General Authority

In 2009, Dauphin Highlands purchased golf carts under a long-term lease agreement that is classified as a capital lease. As of December 31, 2011, Dauphin Highlands includes these golf carts at a cost of \$159,800, with accumulated depreciation of \$58,974.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2011 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2012	\$ 36,094
2013	36,094
Total Minimum lease payments	72,188
Less amount representing interest	(5,307)
Present value of future minimum lease payments	<u>\$ 66,881</u>

NOTE 13: LINE OF CREDIT

Component Unit – Line of Credit

Case Management Unit

At June 30, 2011, CMU had an \$800,000 line of credit with a bank secured by all accounts receivable which expires December 10, 2048. Interest on outstanding borrowings is due monthly at .5% above the bank's prime rate, which was 4.00% at June 30, 2011. There were \$1,515,000 in borrowings on the line and \$1,865,000 in repayments for the year ended June 30, 2011. The principle balance on the line as of June 30, 2011 was \$0.

Dauphin County Industrial Development Authority

During 2008, the IDA entered into a \$50,000 line of credit with PNC Bank, secured by gross revenues from the Trinity Harvest LLC project, which expires on September 1, 2013. Interest on outstanding borrowing is due monthly at the Lenders Prime Rate of 3.25% on September 30, 2011 less 2%. The outstanding principle balance on the Line at September 30, 2011 was \$29,767.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 14: FUND BALANCE / NET ASSETS

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

Prepaid items	\$ 1,244,464	
Incinerator loan	46,590,913	
Gaming loan	2,200,000	
Liquid fuels loan	334,470	\$ 50,369,847

Restricted

Low income housing	746,796	
Gaming	17,131,575	
Capital projects	11,800,528	
Fort Hunter trust fund	909,205	
State grant	401,905	
Liquid fuels	1,340,485	
Domestic relations	1,234,954	
Weatherization	43,449	
Hazardous materials	230,801	
Aging	76,838	
Drug act forfeited - state	200,113	
Drug act forfeited - federal	128,505	34,245,154

Assigned

2012 budgeted deficit		20,871,756
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Unassigned

Available for any purpose		22,492,245
		<u>\$ 127,979,002</u>

The restrictions of net assets included in the Fiduciary Funds are as follows:

Fiduciary Funds

Future payments of members' benefits	\$ 204,432,757
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COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 15: FUND BALANCES / NET ASSETS (CONTINUED)

Component Units-Reserved Fund Balance/Net AssetsDauphin County Economic Development Corporation ("DCEDC")

The restrictions of net assets included in the financial statements represent portions of net assets that are restricted for various purposes and are not available for the payment of other subsequent expenditures. The following restrictions are included in the financial statements.

Tourism and regional promotion	\$ 3,038,738
State of the County event	44,479
HOME Investment Partnerships Program	2,186
Team PA Calling Program	23,227
	<u>\$ 3,108,630</u>

## NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2011:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 9,715,892	\$ -
Special Revenue Funds		
Children and Youth Families Fund	-	9,175,102
ARRA Fund	-	445,562
Total Special Revenue Funds	-	9,620,664
Total Governmental Funds	<u>9,715,892</u>	<u>9,620,664</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choices	-	95,228
Total Proprietary Funds	-	95,228
	<u>\$ 9,715,892</u>	<u>\$ 9,715,892</u>

Component Unit-Interfund Receivables and Payables

The County utilizes a pooled operating fund to enhance investment return, therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund in the pooled account on behalf of other funds. In addition, the General Fund has paid expenses on behalf of other funds, therefore, a corresponding interfund receivable and payable has been recorded.

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	<u>\$ 137,242</u>	<u>\$ 137,242</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 17: INTERFUND OPERATING TRANSFERS

Interfund Transfers are executed as a result of the requirements for certain funds to fund a portion of the expenditures or expenses of other funds. Interfund operating transfers are as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental Funds:		
General Fund	\$ 1,837,752	\$ 14,423,879
Special Revenue Funds		
Mental Health/Mental Retardation Fund	877,406	11,018
Children and Youth Families Fund	9,735,952	29,603
Domestic Relations	2,071,193	-
Weatherization Program Fund	129,761	-
State Grants Fund	18,971	-
Human Services Development Fund	29,570	26,454
Aging Fund	90,000	21,618
Drug and Alcohol Fund	207,871	24,478
Hazardous Materials Fund	2,203	-
Liquid Fuels Fund	1,827	-
Drug Forfeited State Property Fund	-	52
Low Income Housing Fund	9,555	-
ARRA Fund	14,007	726
Gaming Fund	-	1,380,856
Total Special Revenue Funds	<u>13,188,316</u>	<u>1,494,805</u>
Fort Hunter Permanent Fund	-	32,500
Capital Projects Fund	<u>260,000</u>	-
Total Governmental Funds	<u>15,286,068</u>	<u>15,951,184</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	107,831
Human Services Building Fund	740,128	-
Emergency 911	319	-
Fort Hunter - Operating	32,500	-
Total Proprietary Funds	<u>772,947</u>	<u>107,831</u>
	<u>\$ 16,059,015</u>	<u>\$ 16,059,015</u>

Component Unit - Interfund Operating Transfers

	<u>Transfers from Component Units</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	<u>\$ 637,609</u>	<u>\$ 637,609</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 18: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through July 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Real estate property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2011 and expected to be collected within the first sixty (60) days of 2012 are recognized as revenue in 2011. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility.

The rate of taxation in 2011 was 6.876 mills, for general purposes. In addition, a special tax of .35 mills was approved for the County Library System.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

The General Authority has issued revenue bonds to finance various activities. The nonmajor enterprise funds consist of the County Building Bond Fund and 100 Chestnut Street Fund. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities or the related guarantee, if applicable, for repayment. Summary financial information for the funds is presented below:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CONDENSED BALANCE SHEET			
ASSETS			
Current assets	\$ 350,000	\$ 322,951	\$ 672,951
Noncurrent investment in direct financing lease	4,095,000	1,875,000	5,970,000
Restricted assets	66,922	1,032,876	1,099,798
Total assets	<u>\$ 4,511,922</u>	<u>\$ 3,230,827</u>	<u>\$ 7,742,749</u>
LIABILITIES			
Current liabilities	\$ 436,450	\$ 758,295	\$ 1,194,745
Noncurrent liabilities	4,095,000	1,875,000	5,970,000
Total liabilities	<u>4,531,450</u>	<u>2,633,295</u>	<u>7,164,745</u>
NET ASSETS (DEFICITS)			
Restricted	-	597,532	597,532
Unrestricted	(19,528)	-	(19,528)
Total net assets	<u>(19,528)</u>	<u>597,532</u>	<u>578,004</u>
Total liabilities and net assets (deficits)	<u>\$ 4,511,922</u>	<u>\$ 3,230,827</u>	<u>\$ 7,742,749</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

Component Units – Segment Information for Enterprise Funds (Continued)Dauphin County General Authority (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	County Building <u>Bond Fund</u>	100 Chestnut Street <u>Fund</u>	Total Nonmajor Enterprise Funds
Operating revenues	\$ 168,231	\$ 304,349	\$ 472,580
Operating expenses	(166,481)	(303,969)	(470,450)
Change in Net Assets (Deficits)	1,750	380	2,130
Net assets (Deficits) Beginning of year	(21,278)	597,152	575,874
End of year	<u>\$ (19,528)</u>	<u>\$ 597,532</u>	<u>\$ 578,004</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided by (used in):			
Operating activities	\$ 496,469	\$ 282,061	\$ 778,530
Investing activities	6	77,006	77,012
Capital and related financing	-	(59,458)	(59,458)
Noncapital financing activities	(496,475)	(290,000)	(786,475)
Net change	-	9,609	9,609
Cash and cash equivalents –beginning	-	18,310	18,310
Cash and cash equivalents – ending	<u>\$ -</u>	<u>\$ 27,919</u>	<u>\$ 27,919</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 20: LEGAL COMPLIANCE

Net Asset Deficit

For the year ended December 31, 2011, the following funds had a deficit net asset balance:

Enterprise Funds:	
Human Service Building Fund	\$ 851,404

The above deficits resulted from additional expenses that will be paid through contributions by the General Fund.

Component Unit – Net Asset Deficit

Dauphin County General Authority

The following funds of the General Authority had negative net assets as of December 31, 2011:

<u>Fund</u>	<u>Amount</u>
Dauphin Highlands Golf Course	\$ 7,882,721
County Building Bonds	19,528
Riverfront Office Center	10,554,841
Pittsburgh Hyatt Hotel and Conference Center	23,248,951

Revenue, receipts, and property of each fund and the guarantee of debt, if applicable, are pledged as collateral on the bonds and are not cross collateralized.

NOTE 21: EMPLOYEES RETIREMENT PLAN

Plan Description

The Employees' Retirement Trust Fund Plan (the "Plan") is a contributory defined benefit single employer retirement plan covering substantially all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan is included in the financial statements of the County as a pension trust fund. The financial statements of the Retirement Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

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

Retirees and Beneficiaries Receiving Benefits	975
Terminated Employees Entitled to Benefits but not yet Receiving Them	172
Active Plan Participants	1,569
Total Membership	2,716

Employees are required to contribute a portion of their salaries (5% of earnings in 2011) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

The County does not issue a publicly available financial report for the Plan.

Investments

All investments of the pension trust fund are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Funding Status and Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 75.8 percent funded. The actuarial accrued liability for benefits was \$267.2 million, and the actuarial value of assets was \$202.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$64.6 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 75.8%. The covered payroll was \$75.8 million, and the ratio of the UAAL to the covered payroll was 85.2%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The entry age normal method is used to determine the annual required contribution for the County. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2011. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually; (b) projected salary increases of 4.50% per year, and (c) an inflation rate of 3.00%. The method used to determine the actuarial value of assets is a five year smoothed market. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

Year Ended December 31,	Annual Required Contribution (ARC)	Interest on Net Pension Asset	ARC Adjustment	Pension Cost	County Contribution	Percentage of Annual Pension Cost Contributed	Change in Net Pension Asset	Net Pension Asset
2011	\$10,293,492	\$ (1,507)	\$ (2,409)	\$10,294,394	\$10,293,492	99.99%	\$ 902	\$(19,190)
2010	10,118,006	(1,578)	(2,532)	10,118,960	10,118,006	99.99%	954	(20,092)
2009	7,732,226	(1,653)	(2,646)	7,733,219	7,732,226	99.99%	993	(21,046)

Legally Required Reserves

At December 31, 2011, the County has a balance of \$58,454,601 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2011. Since these accumulations represent the present value as of December 31, 2011 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$57,238,150 in the County Annuity Reserve Account as of December 31, 2011. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances. This is the account of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the retired members' reserve account to provide for such County annuities actually entered upon. Thus, this reserve is always fully funded.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$85,914,115 as of December 31, 2011.



COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 22: POST-EMPLOYMENT BENEFIT PLAN

*Plan Description.* The County sponsors a post-employment benefits plan that covers health and life insurance benefits for eligible retirees. The County provides health and life insurance coverage for eligible retirees under the terms of agreements with the unions that represent them. Groups of retirees that are eligible for OPEB are: Shaffner, Court Related Teamster, Court AFSME, Probation Officers, Prison Guards, PSSU, CIT, and Captains and Lieutenants. The Plan does not issue a publicly available financial report.

*Funding Policy.* The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does require contributions from some retirees. Retiree contributions depend upon the terms of the various union contracts. The County funds the Plan on a pay-as-you-go basis. For 2011, the County contributed \$859,650 to the plan for current premiums.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

	Governmental Activities
Annual required contribution	\$ 1,807,701
Interest on net OPEB obligation	62,715
Adjustment to annual required contribution	<u>(90,682)</u>
Annual OPEB cost (expense)	1,779,734
Estimated contributions made	<u>(859,650)</u>
Increase in net OPEB obligation	920,084
Net OPEB obligation – beginning of year	<u>1,567,886</u>
Net OPEB obligation – end of year	<u>\$ 2,487,970</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$1,779,734	48.30%	\$2,487,970
12/31/2010	1,417,106	67.70%	1,567,886
12/31/2009	1,427,167	60.50%	1,110,747

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

*Funded Status and Funding Progress.* As of January 1, 2011 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$14,942,647 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,942,647. The covered payroll (annual payroll of active employees covered by the plan) was \$75,798,908, and the ratio of the UAAL to the covered payroll was 19.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5%. The UAAL is being amortized using the level dollar method over a period of 30 years on an open basis.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2007	\$ -	\$ 6,868,259	\$ 6,868,259	0.00%	\$ 63,649,794	10.8%
1/1/2009	\$ -	\$11,290,422	\$11,290,422	0.00%	\$ 71,264,760	15.8%
1/1/2011	\$ -	\$14,942,647	\$14,942,647	0.00%	\$ 75,798,908	19.7%

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 23: COMPENSATED ABSENCES

County policy applicable to vacation and sick pay for employees is as follows:

Vacation Pay

Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31 of each period; however, current practice allows for the carryover of 20 unused vacation days. Time carried over in this manner is considered vested.

Sick Pay

Employees earn 1¼ sick days for each month of service or 15 days per year. An employee may accumulate up to a maximum of 200 days. Time carried over in this manner is considered vested.

Applicable GASB pronouncements require accrual of sick and vacation pay that meet certain specific conditions. The County has determined that such conditions apply to vested vacation pay and accumulated sick pay of Governmental Funds and the Proprietary Fund. To the extent vacation and sick pay liabilities are expected to be incurred, they are accrued in the government-wide and proprietary fund financial statements.

NOTE 24: LEASES

Operating Leases

The County leases office space under several operating leases with expiration dates through 2030.

Future minimum lease payment requirements under the various leases are as follows:

2012	\$ 1,036,784
2013	769,631
2014	71,806
2015	69,406
2016	60,406
2017 – 2021	240,180
2022 – 2026	196,250
2027 – 2030	34,426
Total minimum payments required	<u>\$ 2,478,889</u>

Total rental expense for these leases during 2011 approximated \$1,302,622.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

## NOTE 24: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$632,678 for the fiscal year ended June 30, 2011.

The lease agreement is for a period of ten consecutive years with two additional five-year renewal periods. Monthly rent increases 2.75% at the beginning of each lease year.

CMU also has a lease on the Elizabethville, Pennsylvania office. The lease agreement is for a period of twenty-five years. Rent for this lease is based on a set price per square foot per year. These payments range from \$45,484 – 69,632 and are payable in four equal quarterly installments commencing on January 1, 2009.

Future minimum lease payments under the above leases are as follows:

Year ending June 30,	Amount
2012	\$ 649,948
2013	667,703
2014	259,149
2015	52,759
2016	54,079
2017-2021	286,688
2022-2026	309,119
2027-2031	333,043
2032-2033	104,712
	<u>\$2,717,200</u>

Dauphin County Economic Development Corporation

The DCEDC leases office space from the Dauphin County Industrial Development Authority under a year-to-year operating lease. Minimum rental payments at December 31, 2011, are as follows:

2012	<u>\$32,692</u>
Total	<u>\$32,692</u>

Rental expense totaled \$32,692 for the year ended December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

## NOTE 25: RELATED PARTY TRANSACTIONS

Component Units - Related Party TransactionsDauphin County General Authority

The General Authority is a component unit of Dauphin County. The General Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the General Authority for 2011 were \$526,528.

The County has been paying rent in excess of the lease requirement to the General Authority since 2000. The total amount of these overpayments is \$438,468 at December 31, 2011 and is reported as deferred revenue on the balance sheet. The County had a claim on such overpayments until February 17, 2010, when an indemnity agreement was signed.

Dauphin County Industrial Development Authority

The County of Dauphin pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. The IDA's management and support staff are employees of the County and other significant operating expenses such as telephone service, office maintenance and insurance are paid for by the County. The amount of the County's support and the corresponding operating costs are not reported as revenue and expenses in the IDA's financial statements. The County also provides significant operating revenue, primarily through Gaming distributions passed-through to IDA. Revenue from the County was \$12,607,971 in 2011, representing 95.2% of total operating revenue.

See Note 8 and 11 for additional information concerning long-term debt transactions and direct financing leases with the County.

The IDA shares management, support staff and office space, and performs various administrative and program functions in conjunction with the Dauphin County Department of Community and Economic Development (DCDCED) which is an internal department of the County and the Dauphin County Economic Development Corporation (DCEDC), a non-profit corporation created by the County to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. DCEDC leases office space from the IDA under a year to year operating lease. As of September 30, 2011, IDA had received \$32,692 in lease payments.

The IDA is not owned in part or in total by DCEDC or DCDCED, and has no ownership interest in either organization. The IDA and DCEDC are both governed by the same Board of Directors which is appointed by the Commissioners of Dauphin County.

Case Management Unit

The Case Management Unit is a component unit of the County. The operating lease entered into in January 2009, described in Note 24, is held with the County and the lease payments are at market value.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

Dauphin County Economic Development Corporation

DCEDC is administered by the County of Dauphin ("County") through the Dauphin County Department of Community and Economic Development. DCEDC is not owned in part or in total by the County. However, the Commissioners of Dauphin County have the sole power to appoint members of the Corporation's Board of Directors.

The County pays for all significant management and administrative costs required to operate the Corporation on a day-to-day basis. DCEDC's management and support staff are employees of the County.

The County also provides significant operating revenue, primarily through Hotel Tax distributions passed-through to DCEDC. Revenue from the County was \$2,097,955 in 2011, representing 50% of total revenue.

At December 31, 2011 due from related party was comprised of the following pass-through items:

2% Hotel Tax Distribution	\$ 27,815
1% Hotel Tax Distribution	<u>139,127</u>
	<u>\$166,942</u>

The amounts reported above are considered by management to be collectible and accordingly, no allowance for uncollectible receivables was considered necessary.

The DCEDC shares management, support staff and office space with the Dauphin County Department of Community and Economic Development and with the Dauphin County Industrial Development Authority. The DCEDC is not owned in part or in total by the IDA, has no interest ownership therein, and receives no revenue from the IDA. However, the IDA and DCEDC are governed by the same Board of Directors, which is appointed by the Commissioners of Dauphin County.

The IDA acts as property management for the Market Square Plaza Parking owned by DCEDC. In this capacity, the IDA collects parking rent fees and remits such fees to the DCEDC on a periodic basis. Parking fees for the year ended December 31, 2011 were \$103,568.

NOTE 26: COMMITMENTS AND CONTINGENCIES

- A. In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

- B. In 2009, the County entered into a contract for a Night Court / Central Court Project. The contract value approximated \$6,283,119 of which \$806,026 has been expended at December 31, 2011.
- C. In 2009, the County entered into a contract for a Female Work Release Center Project. The contract value approximated \$5,660,274 of which \$4,180,248 has been expended at December 31, 2011.
- D. In 2009, the County entered into a contract for a Juvenile Court Project. The contract value approximated \$2,810,762 of which \$2,652,461 has been expended at December 31, 2011.
- E. During 2009, the County made the initial payment on the Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and the City of Harrisburg. The County is the second guarantor on a portion of the facility's debt. The County has paid a total of \$46,590,913 from 2009 through 2011 as a result of these defaults. This balance is reflected as a receivable in the County's financial statements as is reserved in the General Fund fund balance (See Note 14). Additional payments were made in 2011 (See Note 34).

Component Unit-Commitments and Contingencies

Dauphin County General Authority

Payments in Lieu of Taxes and Real Estate Taxes

The General Authority, as part of its construction of the Hyatt Hotel Project, committed to make payments in lieu of property taxes to the County of Allegheny in return for exempting the property from real estate taxes. This payment in lieu of taxes (PILOT) will be made from the respective funds if sufficient resources exist to make such payments after meeting operating costs and debt service payments. The PILOTs for the Hyatt Hotel Project have been accrued for the years ended December 31, 2000, 2001, 2002, 2003, 2004, 2006, 2007, 2008, 2009, 2010, and 2011 in the amount of \$460,000, \$537,000, \$614,000, \$680,000, \$767,000, \$767,000, \$767,040, \$767,040, \$767,000, \$767,000 \$767,000 and \$767,000, respectively.

Project Viability

The continued operation of the Dauphin Highlands Golf Course is dependent on the Administrative Fund providing working capital to fund any deficits created by operations of this golf course. The Dauphin County General Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course. The Administrative Fund provided \$271,978 of working capital advances during 2011 to the Dauphin Highlands Golf Course. As of December 31, 2011, \$100,000 had been repaid to the Administrative Fund.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

If the General Authority fails to generate sufficient revenues to pay debt service on the Series A of 2011 and the Series B of 2011, or ceases revenue generating operations, or if other monies set aside for such purposes are insufficient, the County will be required to pay principal and interest on such bonds when due pursuant to the County Bond Guarantee Agreement among the County, the Authority, and the trustee for the bonds. The Dauphin Highlands Golf Course has incurred substantial accumulated losses, which have resulted in cash flow difficulties. Throughout 2011, Dauphin Highlands Golf Course has made a concerted effort to better market the property, in conjunction with substantial cost-cutting measures. The Authority continues to work on maximizing the revenue and controlling expenses of Dauphin Highlands Golf Course. The Authority credits the positive operating results of the year ended December 31, 2011 with a combination of the two. Thus, the Authority will continue to emulate this same process during the year ended December 31, 2012. Moreover, the Authority will continue to pursue the sale of the golf course, "consistent with our fiduciary responsibility."

The Pittsburgh Hyatt Hotel and Conference Center project viability is dependent upon the facility maintaining sufficient operating cash flows to meet debt service payments. Operations of the facility commenced June 29, 2000, and the bond proceeds included a working capital reserve that approximated eighteen (18) months of working capital necessary for operations. In 2002, funds sufficient to meet the debt service payments were transferred from the Construction Fund. In 2003, the facility generated sufficient cash flows from operations to meet debt service requirements on the facility. However, in January 2004, an unscheduled withdrawal was made on the Bond Redemption Improvement Fund in order to satisfy the January 2004 interest payment. The operating revenues of the facility were sufficient to meet the July 2004 and January 2005 debt service payments. However, the Authority made unscheduled withdrawals from the Bond Reserve Fund in order to satisfy the July 2005, January 2006 and July 2006 debt service payments. Under the trust indenture, the Authority has within 12 months of such withdrawal to replenish the Bond Reserve Fund. At December 31, 2006, the Authority was in technical default because the Bond Reserve Fund had not been replenished as required by the trust indenture in the amount of approximately \$750,000. On July 1, 2007 the Debt Service Reserve Fund has been fully funded in accordance with the terms of the Indenture. The operating revenues of the facility were sufficient to meet the January 2007, July 2007, and January 2008 debt service payments. On July 1, 2008, a total of \$384,000 was transferred out of the Bond Redemption and Improvement Fund because it was believed that the facility had not generated sufficient cash flows from operations to meet the July 1, 2008 debt service requirements. However, there were sufficient cash flows to cover the July 1, 2008 debt service requirements prior to the transfer from the Bond Redemption and Improvement Fund. A total of \$625,000 remained in the Bond Fund after the July 1, 2008 debt service payment was made. This amount remained in the Bond Fund and was used to service the debt payment made on January 2, 2009. On July 1, 2009, a total of \$653,186 was transferred out of the Bond Reserve Fund because it was believed that the facility had not generated sufficient cash flows from operations to meet the July 1, 2009 debt service requirements.



COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

However, there were sufficient cash flows to cover July 1, 2009 debt service requirements prior to the transfer from the Bond Reserve Fund. This amount remained in the Bond Fund and was used to service the debt payment made on January 4, 2010. On January 4, 2010, \$776,474 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement. On July 1, 2010, \$1,623,115 was transferred from the Bond Reserve Fund and \$92 was transferred from the Bond Redemption and Improvement Fund in order to meet the July 1, 2010 debt service requirements. However, a balance of \$790,000 remained in the Bond Fund after the July 1, 2010 payment, which was used to service the debt payment made on January 3, 2011. On January 3, 2011, \$1,739,224 was transferred from the Bond Reserve Fund and \$1,990 was transferred from the Bond Redemption and Improvement Fund in order to meet the debt service requirement. On July 1, 2011, \$2,311,450 was transferred from the Bond Reserve Fund in order to meet the July 1, 2011 debt service requirements. However, a balance of \$837,500 remained in the Bond Fund after the July 1, 2011 payment, which was used to service the debt payment made on January 3, 2012. During 2011, the Revenue Fund made one monthly transfer of \$64,706, which represents one-twelfth of the \$776,474, seven monthly transfers of \$135,260, which represents one-twelfth of the \$1,623,115, eleven monthly transfers of \$144,935, which represents one-twelfth of the \$1,739,224, and five monthly transfers of \$192,621, which represents one-twelfth of the \$2,311,450 in an effort to fully replenish the Bond Reserve Fund within one year. At December 31, 2011, \$1,493,286 and \$2,082 remained due to the Bond Reserve Fund and the Bond Redemption and Improvement Fund, respectively. However, an additional \$2,442,730 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement on January 3, 2012.

Cease and Desist Order

In April 2004, the Securities and Exchange Commission entered a cease and desist order against the General Authority alleging that the General Authority had omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in connection with the offer, sale or purchase of a series of bonds. The General Authority has consented to the entry of the order imposing remedial sanctions under the Securities Act of 1933 to cease and desist or causing any violation or future violations of Section 17(a) of the Securities Act of 1933, which does not include any monetary fine or sanction.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Receivership Litigation

During 2011 and 2010, the General Authority paid costs related to legal fees, assessment of property, and other items in regard to Forum Place, a property put into receivership by the courts in 2003. As a result, the Authority has recorded accounts receivable totaling \$145,314 as due from Forum Place as of December 31, 2011. Subsequent to year-end, this property was sold and the Authority received the full reimbursement of all costs related to Forum Place.

NOTE 27: ADMINISTRATIVE FEES

Component Units – Administrative Fees

Dauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the General Authority. For the year ended December 31, 2011, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	265,596
Chestnut Street	36,948
Dauphin Highlands Golf Course	24,600
Pittsburgh Hyatt Hotel & Conference Center	37,584
Accounting fees	22,320
Bond issuance fees	20,004
Total Administrative Fees	<u>\$427,052</u>

NOTE 28: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES

The Hotel Tax revenues are derived from a hotel room excise tax imposed by the County of Dauphin. Ordinance No. 3-1999 enacted by the Commissioners imposed a 2% hotel room excise tax effective January 1, 2001. Ordinance No. 3-2002, which repealed and replaced Ordinance No. 3-1999, imposed a 3% hotel room excise tax effective April 1, 2002. Ordinance No. 1-2008, which repealed and replaced Ordinance No. 3-2002, imposed a five-percent hotel room excise tax effective March 1, 2008. The ordinances were enacted pursuant to 16 P.S. Section 1770.5, an act of the General Assembly of the Commonwealth of Pennsylvania, which permits the imposition of a 5% hotel tax, providing for the distribution of 50% of the revenues to the Tourist Promotion Agency and the separate distribution of the other 50% of the revenue to be distributed for the purposes of promoting tourism and regional development.

Of the original 2% hotel tax revenue, the County distributes 20% to the City of Harrisburg, 70% to the Derry Township Industrial Authority and 10% to DCEDC to be remitted, in full to the Hershey Harrisburg Region Vacations Bureau (the County's Tourist Promotion Agency) to be used solely for tourism and regional promotion purposes.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 28: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES (CONTINUED)

The next 1% hotel tax revenue may be distributed at the discretion of the County Commissioners, to be used solely for tourism and regional promotion purposes. DCEDC is the County's sole recipient and administrator of this 1% Hotel Tax revenue. These funds are required to be kept in an account separate from other funds received by DCEDC. DCEDC had transfers in from Dauphin County of \$2,097,955 for the year ended December 31, 2011.

Of the remaining 2% hotel tax revenue, the County distributes 50.0% to the Hershey Harrisburg Region Vacations Bureau (the County's Tourist Promotion Agency) to be used solely for tourism and regional promotion purposes and 12.50% to the Hershey Harrisburg Region Vacations Bureau to be used for tourism and regional promotion within the City of Harrisburg. Derry Township Industrial Authority receives the remaining 37.5% for the purpose of the improvement, support, rehabilitation, revitalization or construction of one or more tourism-related facilities.

NOTE 29: AFFORDABLE HOUSING LOAN PROGRAMS

The Home Grant Program and Affordable Housing Program disburse funds in the form of deferred payment loans for low and moderate income households. The deferred payment loans are secured by a mortgage on the property. Repayment of the loan is deferred until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2011 for these loans totaled \$3,833,766. These outstanding deferred loans have been recorded as receivables at December 31, 2011, and unearned revenues totaling \$3,833,766 have been recorded to offset the deferred loans.

NOTE 30: LOANS RECEIVABLE

In 2010, the County entered into a verbal agreement with the Township of Derry (the "Township") in which the County would pay the Township's costs associated with the reconstruction and relocation of County Bridge No. 122. All expenditures related to this project were incurred in calendar year 2010. On January 26, 2011, the County entered into a formal loan agreement with the Township in the original amount of \$408,948, adjusted based on final cost allocation to \$334,470, at an annual simple interest rate of 1.625% to reimburse the County for the Township's portion of the costs. The agreement requires the Township to make annual principal and interest payments of \$36,509 to the County for 10 years beginning in 2012. The amount outstanding on the loan as of December 31, 2011 is \$334,470.

Year	Principal	Interest	Total Due
2012	\$ 31,074	\$ 5,435	\$ 36,509
2013	31,579	4,930	36,509
2014	32,092	4,417	36,509
2015	32,613	3,896	36,509
2016	33,143	3,366	36,509
2017-2021	173,969	8,572	182,541
	<u>\$ 334,470</u>	<u>\$ 30,616</u>	<u>\$ 365,086</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 30: LOANS RECEIVABLE (CONTINUED)

On April 9, 2010, the County entered into a loan agreement with the Harrisburg University of Science and Technology (the "University") in the amount of \$1,000,000 at an annual fixed rate of 1% for necessary and appropriate operations of the University. The agreement requires the University to repay the loan within nine months of the date of the agreement is executed, i.e. on or before December 31, 2010.

On October 21, 2010, the University requested a six month extension to the loan. On November 17, 2010, the County notified the University that the amended term for repayment of the loan including interest would be June 30, 2011.

On June 22, 2011, the University requested a second six month extension on the loan as well as an additional \$1,200,000 to pay operating expenses at the same interest rate as the original loan. The due date of the loan was amended to December 31, 2011.

Subsequent to year end, as noted in Note 34, the University acknowledged its default on the June 22, 2011 Promissory Note, and requested an additional \$1,500,000 to pay debt service. The funds were disbursed to the University with a maturity date of December 31, 2019.

The amount outstanding on the loan at December 31, 2011 is \$2,200,000.

Year	Principal	Interest	Total Due
2012	\$ -	\$ 22,000	\$ 22,000
2013	-	22,000	22,000
2014	-	22,000	22,000
2015	-	22,000	22,000
2016	-	22,000	22,000
2017-2019	2,200,000	66,000	2,266,000
	<u>\$ 2,200,000</u>	<u>\$ 176,000</u>	<u>\$ 2,376,000</u>

Component Units – Loans Receivable

Dauphin County Industrial Development Authority

On August 29, 2006 the IDA entered into a loan agreement with the Strawberry Square Development Corporation (SSDC) in the amount of \$100,000 at a fixed interest rate of 5.0%. The agreement required the SSDC to make monthly principal and interest payments of \$1,887 to the IDA for 60 consecutive months beginning on September 29, 2006. The amount outstanding on the loan as of September 30, 2011 is \$1,880.

On April 1, 2007 the IDA entered into a loan agreement with Tuscano Pizza & Grill, Inc. in the amount of \$100,000 at a fixed interest rate of 6.0%. The agreement required Tuscano Pizza & Grill, Inc. to make monthly principal and interest payments of \$1,933 to the IDA for 60 consecutive months beginning on May 1, 2007. In February 2009 this loan agreement was amended, requiring Tuscano Pizza & Grill to make monthly principal and interest payments of \$1,007 for 84 consecutive months beginning on March 1, 2009 on the remaining balance of \$76,187. The new loan agreement carries a fixed interest rate of 3.0%. The amount outstanding on the loan as of September 30, 2011 is \$56,226 which is fully reserved on the financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2011

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)

Dauphin County Industrial Development Authority (Continued)

On December 19, 2008 the IDA entered into a new loan agreement with Andrew M. Hartwick (Trooper and Max's) in the amount of \$20,000 at a fixed interest rate of 3.0%. The agreement required Andrew M. Hartwick to make monthly principal and interest payments of \$360 to the Authority for 60 consecutive months beginning on February 1, 2009. The amount outstanding on the loan as of September 30, 2011 is \$9,707.

In July 2008, the IDA entered in to a loan agreement with Trinity Harvest in the amount of \$50,000 at a fixed interest rate of 3.0%. The agreement required Trinity Harvest to make monthly principal and interest payments of \$898 to the IDA for 60 consecutive months beginning on October 1, 2008. The amount outstanding on the loan as of September 30, 2011 is \$33,345 which is fully reserved on the financial statements.

On May 8, 2009 the IDA entered in to a loan agreement with 39 Ventures, LP (Arooga's) in the amount of \$200,000 at a fixed interest rate of 4.5%. The agreement required 39 Ventures, LP to make monthly principal and interest payments of \$3,729 to the IDA for 60 consecutive months beginning on June 1, 2009. The amount outstanding on the loan as of September 30, 2011 is \$112,237.

During the fiscal year ended, September 30, 2008 Dauphin County transferred the collection and rights of 5 loans receivable previously recorded as assets on the Dauphin County Financial statements to the Authority. The principle balance of the loans receivable at the time of transfer was \$92,172. Three of the loan balances were written off on December 15, 2010. The principle balance outstanding for the remaining loans as of September 30, 2011 was \$9,856.

On April 6, 2011 the Authority entered into a loan agreement with Harristown Enterprises, Inc. in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Harristown Enterprises to make monthly principal and interest payments of \$1,852.96 to the Authority for 60 consecutive months beginning on July 1, 2011. The amount outstanding on the loan as of September 30, 2011 is \$93,972.

On September 29, 2011 the Authority entered into a loan agreement with Onabella, LTD in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Onabella, LTD to make monthly principal and interest payments of \$1,024.38 to the Authority for 120 consecutive months beginning on November 1, 2011. The amount outstanding on the loan as of September 30, 2011 is \$100,000.

Loans Receivable at September 30, 2011 is as follows:

Displayed as:

Current Portion	\$ 74,085
Noncurrent Portion	253,567
	<u>\$ 327,652</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)

Dauphin County Economic Development Corporation

The Section 108 Note Payable proceeds described in Note 8 were loaned to a developer to fund the revitalization of an office building complex. DCEDC entered into a mortgage agreement with the developer for repayment of the loan. As of December 31, 2011, the amount owed to the DCEDC is \$2,315,056. As a result of the developer filing for bankruptcy, the balance has been determined to be uncollectible and has been fully reserved in DCEDC's financial statements.

NOTE 31: ECONOMIC DEPENDENCY

Component Units - Economic Dependency

Case Management Unit

Formal commitment for future funding by the Dauphin County MH/MR program is made on an annual basis. Reduction of, or loss of, this funding could have a significant effect on CMU's programs and activities.

Dauphin County Economic Development Corporation

Formal commitment for future funding by the Department of Housing and Urban Development is made on an annual basis. The DCEDC also receives a significant amount of operating revenue from Dauphin County, primarily through Hotel Tax distributions. Reduction of, or loss of, these funding sources could have a significant effect on the Corporation's programs and activities.

NOTE 32: LITIGATION

Component Unit – Litigation

Dauphin County General Authority

The General Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2011. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The General Authority is involved in several lawsuits arising in the normal course of business, including a potential lawsuit for breach of contract. Management of the General Authority believes none of the litigation outstanding against the General Authority and none of the potential unasserted claims which may be asserted against the General Authority would materially affect the financial position of the General Authority.

COUNTY OF DAUPHIN, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2011

NOTE 33: MANAGEMENT'S PLAN

Component Unit – Management's Plan

Dauphin County Economic Development Corporation

The DCEDC has a deficit unrestricted net assets balance in the amount of \$2,476,830 at December 31, 2011. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$2,520,000. This loan is being repaid in accordance with the loan amortization schedule using CDBG funds. The payments will continue through the loans maturity in 2026 and subsequently relieve the net asset deficit.

NOTE 34: SUBSEQUENT EVENTS

- A. In February 2012, the County approved an extension on the loan receivable due from the Harrisburg University of Science and Technology as well as an additional \$1,500,000 to pay debt service. The additional note shall carry an annual fixed interest rate of 1%. The maturity date of the original loan and additional funding is December 31, 2019.
- B. On October 16, 2012, the County terminated the 2004D Basis Swap and the 2011 Basis Swap. The termination of the 2004D swap resulted in a final net cash benefit to the County of approximately \$402,000 while the 2011 swap netted almost \$650,000 over its term.
- C. Between January and October 2012, the County paid an additional \$2,208,400 toward Harrisburg Incinerator debt after default by the Harrisburg Authority and the City of Harrisburg.

Component Units – Subsequent Events

Case Management Unit

In January 2012, DCED is requiring CMU to pay back all of an ARRA grant they received, approximately \$150,000, for noncompliance with the grant requirements. CMU is contesting these findings and proceedings could take over a year to resolve. This amount has not been accrued in the financial statements as of June 30, 2011.

REQUIRED  
SUPPLEMENTARY  
INFORMATION



COUNTY OF DAUPHIN  
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS  
FOR EMPLOYEES RETIREMENT PLAN

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2011	\$ 10,293,492	100%
2010	\$ 10,118,006	100%
2009	\$ 7,732,226	100%
2008	\$ 3,377,905	100%
2007	\$ 4,340,916	100%+
2006	\$ 6,683,297	100%

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2011
Actuarial cost method	^ Entry Age Normal
Amortization method	Level percentage of projected payroll
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at:	3.00%
Cost-of-living adjustments	None

^ In 2011, the County changed the Actuarial Cost Method from the Aggregate Actuarial Cost Method to the Entry Age Normal Cost Method.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age * (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	\$ 202,614,901	\$ 267,245,263	\$ 64,630,362	75.8%	\$ 75,828,648	85.2%
12/31/2010	\$ 190,544,004	\$ 254,614,559	\$ 64,070,555	74.8%	\$ 75,798,908	84.5%
12/31/2009	\$ 181,680,257	\$ 243,319,733	\$ 61,639,476	74.7%	\$ 77,592,072	79.4%
12/31/2008	\$ 180,822,261	\$ 224,855,097	\$ 44,032,836	80.4%	\$ 71,264,760	61.8%
12/31/2007	\$ 201,142,949	\$ 210,420,043	\$ 9,277,094	95.6%	\$ 66,233,427	14.0%

As the County adopted the provisions of GASB 50 related to the schedule of funding progress in 2007, only five years are presented in the above schedule.

\* The annual required contribution is calculated using the actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.

COUNTY OF DAUPHIN  
SCHEDULE OF FUNDING PROGRESS  
FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	\$ -	\$ 14,942,647	\$ 14,942,647	0%	\$ 75,798,908	19.7%
1/1/2009	-	11,290,422	11,290,422	0%	71,264,760	15.8%
1/1/2007	-	6,868,259	6,868,259	0%	63,649,794	10.8%

The County adopted GASB 45 on a prospective basis in 2007; therefore only three years are presented in the above schedule.

COUNTY OF DAUPHIN  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 98,765,000	\$ 98,765,000	\$ 98,746,079	\$ (18,921)
Intergovernmental	8,500,171	39,607,726	38,182,649	(1,425,077)
Charges for Services	16,808,469	18,824,136	18,250,381	(573,755)
License and Permits	92,400	92,400	79,916	(12,484)
Court Costs and Fines	4,364,595	4,448,955	3,924,379	(524,576)
Interest and Rents	410,900	411,400	272,664	(138,736)
Miscellaneous Revenue	-	-	-	-
<b>Total Revenues</b>	<b>128,941,535</b>	<b>162,149,617</b>	<b>159,456,068</b>	<b>(2,693,549)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General Government	15,451,761	14,765,441	13,310,093	1,455,348
Judicial	53,764,264	53,812,299	49,722,491	4,089,808
Public Safety	42,163,382	42,346,072	40,504,125	1,841,947
Human Services	3,339,351	30,786,634	30,082,091	704,543
Culture and Recreation	2,250,589	2,266,045	2,137,847	128,198
Conservation and Development	2,808,034	4,655,388	3,985,999	669,389
<b>Debt Service</b>				
Principle	7,583,360	7,583,360	8,040,518	(457,158)
Interest	5,245,032	5,245,032	5,222,211	22,821
<b>Total Expenditures</b>	<b>132,605,773</b>	<b>161,460,271</b>	<b>153,005,375</b>	<b>8,454,896</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(3,664,238)</b>	<b>689,346</b>	<b>6,450,693</b>	<b>5,761,347</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfer In	1,859,150	1,910,742	1,837,752	(72,990)
Operating Transfer (Out)	(22,138,861)	(24,054,427)	(14,423,879)	9,630,548
Transfer from Component Units	-	-	637,609	637,609
Gain (Loss) from Sale of Fixed Assets	4,000	4,000	-	(4,000)
Net Premium (Discount) on Bonds Issued	-	-	1,091,219	1,091,219
Capital Lease Proceeds	-	-	378,741	378,741
Payment to Bond Escrow Agent	-	-	(16,465,000)	(16,465,000)
Proceeds of General Obligation Debt	-	-	15,655,000	15,655,000
<b>Total Other Financing Uses</b>	<b>(20,275,711)</b>	<b>(22,139,685)</b>	<b>(11,288,558)</b>	<b>10,851,127</b>
<b>Net Change in Fund Balances</b>	<b>(23,939,949)</b>	<b>(21,450,339)</b>	<b>(4,837,865)</b>	<b>16,612,474</b>
Fund Balances - January 1	23,939,949	21,450,339	96,037,243	74,586,904
<b>Fund Balances - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 91,199,378</b>	<b>\$ 91,199,378</b>

OTHER  
SUPPLEMENTARY  
INFORMATION

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

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 3,804,376	\$ -	\$ 3,804,376
Investments	775,525	909,205	1,684,730
Receivables:			
Accounts	158,532	-	158,532
Loans	334,470	-	334,470
Due From Other Governments	2,152,533	-	2,152,533
Other Assets	57,402	-	57,402
	\$ 7,282,838	\$ 909,205	\$ 8,192,043
<b>Total Assets</b>	<b>\$ 7,282,838</b>	<b>\$ 909,205</b>	<b>\$ 8,192,043</b>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,126,841	\$ -	\$ 1,126,841
Accrued Liabilities	146,628	-	146,628
Deferred Revenues	1,572,287	-	1,572,287
Due to Other Funds	445,562	-	445,562
	3,291,318	-	3,291,318
<b>Total Liabilities</b>	<b>3,291,318</b>	<b>-</b>	<b>3,291,318</b>
<u>Fund Balances</u>			
Nonspendable	334,470	-	334,470
Restricted	3,657,050	909,205	4,566,255
	3,991,520	909,205	4,900,725
<b>Total Fund Balances</b>	<b>3,991,520</b>	<b>909,205</b>	<b>4,900,725</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,282,838</b>	<b>\$ 909,205</b>	<b>\$ 8,192,043</b>

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

	Other Special Revenue Funds	Fort Hunter Permanent Fund	Total Other Governmental Funds
<b>Revenues</b>			
Hotel Taxes	\$ 8,900,896	\$ -	\$ 8,900,896
Intergovernmental	16,963,370	-	16,963,370
Charges for Services	530,440	-	530,440
Court Costs and Fines and Fees	1,347,109	-	1,347,109
Interest and Rent	22,934	23,959	46,893
Appreciation in Fair Market Value of Investments	-	4,339	4,339
Miscellaneous Revenue	1,489,138	5,692	1,494,830
<b>Total Revenues</b>	<b>29,253,887</b>	<b>33,990</b>	<b>29,287,877</b>
<b>Expenditures</b>			
<b>Current:</b>			
Judicial	7,700,939	-	7,700,939
Public Safety	283,025	-	283,025
Public Works	1,578,056	-	1,578,056
Human Services	12,998,911	-	12,998,911
Conservation and Development	350,451	-	350,451
Culture and Recreation	8,447,670	-	8,447,670
<b>Debt Service</b>			
Principle	425,000	-	425,000
Interest	32,878	-	32,878
<b>Total Expenditures</b>	<b>31,816,930</b>	<b>-</b>	<b>31,816,930</b>
<b>Excess of Revenues Over (Under)</b>			
Expenditures	(2,563,043)	33,990	(2,529,053)
<b>Other Financing Sources (Uses)</b>			
Transfers In	2,565,403	-	2,565,403
Transfers Out	(73,328)	(32,500)	(105,828)
Proceeds from Asset Disposal	6,755	-	6,755
<b>Total Other Financing Sources (Uses)</b>	<b>2,498,830</b>	<b>(32,500)</b>	<b>2,466,330</b>
<b>Net Change in Fund Balances</b>	<b>(64,213)</b>	<b>1,490</b>	<b>(62,723)</b>
<b>Fund Balances - Beginning of Year</b>	<b>4,055,733</b>	<b>907,715</b>	<b>4,963,448</b>
<b>Fund Balances - End of Year</b>	<b>\$ 3,991,520</b>	<b>\$ 909,205</b>	<b>\$ 4,900,725</b>

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

	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	Human Services Development Fund
<b>Assets</b>						
Cash and Cash Equivalents	\$ 315,133	\$ 1,148,434	\$ 225,673	\$ 75,130	\$ 199,077	\$ 19,212
Investments	66,995	244,151	47,966	15,930	42,323	4,085
Receivables:						
Accounts	36,554	-	11,864	45,946	747	-
Loans	-	334,470	-	-	-	-
Due From Other Governments	-	-	1,033,231	-	-	-
Other Assets	-	-	-	44,444	-	-
<b>Total Assets</b>	<b>\$ 418,682</b>	<b>\$ 1,727,055</b>	<b>\$ 1,318,734</b>	<b>\$ 181,450</b>	<b>\$ 242,147</b>	<b>\$ 23,297</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 14,348	\$ 52,100	\$ 14,743	\$ 22,988	\$ 11,346	\$ 1,182
Accrued Liabilities	2,429	-	69,037	2,298	-	-
Deferred Revenues	-	-	-	112,715	-	22,115
Due to Other Funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>16,777</b>	<b>52,100</b>	<b>83,780</b>	<b>138,001</b>	<b>11,346</b>	<b>23,297</b>
<b>Fund Balances</b>						
Nonspendable	-	334,470	-	-	-	-
Restricted	401,905	1,340,485	1,234,954	43,449	230,801	-
<b>Total Fund Balances</b>	<b>401,905</b>	<b>1,674,955</b>	<b>1,234,954</b>	<b>43,449</b>	<b>230,801</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 418,682</b>	<b>\$ 1,727,055</b>	<b>\$ 1,318,734</b>	<b>\$ 181,450</b>	<b>\$ 242,147</b>	<b>\$ 23,297</b>

COUNTY OF DAUPHIN  
 COMBINED BALANCE SHEET (CONTINUED)  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2011

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Property	Drug Act-Forfeited Federal Property	Hotel Tax Fund	ARRA Fund	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ 233,310	\$ 689,008	\$ 212,250	\$ 105,151	\$ 581,998	\$ -	\$ 3,804,376
Investments	18,536	146,458	42,997	22,354	123,730	-	775,525
Receivables:							
Accounts	54,938	8,483	-	-	-	-	158,532
Loans	-	-	-	-	-	-	334,470
Due From Other Governments	173,671	420,896	-	-	-	524,735	2,152,533
Other Assets	10,258	-	-	1,000	-	1,700	57,402
<b>Total Assets</b>	<b>\$ 490,713</b>	<b>\$ 1,264,845</b>	<b>\$ 255,247</b>	<b>\$ 128,505</b>	<b>\$ 705,728</b>	<b>\$ 526,435</b>	<b>\$ 7,282,838</b>
<b>Liabilities and Fund Balances</b>							
Liabilities							
Accounts Payable	\$ 172,149	\$ 6,151	\$ 54,053	\$ -	\$ 705,202	\$ 72,579	\$ 1,126,841
Accrued Liabilities	52,745	10,975	1,081	-	526	7,537	146,628
Deferred Revenues	188,981	1,247,719	-	-	-	757	1,572,287
Due to Other Funds	-	-	-	-	-	445,562	445,562
<b>Total Liabilities</b>	<b>413,875</b>	<b>1,264,845</b>	<b>55,134</b>	<b>-</b>	<b>705,728</b>	<b>526,435</b>	<b>3,291,318</b>
Fund Balances							
Nonspendable	-	-	-	-	-	-	334,470
Restricted	76,838	-	200,113	128,505	-	-	3,657,050
<b>Total Fund Balances</b>	<b>76,838</b>	<b>-</b>	<b>200,113</b>	<b>128,505</b>	<b>-</b>	<b>-</b>	<b>3,991,520</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 490,713</b>	<b>\$ 1,264,845</b>	<b>\$ 255,247</b>	<b>\$ 128,505</b>	<b>\$ 705,728</b>	<b>\$ 526,435</b>	<b>\$ 7,282,838</b>



COUNTY OF DAUPHIN  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	Human Services Development Fund
<b>Revenues</b>						
Hotel Taxes	-	-	-	-	-	-
Intergovernmental	188,699	774,092	4,211,262	188,869	72,275	312,336
Charges for Services	-	-	73,560	60,684	66,443	-
Court Costs and Fines and Fees	529,425	-	-	-	-	-
Interest and Rent	2,304	8,297	317	-	926	262
Miscellaneous Revenue	1,350	-	-	-	-	13,241
<b>Total Revenues</b>	<b>721,778</b>	<b>782,389</b>	<b>4,285,139</b>	<b>249,553</b>	<b>139,644</b>	<b>325,839</b>
<b>Expenditures</b>						
Current:						
Judicial	593,378	-	5,927,149	-	-	-
Public Safety	-	-	-	-	109,028	-
Public Works	-	1,578,056	-	-	-	-
Human Services	207,671	-	-	374,846	-	328,955
Conservation and Development	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Principle	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>801,049</b>	<b>1,578,056</b>	<b>5,927,149</b>	<b>374,846</b>	<b>109,028</b>	<b>328,955</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(79,271)</b>	<b>(795,667)</b>	<b>(1,642,010)</b>	<b>(125,293)</b>	<b>30,616</b>	<b>(3,116)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	18,971	1,827	2,071,193	129,761	2,203	29,570
Transfers Out	-	-	-	-	-	(26,454)
Proceeds from Asset Disposal	6,755	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>25,726</b>	<b>1,827</b>	<b>2,071,193</b>	<b>129,761</b>	<b>2,203</b>	<b>3,116</b>
<b>Net Change in Fund Balances</b>	<b>(53,545)</b>	<b>(793,840)</b>	<b>429,183</b>	<b>4,468</b>	<b>32,819</b>	<b>-</b>
<b>Fund Balances - Beginning of Year</b>	<b>455,450</b>	<b>2,468,795</b>	<b>805,771</b>	<b>38,981</b>	<b>197,982</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 401,905</b>	<b>\$ 1,674,955</b>	<b>\$ 1,234,954</b>	<b>\$ 43,449</b>	<b>\$ 230,801</b>	<b>\$ -</b>

COUNTY OF DAUPHIN  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Fund	Drug Act-Forfeited Federal Fund	Hotel Tax Fund	ARRA Fund	Totals
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,900,896	\$ -	\$ 8,900,896
Intergovernmental	5,970,033	2,908,645	-	-	-	2,337,159	16,983,370
Charges for Services	194,922	134,831	-	-	-	-	530,440
Court Costs and Fines and Fees	-	-	701,194	116,490	-	-	1,347,109
Interest and Rent	2,123	2,781	926	346	4,652	-	22,934
Miscellaneous Revenue	1,474,547	-	-	-	-	-	1,489,138
<b>Total Revenues</b>	<b>7,641,625</b>	<b>3,046,257</b>	<b>702,120</b>	<b>116,836</b>	<b>8,905,548</b>	<b>2,337,159</b>	<b>29,253,887</b>
Expenditures							
Current:							
Judicial	-	-	555,715	23,325	-	601,372	7,700,939
Public Safety	-	-	-	-	-	173,997	283,025
Public Works	-	-	-	-	-	-	1,578,056
Human Services	7,633,169	3,229,650	-	-	-	1,224,620	12,998,911
Conservation and Development	-	-	-	-	-	350,451	350,451
Culture and Recreation	-	-	-	-	8,447,670	-	8,447,670
Debt Service	-	-	-	-	-	-	-
Principle	-	-	-	-	425,000	-	425,000
Interest	-	-	-	-	32,878	-	32,878
<b>Total Expenditures</b>	<b>7,633,169</b>	<b>3,229,650</b>	<b>555,715</b>	<b>23,325</b>	<b>8,905,548</b>	<b>2,350,440</b>	<b>31,816,930</b>
Excess of revenues Over (Under) Expenditures	8,456	(183,393)	146,405	93,511	-	(13,281)	(2,563,043)
Other Financing Sources(Uses)							
Transfers In	90,000	207,871	-	-	-	14,007	2,565,403
Transfers Out	(21,618)	(24,478)	(52)	-	-	(726)	(73,328)
Proceeds from Asset Disposal	-	-	-	-	-	-	6,755
<b>Total Other Financing Sources (Uses)</b>	<b>68,382</b>	<b>183,393</b>	<b>(52)</b>	<b>-</b>	<b>-</b>	<b>13,281</b>	<b>2,498,830</b>
Net Change in Fund Balances	76,838	-	146,353	93,511	-	-	(64,213)
Fund Balances - Beginning of Year	-	-	53,760	34,994	-	-	4,055,733
<b>Fund Balances - End of Year</b>	<b>76,838</b>	<b>\$ -</b>	<b>\$ 200,113</b>	<b>\$ 128,505</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,991,520</b>

COUNTY OF DAUPHIN  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 190,745	\$ 1,974,099	\$ 26,964	\$ 2,191,808
Investments	40,551	419,682	-	460,233
Accounts Receivables	101,302	423,224	-	524,526
Other Assets	100,000	1,900	-	101,900
<b>Total current assets</b>	<b>432,598</b>	<b>2,818,905</b>	<b>26,964</b>	<b>3,278,467</b>
<b>Noncurrent Assets:</b>				
Capital Assets, Not Being Depreciated	-	-	122,508	122,508
Capital Assets, Being Depreciated, (Net)	1,594,551	1,548,100	452,457	3,595,108
<b>Total noncurrent assets</b>	<b>1,594,551</b>	<b>1,548,100</b>	<b>574,965</b>	<b>3,717,616</b>
<b>Total assets</b>	<b>\$ 2,027,149</b>	<b>\$ 4,367,005</b>	<b>\$ 601,929</b>	<b>\$ 6,996,083</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts Payable	\$ 259,197	\$ 30,725	\$ -	\$ 289,922
Accrued Liabilities	5,372	63,163	-	68,535
Obligation Under Capital Lease	-	59,076	-	59,076
<b>Total current liabilities</b>	<b>264,569</b>	<b>152,964</b>	<b>-</b>	<b>417,533</b>
<b>Noncurrent liabilities:</b>				
Accrued Compensated Absences	7,605	347,498	-	355,103
Accrued Workers Compensation	35,538	-	-	35,538
Obligation Under Capital Lease	-	25,470	-	25,470
<b>Total noncurrent liabilities</b>	<b>43,143</b>	<b>372,968</b>	<b>-</b>	<b>416,111</b>
<b>Total liabilities</b>	<b>307,712</b>	<b>525,932</b>	<b>-</b>	<b>833,644</b>
<b>NET ASSETS</b>				
Invested in Capital Assets				
Net of Related Debt	1,594,551	1,463,554	574,965	3,633,070
Unrestricted	124,886	2,377,519	26,964	2,529,369
<b>Total net assets</b>	<b>\$ 1,719,437</b>	<b>\$ 3,841,073</b>	<b>\$ 601,929</b>	<b>\$ 6,162,439</b>

COUNTY OF DAUPHIN  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
<b>Operating Revenues</b>				
Charges for Services	\$ 861,306	\$ 4,965,596	\$ 44,835	\$ 5,871,737
<b>Total Operating Revenues</b>	<b>861,306</b>	<b>4,965,596</b>	<b>44,835</b>	<b>5,871,737</b>
<b>Operating Expenses</b>				
Personnel Services	436,707	4,855,111	-	5,291,818
Contracted Services	803,001	75,739	-	878,740
Supplies and Materials	11,966	48,721	-	60,687
Repairs and Maintenance	102,355	1,506,013	-	1,608,368
Utilities	15,284	342,046	11,393	368,723
Other Services and Charges	166,558	259,427	50,948	476,933
Depreciation and Amortization	147,810	375,753	54,433	577,996
<b>Total Operating Expenses</b>	<b>1,683,681</b>	<b>7,462,810</b>	<b>116,774</b>	<b>9,263,265</b>
<b>Operating Loss</b>	<b>(822,375)</b>	<b>(2,497,214)</b>	<b>(71,939)</b>	<b>(3,391,528)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	2,372	20,405	-	22,777
Interest Expense	-	(6,651)	-	(6,651)
Grants	67,596	-	-	67,596
<b>Total Nonoperating Revenues</b>	<b>69,968</b>	<b>13,754</b>	<b>-</b>	<b>83,722</b>
<b>Loss Before Operating Transfers In</b>	<b>(752,407)</b>	<b>(2,483,460)</b>	<b>(71,939)</b>	<b>(3,307,806)</b>
Transfers In	-	319	32,500	32,819
<b>Total Transfers In</b>	<b>-</b>	<b>319</b>	<b>32,500</b>	<b>32,819</b>
<b>Changes in Net Assets</b>	<b>(752,407)</b>	<b>(2,483,141)</b>	<b>(39,439)</b>	<b>(3,274,987)</b>
<b>Total Net Assets - Beginning of Year</b>	<b>2,471,844</b>	<b>6,324,214</b>	<b>641,368</b>	<b>9,437,426</b>
<b>Total Net Assets - End of Year</b>	<b>\$ 1,719,437</b>	<b>\$ 3,841,073</b>	<b>\$ 601,929</b>	<b>\$ 6,162,439</b>

COUNTY OF DAUPHIN  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
<b>Cash Flows From Operating Activities</b>				
Receipts from Recycling Services	\$ 925,580	\$ 4,840,454	\$ -	\$ 5,766,034
Receipts from Recreational Activities	-	-	44,835	44,835
Payments to Employees	(407,268)	(4,765,601)	-	(5,172,869)
Payments to Suppliers	(1,025,328)	(2,357,532)	(62,341)	(3,445,201)
Internal Activity - Payments to other funds	-	10,741	-	10,741
<b>Net Cash Used In Operating Activities</b>	<u>(507,016)</u>	<u>(2,271,938)</u>	<u>(17,506)</u>	<u>(2,796,460)</u>
<b>Cash Flow From Noncapital Financing Activities</b>				
Operating Transfers In	-	319	32,500	32,819
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>-</u>	<u>319</u>	<u>32,500</u>	<u>32,819</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Interest Paid	-	(6,651)	-	(6,651)
Grants	67,596	-	-	67,596
Purchase of Capital Assets	-	(10,450)	(11,016)	(21,466)
Principal Payments on Capital Lease	-	(57,364)	-	(57,364)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>67,596</u>	<u>(74,465)</u>	<u>(11,016)</u>	<u>(17,885)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Income	2,372	20,405	-	22,777
Investments	(40,551)	(419,682)	-	(460,233)
<b>Net Cash Used in Investing Activities</b>	<u>(38,179)</u>	<u>(399,277)</u>	<u>-</u>	<u>(437,456)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(477,599)	(2,745,361)	3,978	(3,218,982)
<b>Cash and Cash Equivalents, Beginning of Year</b>	668,344	4,719,460	22,986	5,410,790
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 190,745</u>	<u>\$ 1,974,099</u>	<u>\$ 26,964</u>	<u>\$ 2,191,808</u>

COUNTY OF DAUPHIN  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Reconciliation of Operating loss to net cash provided (used) by operating activities				
Operating Loss	\$ (822,375)	\$ (2,497,214)	\$ (71,939)	\$ (3,391,528)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities				
Depreciation and Amortization Expense	147,810	375,753	54,433	577,996
Change in assets and liabilities				
Accounts Receivable	64,262	(125,142)	-	(60,880)
Accrued Interest	12	-	-	12
Prepaid Expenditures	-	(1,466)	-	(1,466)
Accounts Payable	73,836	(124,120)	-	(50,284)
Accrued Expenses	35,424	14,576	-	50,000
Accrued Vacation and Sick Pay	(5,985)	74,934	-	68,949
Due To/Due From Other Funds	-	10,741	-	10,741
Net Cash Used In Operating Activities	<u>\$ (507,016)</u>	<u>\$ (2,271,938)</u>	<u>\$ (17,506)</u>	<u>\$ (2,796,460)</u>

COUNTY OF DAUPHIN, PENNSYLVANIA  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 DECEMBER 31, 2011

	Tax Claim Agency Fund	Sheriff Agency Fund	Probation and Parole Agency Fund	Treasurer Agency Fund	Prothonotary Agency Fund	Recorder of Deeds Agency Fund	Clerk of Courts Agency Fund	Prison Agency Fund	Domestic Relations Agency Fund	Judge's Office Agency Fund	Coroner's Agency Fund	Payroll Advance Fund	Children and Youth Agency Fund	Flexible Spending Account	Total
<b>Assets</b>															
Cash and Cash Equivalents	\$ 2,285,217	\$ 852,389	\$ 380,057	\$ 311	\$ 118,846	\$ 698,590	\$ 977,353	\$ 2,042,348	\$ 37,838	\$ 41,271	\$ 564	\$ 17,514	\$ 64,987	\$ 41,859	\$ 7,590,334
Investments	448,504														448,504
<b>Total Assets</b>	<b>\$ 2,733,721</b>	<b>\$ 852,389</b>	<b>\$ 380,057</b>	<b>\$ 311</b>	<b>\$ 118,846</b>	<b>\$ 698,590</b>	<b>\$ 977,353</b>	<b>\$ 2,042,348</b>	<b>\$ 37,838</b>	<b>\$ 41,271</b>	<b>\$ 564</b>	<b>\$ 17,514</b>	<b>\$ 64,987</b>	<b>\$ 41,859</b>	<b>\$ 8,038,838</b>
<b>Liabilities</b>															
Accounts Payable	\$ 551,817														\$ 551,817
Funds Held in Escrow	2,152,904	852,389	380,057		118,846	698,590	977,353	2,042,348	37,838	41,271	564	17,514	64,987	41,859	5,789,466
Due To Other Governments				311											1,717,555
<b>Total Liabilities</b>	<b>\$ 2,704,721</b>	<b>\$ 852,389</b>	<b>\$ 380,057</b>	<b>\$ 311</b>	<b>\$ 118,846</b>	<b>\$ 698,590</b>	<b>\$ 977,353</b>	<b>\$ 2,042,348</b>	<b>\$ 37,838</b>	<b>\$ 41,271</b>	<b>\$ 564</b>	<b>\$ 17,514</b>	<b>\$ 64,987</b>	<b>\$ 41,859</b>	<b>\$ 8,038,838</b>

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>General Government</b>				
<b>Commissioners - Governing Body</b>				
Personal Services	\$ 792,517	\$ 757,531	\$ 1,140,205	\$ (382,674)
Supplies and Services	2,001,651	1,394,362	2,007,616	(613,254)
Capital Outlay	-	-	-	-
	<u>2,794,168</u>	<u>2,151,893</u>	<u>3,147,821</u>	<u>(995,928)</u>
<b>Finance</b>				
Personal Services	331,097	323,292	317,213	6,079
Supplies and Services	32,823	29,822	12,620	17,202
Capital Outlay	-	-	-	-
	<u>363,920</u>	<u>353,114</u>	<u>329,833</u>	<u>23,281</u>
<b>Risk Management</b>				
Personal Services	165,669	170,210	154,198	16,012
Supplies and Services	4,498	4,498	3,881	617
	<u>170,167</u>	<u>174,708</u>	<u>158,079</u>	<u>16,629</u>
<b>Purchasing</b>				
Personal Services	405,151	399,098	378,839	20,259
Supplies and Services	524,921	524,921	474,630	50,291
Capital Outlay	-	-	-	-
	<u>930,072</u>	<u>924,019</u>	<u>853,469</u>	<u>70,550</u>
<b>Voter's Registration</b>				
Personal Services	455,608	456,783	437,811	18,972
Supplies and Services	746,402	659,604	661,274	(1,670)
Capital Outlay	-	-	-	-
	<u>1,202,010</u>	<u>1,116,387</u>	<u>1,099,085</u>	<u>17,302</u>
<b>Tax Assessment</b>				
Personal Services	1,546,162	1,514,245	1,481,722	32,523
Supplies and Services	1,856,239	1,698,000	1,523,869	174,131
Capital Outlay	-	-	-	-
	<u>3,402,401</u>	<u>3,212,245</u>	<u>3,005,591</u>	<u>206,654</u>
<b>Treasurer</b>				
Personal Services	334,529	330,245	318,488	11,757
Supplies and Services	12,654	12,654	10,915	1,739
Capital Outlay	-	-	-	-
	<u>347,183</u>	<u>342,899</u>	<u>329,403</u>	<u>13,496</u>
<b>Tax Collectors</b>				
Personal Services	193,770	193,770	176,432	17,338
Supplies and Services	77,100	79,111	57,237	21,874
Capital Outlay	-	-	-	-
	<u>270,870</u>	<u>272,881</u>	<u>233,669</u>	<u>39,212</u>



COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>General Government (Continued)</b>				
<b>Personnel</b>				
Personal Services	835,172	820,991	1,490,330	(669,339)
Supplies and Services	917,299	917,723	44,682	873,041
Capital Outlay	-	-	-	-
	1,752,471	1,738,714	1,535,012	203,702
<b>Controller</b>				
Personal Services	999,641	982,501	937,107	45,394
Supplies and Services	231,480	231,480	210,845	20,635
Capital Outlay	-	-	-	-
	1,231,121	1,213,981	1,147,952	66,029
<b>Solicitor</b>				
Personal Services	472,332	455,242	433,386	21,856
Supplies and Services	116,322	159,322	160,184	(862)
Capital Outlay	-	-	-	-
	588,654	614,564	593,570	20,994
<b>Public Defender</b>				
Personal Services	2,887,099	2,881,955	2,651,644	230,311
Supplies and Services	784,604	864,874	848,784	16,090
Capital Outlay	-	-	-	-
	3,671,703	3,746,829	3,500,428	246,401
<b>Recorder of Deeds</b>				
Personal Services	564,052	553,134	506,443	46,691
Supplies and Services	550,723	791,822	567,438	224,384
Capital Outlay	-	-	-	-
	1,114,775	1,344,956	1,073,881	271,075
<b>Facilities Management</b>				
Personal Services	3,234,095	3,175,771	3,006,591	169,180
Supplies and Services	3,076,049	3,108,054	2,715,685	392,369
Capital Outlay	4,848	4,848	-	4,848
	6,314,992	6,288,673	5,722,276	566,397
<b>Printing</b>				
Personal Services	-	-	-	-
Supplies and Services	4,679	4,679	3,509	1,170
Capital Outlay	8,064	8,064	-	8,064
	12,743	12,743	3,509	9,234
<b>Data Processing</b>				
Personal Services	2,202,111	2,116,820	1,997,917	118,903
Supplies and Services	1,204,865	1,264,280	1,117,393	146,887
Capital Outlay	237,000	237,000	66,360	170,640
	3,643,976	3,618,100	3,181,670	436,430

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Veterans' Affairs				
Personal Services	95,253	93,002	90,865	2,137
Supplies and Services	133,182	133,633	113,625	20,008
Capital Outlay	-	-	-	-
	<u>228,435</u>	<u>226,635</u>	<u>204,490</u>	<u>22,145</u>
Gasoline Center				
Supplies and Services	12,100	12,100	24,697	(12,597)
Capital Outlay	-	-	-	-
	<u>12,100</u>	<u>12,100</u>	<u>24,697</u>	<u>(12,597)</u>
Pass-through Library Grant	<u>-</u>	<u>-</u>	<u>278,077</u>	<u>(278,077)</u>
Less: Indirect Cost Reimbursement	<u>(12,600,000)</u>	<u>(12,600,000)</u>	<u>(13,112,419)</u>	<u>512,419</u>
Total General Government	<u>\$ 15,451,761</u>	<u>\$ 14,765,441</u>	<u>\$ 13,310,093</u>	<u>\$ 1,455,348</u>

COUNTY OF DAUPHIN  
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Judicial</b>				
<b>Courts</b>				
Personal Services	\$ 2,402,530	\$ 2,403,121	\$ 2,203,810	\$ 199,311
Supplies and Services	3,284,036	3,440,252	3,192,044	248,208
Capital Outlay	-	-	-	-
	<u>5,686,566</u>	<u>5,843,373</u>	<u>5,395,854</u>	<u>447,519</u>
<b>Court Reporters</b>				
Personal Services	1,451,352	1,443,059	1,375,849	67,210
Supplies and Services	88,369	88,369	54,776	33,593
Capital Outlay	-	-	-	-
	<u>1,539,721</u>	<u>1,531,428</u>	<u>1,430,625</u>	<u>100,803</u>
<b>Jury Commissioners</b>				
Personal Services	-	-	-	-
Supplies and Services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>District Justices</b>				
Personal Services	4,708,515	4,661,863	4,392,487	269,376
Supplies and Services	2,242,903	2,267,312	1,664,489	602,823
Capital Outlay	171,423	171,423	-	171,423
	<u>7,122,841</u>	<u>7,100,598</u>	<u>6,056,976</u>	<u>1,043,622</u>
<b>Law Library</b>				
Personal Services	170,721	165,558	162,126	3,432
Supplies and Services	483,384	484,102	418,555	65,547
Capital Outlay	-	-	-	-
	<u>654,105</u>	<u>649,660</u>	<u>580,681</u>	<u>68,979</u>
<b>Night Court</b>				
Personal Services	341,881	331,743	399,053	(67,310)
Supplies and Services	20,045	20,045	10,593	9,452
Capital Outlay	-	-	-	-
	<u>361,926</u>	<u>351,788</u>	<u>409,646</u>	<u>(57,858)</u>
<b>Clerk of Courts</b>				
Personal Services	1,590,046	1,566,168	1,409,562	156,606
Supplies and Services	363,477	345,071	356,219	(11,148)
Capital Outlay	-	-	-	-
	<u>1,953,523</u>	<u>1,911,239</u>	<u>1,765,781</u>	<u>145,458</u>

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Judicial (Continued)</b>				
<b>Coroner</b>				
Personal Services	533,235	527,068	528,398	(1,330)
Supplies and Services	506,720	516,785	474,043	42,742
Capital Outlay	-	-	-	-
	1,039,955	1,043,853	1,002,441	41,412
<b>District Attorney</b>				
Personal Services	3,463,730	3,402,381	3,118,462	283,919
Supplies and Services	1,132,290	1,213,325	1,233,386	(20,061)
Capital Outlay	-	-	-	-
	4,596,020	4,615,706	4,351,848	263,858
<b>Criminal Investigation</b>				
Personal Services	1,517,328	1,487,720	1,438,632	49,088
Supplies and Services	579,740	589,045	593,095	(4,050)
Capital Outlay	20,000	20,000	-	20,000
	2,117,068	2,096,765	2,031,727	65,038
<b>Prothonotary</b>				
Personal Services	994,001	977,940	900,863	77,077
Supplies and Services	329,530	311,950	285,809	26,141
Capital Outlay	40,000	40,000	-	40,000
	1,363,531	1,329,890	1,186,672	143,218
<b>Registrar of Wills</b>				
Personal Services	488,014	481,472	468,316	13,156
Supplies and Services	300,021	303,547	282,083	21,464
Capital Outlay	-	-	4,086	(4,086)
	788,035	785,019	754,485	30,534
<b>Sheriff</b>				
Personal Services	3,499,631	3,435,496	3,180,927	254,569
Supplies and Services	683,308	652,803	659,450	(6,647)
Capital Outlay	36,000	62,225	26,224	36,001
	4,218,939	4,150,524	3,866,601	283,923
<b>Cost &amp; Fines</b>				
Personal Services	221,524	215,595	209,267	6,328
Supplies and Services	27,534	27,776	26,687	1,089
Capital Outlay	-	-	-	-
	249,058	243,371	235,954	7,417

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	11,357,016	11,231,130	10,503,505	727,625
Supplies and Services	1,722,339	1,720,734	1,536,644	184,090
Capital Outlay	75,000	97,202	-	97,202
	<u>13,154,355</u>	<u>13,049,066</u>	<u>12,040,149</u>	<u>1,008,917</u>
Juvenile Probation				
Personal Services	6,397,761	6,265,861	5,947,935	317,926
Supplies and Services	1,233,262	1,346,231	1,076,138	270,093
Capital Outlay	-	37,325	37,325	-
	<u>7,631,023</u>	<u>7,649,417</u>	<u>7,061,398</u>	<u>588,019</u>
Victim Witness				
Personal Services	65,808	65,808	62,129	3,679
Supplies and Services	668,700	800,204	906,478	(106,274)
	<u>734,508</u>	<u>866,012</u>	<u>968,607</u>	<u>(102,595)</u>
Pretrial				
Personal Services	-	-	-	-
Supplies and Services	421,590	433,590	437,775	(4,185)
	<u>421,590</u>	<u>433,590</u>	<u>437,775</u>	<u>(4,185)</u>
RO County Records Improvement				
Supplies and Services	110,500	139,000	123,548	15,452
Capital Outlay	21,000	22,000	21,723	277
	<u>131,500</u>	<u>161,000</u>	<u>145,271</u>	<u>15,729</u>
Total Judicial	<u>\$ 53,764,264</u>	<u>\$ 53,812,299</u>	<u>\$ 49,722,491</u>	<u>\$ 4,089,808</u>

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 29,497,061	\$ 29,044,894	\$ 27,359,076	\$ 1,685,818
Supplies and Services	11,344,742	10,747,827	10,072,518	675,309
Capital Outlay	-	11,637	337,801	(326,164)
	<u>40,841,803</u>	<u>39,804,358</u>	<u>37,769,395</u>	<u>2,034,963</u>
Emergency Services				
Personal Services	781,090	769,669	722,421	47,248
Supplies and Services	540,489	1,772,045	2,012,309	(240,264)
Capital Outlay	-	-	-	-
	<u>1,321,579</u>	<u>2,541,714</u>	<u>2,734,730</u>	<u>(193,016)</u>
Total Public Safety	<u>\$ 42,163,382</u>	<u>\$ 42,346,072</u>	<u>\$ 40,504,125</u>	<u>\$ 1,841,947</u>

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 645,616	\$ 728,907	\$ 676,223	\$ 52,684
Supplies and Services	2,693,735	30,057,727	29,405,868	651,859
Capital Outlay	-	-	-	-
Total Human Services	<u>\$ 3,339,351</u>	<u>\$ 30,786,634</u>	<u>\$ 30,082,091</u>	<u>\$ 704,543</u>
Culture and Recreation				
Parks				
Personal Services	\$ 1,301,167	\$ 1,263,504	\$ 1,224,581	\$ 38,923
Supplies and Services	949,422	1,002,541	913,266	89,275
Capital Outlay	-	-	-	-
Total Culture and Recreation	<u>\$ 2,250,589</u>	<u>\$ 2,266,045</u>	<u>\$ 2,137,847</u>	<u>\$ 128,198</u>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 258,212	\$ 256,028	\$ 245,502	\$ 10,526
Supplies and Services	268,315	251,879	252,776	(897)
Capital Outlay	-	-	-	-
Total Cooperative Extension	<u>526,527</u>	<u>507,907</u>	<u>498,278</u>	<u>9,629</u>
Conservation Programs				
Personal Services	1,059,920	1,036,850	967,351	69,499
Supplies and Services	672,031	673,078	565,733	107,345
Capital Outlay	-	17,486	17,486	-
Total Conservation Programs	<u>1,731,951</u>	<u>1,727,414</u>	<u>1,550,570</u>	<u>176,844</u>
Economic Development				
Personal Services	383,781	378,099	311,805	66,294
Supplies and Services	165,775	2,041,968	1,625,346	416,622
Capital Outlay	-	-	-	-
Total Economic Development	<u>549,556</u>	<u>2,420,067</u>	<u>1,937,151</u>	<u>482,916</u>
Housing Redevelopment				
Supplies and Services	-	-	-	-
Total Conservation and Development	<u>\$ 2,808,034</u>	<u>\$ 4,655,388</u>	<u>\$ 3,985,999</u>	<u>\$ 669,389</u>

COUNTY OF DAUPHIN  
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Debt Service				
Principal	\$ 7,583,360	\$ 7,583,360	\$ 8,040,518	\$ (457,158)
Interest	5,245,032	5,245,032	5,222,211	22,821
Total Debt Service	<u>\$ 12,828,392</u>	<u>\$ 12,828,392</u>	<u>\$ 13,262,729</u>	<u>\$ (434,337)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 2,126,202	\$ 2,126,202	\$ 2,071,193	\$ 55,009
MH/MR Fund	888,100	888,100	812,345	75,755
Office of Aging Fund	90,000	90,000	90,000	-
Drug and Alcohol Fund	207,871	207,871	207,871	-
Children, Youth, and Families Fund	9,700,000	11,400,000	9,619,906	1,780,094
State Grant Fund	25,000	25,000	18,971	6,029
Human Services Development Fund	22,000	22,000	29,570	(7,570)
Hazard Materials Emergency Response Fund	-	-	2,203	(2,203)
Weatherization	30,000	30,000	129,761	(99,761)
Liquid Fuels	-	-	1,827	(1,827)
ARRA	-	-	2,989	(2,989)
Affordable Housing	-	-	9,555	(9,555)
911 - EMA Communications Fund	-	-	319	(319)
Capital Projects Fund	250,000	260,000	260,000	-
Human Service Building Fund	800,000	800,000	740,128	59,872
General Fund	2,600	208,166	427,241	(219,075)
Debt Service	7,997,088	7,997,088	-	7,997,088
Total Interfund Transfers	<u>\$ 22,138,861</u>	<u>\$ 24,054,427</u>	<u>\$ 14,423,879</u>	<u>\$ 9,630,548</u>