

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

Commissioners
County of Dauphin
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dauphin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County of Dauphin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements for the Dauphin County General Authority, which represents 41.33% and 23.76% of the assets/deferred outflows and revenue, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dauphin County General Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 *Governmental Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

<i>Harrisburg</i>	<i>Philadelphia</i>	<i>Pittsburgh</i>	<i>Greensburg</i>
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103	210 Tollgate Hill Road Greensburg, PA 15601 724.834.2151 Fax 724.834.5969

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dauphin, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Governmental Accounting Standards Board Pronouncements

As discussed in Note 1 to the financial statements, in 2015 the County of Dauphin adopted the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of employer contributions – last 10 years, schedule of investment returns, schedule of funding progress – postretirement benefits other than pension, and budgetary comparison information on pages 4 through 19, 141, 142, 143, 144, and 145 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Dauphin's basic financial statements. The combining nonmajor fund financial statements and schedule of departmental expenditures on pages 147 through 157 and 158 through 166, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

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and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining nonmajor fund financial statements and schedule of departmental expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Requirements of *Governmental Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 22, 2016, 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 that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County of Dauphin's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD, LLC

Harrisburg, Pennsylvania
September 22, 2016

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, 2015. 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, 2015.

Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2015.
- On December 17, 2014, the Board of Commissioners approved the \$177,754,340 General Fund Budget for 2015 maintaining the 6.876 millage rate for the eleventh straight year. A \$7.1 million drawdown on fund balance was necessary in order to cover the initial expenditure budget. Four new positions were approved at a cost of approximately \$220,000. The 2015 budget was \$4.1 million greater than the final 2014 budget, which was an increase of 2.33%.
- On January 29, 2015, the County settled on the \$19,425,000 General Obligation Bonds Series of 2015 that completed the refinancing of the Series B & C Bonds of 2005. This action resulted in a net present value savings of approximately \$1,600,000. As part of this transaction, the County terminated its Forward Starting Swap that was put in place on 11/15/11.
- On February 26, 2015, 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, 2015 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019. On March 3, 2015, Harrisburg University made a \$45,000 payment on an outstanding loan to the County. As of December 31, 2015, \$4.5 million has been paid on this guaranty.
- The County guarantees on the Harrisburg Incinerator Debt were eliminated with the December 2013 incinerator sale and parking asset lease agreement settled by the city. Dauphin County has some limited guarantees on the parking deal that are explained in more detail in the footnotes to the audit. The County is obligated however, to pay 4% interest annually on a \$24 million bond issue that was part of the incinerator sale. These \$480,000 payments are due semi-annually on 6/15 and 12/15 of each year through 2033, at which time the entire principal amount is due. The County made the third and fourth of these payments in 2015.
- In July 2014, the County authorized the execution of a fixed receiver swaption on the \$24,000,000 Series of 2013 Incinerator Bonds. The execution of this swaption agreement is contingent upon favorable market conditions. To date, this has not been executed.
- The County's credit rating from Standard & Poors was reaffirmed in February 2015 as part of the Series of 2015 refunding. It remains at 'AA/Stable Outlook'.
- At December 31, 2015, the General Fund's Unassigned Fund Balance was \$24,262,396. This is down from the \$27,247,543 balance at the end of 2014.
- The County's total unrestricted net position decreased by \$17,306,314 in 2015. Unrestricted net position at year-end was \$3,239,537.

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
- Other Supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County 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 other 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.

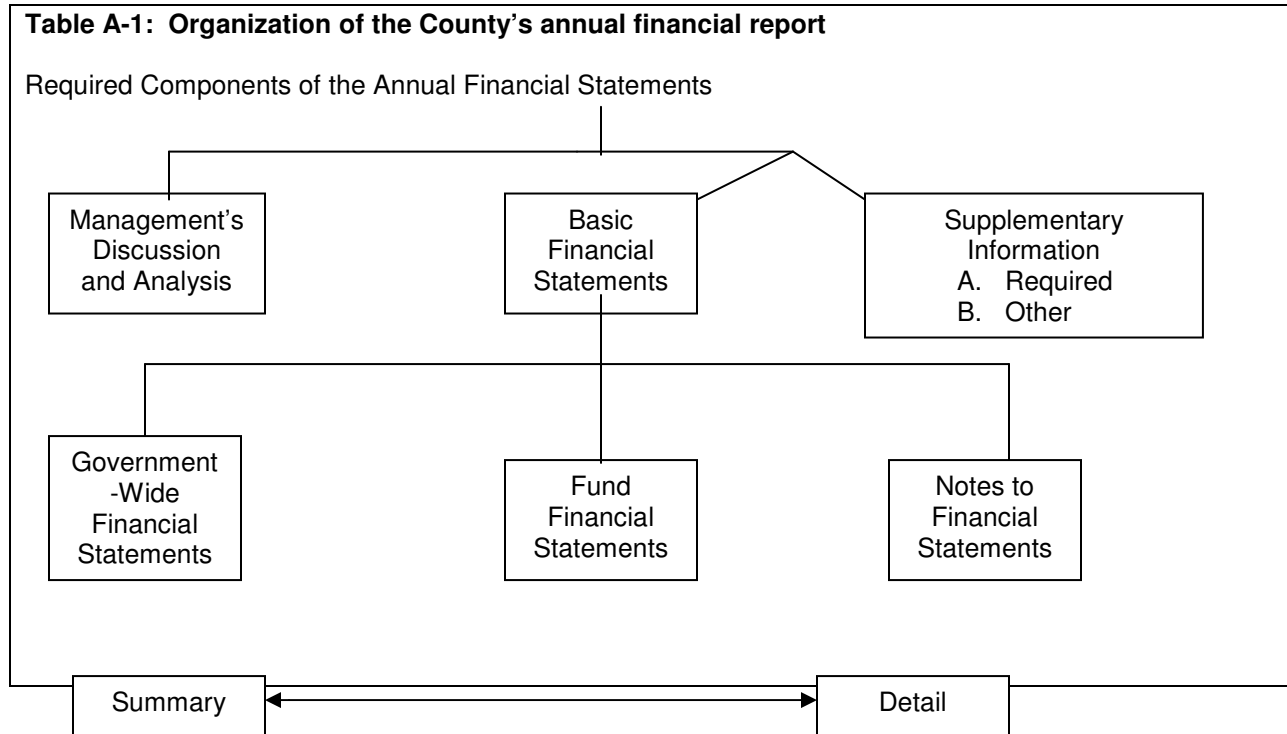


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

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"> - Statement of net position - Statement of activities 	<ul style="list-style-type: none"> - Balance Sheet - Statement of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> - Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows 	<ul style="list-style-type: none"> - Statement of fiduciary net position - Statement of changes in fiduciary net position
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 position includes all of the County's assets and liabilities, except fiduciary funds, with the difference between the two reported as net position. 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 position 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 position 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 position is one way to measure the County's financial position. Over time, increases or decreases in the County's net position is 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 charges a fee to customers to help cover the costs of services.

Net position of the governmental activities differs 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 position:

- 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 position balances as follows:
 - o Net investment in capital assets
 - o Restricted net position balances 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 position balances are those 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 position 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 position and a statement of changes in fiduciary net position. 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 Position

Dauphin County's total assets and deferred outflows of resources were \$244,433,972 at December 31, 2015. Of this amount, \$111,799,738 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.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	2014	2015	2014	2015	2014	2015	
Current & Other Assets	\$ 95,896,786	\$ 109,195,839	\$ 2,363,260	\$ 1,129,724	\$ 98,260,046	\$ 110,325,563	12.3%
Capital Assets	111,298,972	107,622,654	5,587,306	4,177,084	116,886,278	111,799,738	-4.4%
Total Assets	207,195,758	216,818,493	7,950,566	5,306,808	215,146,324	222,125,301	3.2%
Deferred Outflows of Resources	1,796,130	22,266,177	53,817	42,494	1,849,947	22,308,671	1105.9%
Total Deferred Outflows of Resources	1,796,130	22,266,177	53,817	42,494	1,849,947	22,308,671	1105.9%
Long-Term Debt Outstanding	138,116,911	176,566,482	4,173,450	3,020,282	142,290,361	179,586,764	26.2%
Other Liabilities	21,617,023	24,480,395	390,901	172,831	22,007,924	24,653,226	12.0%
Total Liabilities	159,733,934	201,046,877	4,564,351	3,193,113	164,298,285	204,239,990	24.3%
Net Position:							
Net Investment in Capital Assets	10,755,684	12,456,056	1,950,577	1,224,578	12,706,261	13,680,634	7.7%
Restricted	19,445,874	23,273,811	-	-	19,445,874	23,273,811	19.7%
Unrestricted	19,056,396	2,307,926	1,489,455	931,611	20,545,851	3,239,537	-84.2%
Total Net Position	\$ 49,257,954	\$ 38,037,793	\$ 3,440,032	\$ 2,156,189	\$ 52,697,986	\$ 40,193,982	-23.7%

The following statement of activities represents changes in net position for the year ended December 31, 2015. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total %</u>
	2014	2015	2014	2015	2014	2015	<u>Change</u>
Revenues							
Program Revenues							
Charges for Services	\$ 24,716,588	\$ 26,046,134	\$ 74,047,742	\$ 70,220,258	\$ 98,764,330	\$ 96,266,392	-2.5%
Operating Grants & Contributions	129,268,611	126,220,759	5,229	95,831	129,273,840	126,316,590	-2.3%
Capital Grants & Contributions	-	1,307,572	-	-	-	1,307,572	100.0%
General Revenues							
Property Taxes	101,557,300	102,381,207	-	-	101,557,300	102,381,207	0.8%
Hotel Taxes	10,680,070	10,957,914	-	-	10,680,070	10,957,914	2.6%
In Lieu of Taxes	1,793,658	2,813,934	-	-	1,793,658	2,813,934	56.9%
Unrestricted Investment Income	267,267	(317,957)	9,286	2,851	276,553	(315,106)	-213.9%
Gain/(Loss) on Asset Disposal	-	(441,830)	-	-	-	(441,830)	-100.0%
(Depreciation)/Appreciation in Fair							
Market Value of Investments	58,978	(24,964)	-	-	58,978	(24,964)	-142.3%
Miscellaneous	-	2,286,775	-	-	-	2,286,775	100.0%
Transfers From/(To) Component							
Units	1,677,955	(363,745)	-	-	1,677,955	(363,745)	-121.7%
Transfers In/(Out) of Capital							
Asset/Long Term Liabilities	-	242,026	-	(242,026)	-	-	0.0%
Transfers In/(Out)	(3,577,026)	594,404	3,577,026	(594,404)	-	-	0.0%
Total Revenues	266,443,401	271,702,229	77,639,283	69,482,510	344,082,684	341,184,739	-0.8%
Program Expenses							
General Government	14,428,931	13,949,912	-	-	14,428,931	13,949,912	-3.3%
Judicial	60,458,985	63,522,839	-	-	60,458,985	63,522,839	5.1%
Public Safety	40,632,074	47,417,705	6,792,874	-	47,424,948	47,417,705	0.0%
Public Works	6,994,131	1,927,129	1,415,363	1,343,079	8,409,494	3,270,208	-61.1%
Human Services	105,191,082	107,184,053	67,945,429	68,507,202	173,136,511	175,691,255	1.5%
Culture & Recreation	12,911,870	13,463,593	-	-	12,911,870	13,463,593	4.3%
Conservation & Development	15,025,743	11,750,171	-	-	15,025,743	11,750,171	-21.8%
Interest on Long Term Debt	6,991,197	4,736,404	-	-	6,991,197	4,736,404	-32.3%
Other Programs	-	-	941,063	916,072	941,063	916,072	-2.7%
Total Program Expenses	262,634,013	263,951,806	77,094,729	70,766,353	339,728,742	334,718,159	-1.5%
Change in Net Position	3,809,388	7,750,423	544,554	(1,283,843)	4,353,942	6,466,580	48.5%
Net Position at beginning of year, before restatement	45,448,566	49,257,954	2,895,478	3,440,032	48,344,044	52,697,986	9.0%
Cumulative effect of change in accounting principle	-	(18,970,584)	-	-	-	(18,970,584)	-100.0%
Net position at beginning of year, as restated	45,448,566	30,287,370	2,895,478	3,440,032	48,344,044	33,727,402	-30.2%
Net Position - Ending	\$ 49,257,954	\$ 38,037,793	\$ 3,440,032	\$ 2,156,189	\$ 52,697,986	\$ 40,193,982	-23.7%

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 2015, general property taxes brought in \$102,381,207. Table A-5 depicts the net program expenses for the year ended December 31, 2015.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 13,949,912	\$ 7,782,976
Judicial	63,522,839	44,315,277
Public Safety	47,417,705	36,581,484
Public Works	3,270,208	(586,719)
Human Services	175,691,255	12,421,215
Culture & Recreation	13,463,593	12,903,040
Conservation & Development	11,750,171	(7,898,109)
Interest on Long Term Debt	4,736,404	4,736,404
Other Programs	916,072	572,037
Total	\$ 334,718,159	\$ 110,827,605

The County relied on property taxes and other general revenues to fund 33.1% of its governmental and business-type activities in 2015.

The property tax is based on the assessed value of real property. The County's 2015 millage rate of 6.876 is unchanged from 2014 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 55.8% of general government spending in 2015. The remainder of the cost was funded by grants and fees for specific services. 69.8% 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 77.1% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Public Works required no tax or other general revenue dollars to cover its expenses in 2015. 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 95.8% and 100% respectively funded by property taxes and other general revenues, while Human Services expenses required only 7.1% from these sources, with most of the remainder being picked up by state and federal grants.

Conservation and Development program expenditures required no tax dollars in 2015. This area of County Government includes Gaming monies from the Hollywood Casino located in Dauphin County.

Capital Assets

The County's investment in capital assets at December 31, 2015, net of accumulated depreciation, was \$111,799,738 which is down \$5.1 million from 2014. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2015.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total %</u>
	2014	2015	2014	2015	2014	2015	<u>Change</u>
Construction in Progress	\$ 12,188,890	\$ 5,482,524	\$ 10,200	\$ -	\$ 12,199,090	\$ 5,482,524	-55.1%
Infrastructure - Construction-in-Progress	422,737	663,108	-	-	422,737	663,108	56.9%
Intangibles	608,190	608,190	-	-	608,190	608,190	0.0%
Land	498,551	772,195	111,492	111,492	610,043	883,687	44.9%
Infrastructure	17,031,217	17,031,217	-	-	17,031,217	17,031,217	0.0%
Buildings & Improvements	92,337,428	98,042,221	3,880,189	3,954,938	96,217,617	101,997,159	6.0%
Machinery & Equipment	50,919,549	60,208,448	10,684,229	1,602,962	61,603,778	61,811,410	0.3%
Furniture & Fixtures	-	-	23,220	30,069	23,220	30,069	29.5%
Leasehold Assets	22,333,338	24,495,673	16,142,261	15,461,511	38,475,599	39,957,184	3.9%
Accumulated Depreciation	(85,040,928)	(99,680,922)	(25,264,285)	(16,983,888)	(110,305,213)	(116,664,810)	-5.8%
Total Capital Assets	\$ 111,298,972	\$ 107,622,654	\$ 5,587,306	\$ 4,177,084	\$ 116,886,278	\$ 111,799,738	-4.4%

'Construction in Progress' decreased in 2015 as several Parks & Recreation projects were completed during the year.

The major capital assets in the 'Buildings & Improvements' section above consist of the Courthouse, Administration Building, Probation Complex, EMA Center, Judicial Center, County Warehouse, and the County Prison. Smaller buildings are located at the County Park sites and the various MDJ Offices.

The 'Infrastructure' category houses the many county-owned bridges scattered throughout the County. Dauphin County does not own any roads.

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, 2015, the County had \$179,586,754 of long-term debt outstanding. This was an increase of \$18,325,819 from the previous year. Table A-7 details activity related to the long-term debt.

Type	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt	\$ 96,155,000	\$ 19,425,000	\$ (26,305,000)	\$ 89,275,000
Unamortized Bond Premium/Discount (Net)	1,596,563	2,595,006	(982,354)	3,209,215
Liquid Fuels Revenue Note	4,272,723	7,034,518	(398,324)	10,908,917
Guaranty Obligation	7,454,279	663	(1,500,000)	5,954,942
Compensated Absences	8,874,988	7,959,702	(7,586,433)	9,248,257
Estimated Workers Comp. Claims	1,987,639	-	(452,779)	1,534,860
Net Pension Liability	18,970,584	26,149,350	(6,546,502)	38,573,432
Net OPEB Obligation	4,952,977	244,095	-	5,197,072
Capital Leases	16,996,192	841,745	(2,152,868)	15,685,069
Total Long Term Debt & Capital Leases	\$ 161,260,945	\$ 64,250,079	\$ (45,924,260)	\$ 179,586,764

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, 2015 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$90 million, which is well below the limit.

At year-end, the County had \$89,275,000 million in general obligation bonds and notes outstanding. This figure is down from 2014 as principal continues to be retired. There were no new money issues in 2015 that would have added to the outstanding debt. The only activity in this area in 2015 was a refunding that saved over \$1.6 million.

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

Bond Rating

The County's bond rating through Standard & Poors is 'AA Stable Outlook' as of December 31, 2015. 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, 2015 and December 31, 2014 were as follows. Table A-8 also presents changes from 2014 to 2015.

Source	2015	2014	Changes from 2014 to 2015
Property Taxes	\$ 102,161,789	\$ 101,593,952	\$ 567,837
Hotel Taxes	10,957,914	10,680,070	277,844
Intergovernmental	130,342,265	128,946,120	1,396,145
Charges for Services	20,816,043	19,112,027	1,704,016
License and Permits	107,491	105,213	2,278
Court Costs and Fines	5,122,600	5,596,484	(473,884)
Interest and Rents	245,920	235,030	10,890
Depreciation Fair Market Value Investments	(24,964)	58,978	(83,942)
Miscellaneous Revenue	2,286,775	2,051,250	235,525
Transfers from Component Units	104,544	1,677,955	(1,573,411)
Proceeds from Sale of Fixed Assets	27,437	-	27,437
Capital Lease Proceeds	521,199	1,412,634	(891,435)
Bonds/Notes Proceeds	29,054,524	22,435,927	6,618,597
Operating Transfers In	19,094,348	15,006,095	4,088,253
Total Revenues	\$ 320,817,885	\$ 308,911,735	\$ 11,906,150

Governmental fund revenues totaled \$320,817,885 for the year ended December 31, 2015. This is an increase of \$11.9 million from the revenue total in 2014.

The 'Bonds/Notes Proceeds' line shows an increase of \$6.6 million primarily as a result of the pass-through of a \$7,034,518 PA Infrastructure Bank Loan to the County's Infrastructure Bank program.

There are several factors causing the increase in the 'Operating Transfers In' total for 2015. First, the County's Emergency Management Communication Fund was historically included in the 'Business-Type' category for audit purposes. 2015 marked the first year that it was classified as a 'Governmental Fund'; therefore, the supporting transfers from the General Fund are now included here. There were also increased match requirements for the County's Children & Youth program in 2015, and more projects funded with gaming dollars that necessitated transfers to various County Funds.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2015 and December 31, 2014 were as follows. Table A-9 also presents changes from 2014 to 2015.

Function	2015	2014	Changes from 2014 to 2015
General Government	\$ 13,795,509	\$ 12,568,616	\$ 1,226,893
Judicial	62,896,565	60,991,551	1,905,014
Public Safety	44,593,238	37,522,009	7,071,229
Public Works	1,761,453	6,855,353	(5,093,900)
Human Services	106,878,569	104,690,413	2,188,156
Culture & Recreation	13,377,664	12,822,560	555,104
Conservation & Development	11,730,470	16,583,950	(4,853,480)
Debt Service Principal	29,655,798	19,088,532	10,567,266
Debt Service Interest	4,965,306	5,661,010	(695,704)
Bond Issuance Costs	238,546	269,393	(30,847)
Capital Projects	1,210,603	1,396,911	(186,308)
Payment to Refunded Bond Escrow Agent	-	8,080,000	(8,080,000)
Operating Transfers Out	18,499,944	18,583,121	(83,177)
Loss on Swap Termination	1,146,000	-	1,146,000
Transfer to Component Unit	468,289	-	468,289
Total Expenditures	\$ 311,217,954	\$ 305,113,419	\$ 6,104,535

Governmental fund expenditures totaled \$311,217,954 for the year ended December 31, 2015. This represents an increase of approximately \$6.1 million from 2014.

'Public Safety' is showing a large increase in 2015 due to the reclassification of the EMA Communication Fund from 'Business-Type' to 'Governmental'. Since this fund was not part of the governmental classification in 2014, its expenses of approximately \$6.9 million are causing the increase here for 2015.

The 'Public Works' category is showing a large decrease in 2015 due to the pass-through of a \$6 million RACP State Grant to the Lancaster County Solid Waste Management Authority in 2014. There was another pass-through grant in 2015, but it totaled only \$1.1 million.

The 'Conservation & Development' line shows a large decrease due primarily to fewer projects funded with Gaming dollars in 2015. These funds carry over from year to year and are used to finance municipal projects.

The large increase in the 'Debt Service Principal' category reflects payments of principal on the refundings of late 2014 and early 2015 as the bonds reached their call dates.

The 2015 refunding did not require a payment to a bond escrow agent; therefore, this category is down from 2014.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net position for proprietary funds at December 31, 2015.

Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 49,907,273	\$ -
Gaming Fund	16,447,919	-
Other Governmental Funds	13,322,458	-
Health Choices Fund	-	61,226
Human Services Building Fund	-	(290,263)
Other Enterprise Funds	-	2,385,226
Total	\$ 79,677,650	\$ 2,156,189

The County's governmental funds reported a combined fund balance of \$79,677,650 at December 31, 2015. Of that total, \$24,262,396 was unassigned in the General Fund and is available to meet the County's current and future needs. This unassigned portion is a decrease of approximately \$3 million from the total at the end of 2014. The Proprietary Funds are showing a balance of \$2,156,189 at year-end, which is down from the \$1.28 million balance from the year before.

A detailed breakdown of ending fund balance for the \$13,322,458 in 'Other Governmental Funds' and the \$2,385,226 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 17, 2014 the Dauphin County Commissioners approved the 2015 General Fund Budget totaling \$177,754,340. A \$7.1 million drawdown on fund balance was necessary in order to cover the initial expenditure budget. Throughout the year, budget amendments totaling (-\$4,649,460) were approved. These amendments resulted in a final General Fund budget for 2015 in the amount of \$173,104,880.

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at approximately 5%. Pennsylvania's average unemployment rate is 5.6% and the national unemployment rate is 4.9%.

Homeownership in Dauphin County is at 64.3% with the median value of owner-occupied housing units being \$159,200. There are currently an estimated 272,983 residents within Dauphin County. The estimated median household income is \$54,337.

The County is home to many great companies such as the Hershey Company; with the completion of a new 300,000,000 production facility in Derry Township, HE&R, Milton S. Hershey/Penn State University Medical Center, Phoenix Development Corporation, Pinnacle Health System, Capital Blue Cross, Tyco, ArcelorMittal, FedEx (developing additional transfer facility in Lower Swatara Township), 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 programs 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 U.S. 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 the 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), Middletown Inter-Modal Center, and many alternative energy projects underway, including the Dauphin County IDA who recently completed a 2 mega-watt Solar Farm. The Lykens Hotel 29 Mixed Income Rental Units Housing Development project called the Union Street Apartments began construction in May 2016. The expansion of two Rail Intermodal Centers (one in Harrisburg and one in Swatara Township) will help serve the expanding Crescent Corridor. Harrisburg International Airport continues to increase freight traffic and maintain a stable passenger flow with the additions of Frontier Airlines and Allegiant Airlines. These developments will provide economic vitality for Dauphin County for years to come.

Next Year's Budget

On December 16, 2015, the Board of Commissioners approved the \$180,561,839 General Fund Budget for 2016 maintaining the 6.876 millage rate for the twelfth straight year. An \$8,872,094 drawdown on fund balance was necessary in order to cover the initial expenditure budget. Eight new positions were approved which adds approximately \$518,000 to the expenses. The approved 2016 budget was \$7.5 million or 4.31% greater than the final 2015 budget.

On February 26, 2016, the County paid \$994,755 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, 2016 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019. To date, \$5,494,755 has been paid on this guaranty.

As stated previously in this discussion, the existing County guarantees on the Harrisburg Incinerator Debt went away with the December 2013 incinerator sale and parking asset lease agreement settled by the city. Dauphin County has some limited guarantees on the parking deal that are explained in more detail in the footnotes to the audit. The County is obligated however to pay 4% interest annually on a \$24 million bond issue that was part of the incinerator sale. These \$480,000 payments are due semi-annually on 6/15 and 12/15 of each year through 2033, at which time the entire principal amount is due. To date, the County has made five of these payments.

On May 11, 2016, the County settled on the \$14,690,000 General Obligation Bonds Series A & B of 2016. These bonds refunded the outstanding General Obligation Bonds Series of 2006 which were issued to partially finance the EMA Radio Communication Project of the mid-2000's. This action resulted in a net present value savings of approximately \$1,145,000. As part of this transaction, the County terminated its final Forward Starting Swap that was put in place on 11/15/11. As of August 2016, the County has no Swap agreements outstanding.

The County has approximately 55% of its total employees of 1670 represented by six (6) separate bargaining units. These bargaining units are AFSCME, Pennsylvania Social Services Union, the County Detectives Association and three (3) Teamsters contracts representing the Court Related Non-Professional employees, the Court Appointed Professional employees, and the employees at Dauphin County Prison. The County is currently negotiating with AFSCME for a successor agreement for a contract that will expire on December 31, 2016. The remaining five contracts will expire on December 31, 2017. The County will begin the negotiating process early next year in anticipation of having all other contracts in place by the end of 2017.

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 POSITION
DECEMBER 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 13,435,713	\$ 1,071,901	\$ 14,507,614	\$ 6,637,493
Investments	8,344,281	527,016	8,871,297	764,154
Inventory	-	-	-	48,469
Receivables:				
Accounts, Net of Allowance	9,573,814	177,680	9,751,494	2,048,198
Taxes	7,913,818	-	7,913,818	-
Interest and Dividends	-	-	-	27,189
Program Loans	3,862,114	-	3,862,114	1,132,655
Unearned Loans	4,642,339	-	4,642,339	-
Internal Balances	647,334	(647,334)	-	-
Due From Other Governments	47,071,496	-	47,071,496	1,499,357
Due From Primary Government	-	-	-	193,529
Due From Component Units	11,235,112	-	11,235,112	-
Investment in Direct Financing Leases, Current	-	-	-	1,201,430
Prepaid Expenses	1,085,783	-	1,085,783	374,738
Other Assets	55,569	461	56,030	-
Due From Related Party	-	-	-	846,713
Loans Receivable, Net of Current Portion	-	-	-	9,178,293
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	13,991,460
Restricted Cash	1,210,943	-	1,210,943	25,829,120
Restricted Investments	117,523	-	117,523	9,086,655
Capital Assets, Not Being Depreciated	7,526,017	111,492	7,637,509	2,477,824
Capital Assets Being Depreciated, Net	100,096,637	4,065,592	104,162,229	32,686,227
Total Assets	216,818,493	5,306,808	222,125,301	108,023,504
<u>Deferred Outflows of Resources</u>				
Pensions	21,018,498	-	21,018,498	-
Deferred Charge on Refunding	1,247,679	42,494	1,290,173	315,218
Total Deferred Outflows of Resources	22,266,177	42,494	22,308,671	315,218
<u>Liabilities</u>				
Accounts Payable	10,013,912	136,907	10,150,819	3,581,318
Accrued Liabilities	3,605,822	35,924	3,641,746	2,376,516
Unearned Revenues	8,672,470	-	8,672,470	930,412
Due to Component Units	193,529	-	193,529	-
Due to Primary Government	-	-	-	10,940,238
Due to Related Party	-	-	-	80,000
Due to Other Governments	-	-	-	9,733,037
Funds Held in Escrow	391,352	-	391,352	-
Funds Held in Fiduciary Capacity	611,053	-	611,053	-
Security Deposits	-	-	-	10,590
Other Liabilities	992,257	-	992,257	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	1,366,805	385,000	1,751,805	8,608
General Obligation Debt	9,151,757	-	9,151,757	2,037,411
Notes Payable	1,055,117	-	1,055,117	838,007
Guaranty Obligation	1,495,085	-	1,495,085	-
Loans Payable	-	-	-	68,520
Portion Due or payable after one year:				
Obligation Under Capital Lease	11,323,264	2,610,000	13,933,264	-
General Obligation Debt	83,332,458	-	83,332,458	54,756,714
Notes Payable	9,853,800	-	9,853,800	16,470,129
Guaranty Obligation	4,459,857	-	4,459,857	-
Loans Payable	-	-	-	1,554,225
Accrued Compensated Absences	9,222,975	25,282	9,248,257	-
Liability for Workers' Compensation Claims	1,534,860	-	1,534,860	-
Net Pension Liability	38,573,432	-	38,573,432	-
Net OPEB Obligation	5,197,072	-	5,197,072	-
Total Liabilities	201,046,877	3,193,113	204,239,990	103,385,725
<u>Deferred Inflows of Resources</u>				
Deferred Charge on Refunding	-	-	-	1,506,180
Total Deferred Inflows of Resources	-	-	-	1,506,180
<u>Net Position</u>				
Net Investment in Capital Assets	12,456,056	1,224,578	13,680,634	(16,879,298)
Restricted for:				
Program Purposes	17,616,519	-	17,616,519	5,770,835
Gaming Program	-	-	-	5,918,404
Revolving Loan Program	-	-	-	622,869
Infrastructure Bank Program	-	-	-	120,198
Debt Service	-	-	-	253,400
Fund Operations	-	-	-	3,392,779
Capital Projects	4,511,422	-	4,511,422	-
Permanent Fund	1,145,870	-	1,145,870	-
Unrestricted	2,307,926	931,611	3,239,537	4,247,630
Total Net Position	\$ 38,037,793	\$ 2,156,189	\$ 40,193,982	\$ 3,446,817

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

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General Government	\$ 23,881,297	\$ (9,931,385)	\$ 6,166,936	\$ -	\$ -	\$ (7,782,976)	\$ -	\$ (7,782,976)	
Judicial	58,057,097	5,465,742	12,892,768	6,314,794	-	(44,315,277)	-	(44,315,277)	
Public Safety	45,627,099	1,790,606	3,477,601	7,358,620	-	(36,581,484)	-	(36,581,484)	
Public Works	1,910,552	16,577	-	1,177,199	1,307,572	557,642	-	557,642	
Human Services	105,755,168	1,428,885	2,276,056	92,394,086	-	(12,513,911)	-	(12,513,911)	
Culture and Recreation	12,893,509	570,084	257,882	302,671	-	(12,903,040)	-	(12,903,040)	
Conservation and Development	11,625,331	124,840	974,891	18,673,389	-	7,898,109	-	7,898,109	
Interest and Fiscal Charges on Long Term Debt	4,736,404	-	-	-	-	(4,736,404)	-	(4,736,404)	
Total governmental activities	264,486,457	(534,651)	26,046,134	126,220,759	1,307,572	(110,377,341)	-	(110,377,341)	
Business-type activities:									
Human Services - Health Choices Fund	68,502,487	4,715	68,599,898	-	-	-	92,696	92,696	
Public Works - Human Service Building	854,111	488,968	1,372,156	-	-	-	29,077	29,077	
Other Programs:									
Public Works - Solid Waste Fund	783,465	40,968	203,690	95,831	-	-	(524,912)	(524,912)	
Culture and Recreation - Fort Hunter	91,639	-	44,514	-	-	-	(47,125)	(47,125)	
Total Other Programs	875,104	40,968	248,204	95,831	-	-	(572,037)	(572,037)	
Total business-like activities	70,231,702	534,651	70,220,258	95,831	-	-	(450,264)	(450,264)	
Total Primary government	\$ 334,718,159	\$ -	\$ 96,266,392	\$ 126,316,590	\$ 1,307,572	\$ (110,377,341)	\$ (450,264)	\$ (110,827,605)	
Component Units:									
Conservation District	\$ 982,547	\$ -	\$ 438,066	\$ 702,160	\$ -	-	-	-	\$ 157,679
General Authority	9,992,819	-	8,748,470	-	-	-	-	-	(1,244,349)
Mental Health/Mental Retardation Case Management Unit	10,642,927	-	208,551	10,724,932	-	-	-	-	290,556
Industrial Development Authority	14,641,984	-	892,142	7,457,877	-	-	-	-	(6,291,965)
Dauphin County Economic Development Corporation	7,881,960	-	325,825	7,834,605	-	-	-	-	278,470
Total Component Units	\$ 44,142,237	\$ -	\$ 10,613,054	\$ 26,719,574	\$ -	\$ -	\$ -	\$ -	(6,809,609)
General revenues:									
Taxes:									
Property taxes, levied for general purposes						102,381,207	-	102,381,207	-
Hotel taxes						10,957,914	-	10,957,914	-
In-lieu of taxes						2,813,934	-	2,813,934	-
Unrestricted investment income						(317,957)	2,851	(315,106)	307,166
Depreciation in Fair Market Value of Investments						(24,964)	-	(24,964)	-
Miscellaneous						2,286,775	-	2,286,775	-
Loss on Asset Disposal						(441,830)	-	(441,830)	-
Transfers from/(to) Primary Government						(363,745)	-	(363,745)	376,497
Transfers in/(out) of Capital Assets and Long-Term Liabilities						242,026	(242,026)	-	-
Transfers in/(out)						594,404	(594,404)	-	-
Total general revenues and transfers						118,127,764	(833,579)	117,294,185	683,663
Change in net position						7,750,423	(1,283,843)	6,466,580	(6,125,946)
Net position - beginning, as restated (See Note 35)						30,287,370	3,440,032	33,727,402	9,572,763
Net position - ending						\$ 38,037,793	\$ 2,156,189	\$ 40,193,982	\$ 3,446,817

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

<u>Assets</u>	<u>General</u>	<u>Children and Youth</u>	<u>MH/ID</u>	<u>Gaming</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 1,664,942	\$ 2,500	\$ 150	\$ 3,871,595	\$ 7,896,526	\$ 13,435,713
Investments	1,482,942	-	-	2,181,857	5,399,506	9,064,305
Receivables						
Accounts, net	8,954,818	77,300	132,122	-	409,574	9,573,814
Taxes, net	7,913,818	-	-	-	-	7,913,818
Loans	-	-	-	3,655,000	207,114	3,862,114
Unearned Loans	-	-	-	-	4,642,339	4,642,339
Due From Other Funds	31,131,455	-	123,654	-	17,757	31,272,866
Due From Other Governments	1,408,642	19,617,700	11,744,314	7,936,428	6,364,412	47,071,496
Due From Component Units	11,114,458	-	-	-	120,654	11,235,112
Prepaid Expenses	1,008,699	77,084	-	-	-	1,085,783
Other Assets	34,260	-	-	5,462	15,847	55,569
Restricted Assets						
Cash	1,210,943	-	-	-	-	1,210,943
Investments	117,523	-	-	-	-	117,523
Total Assets	\$ 66,042,500	\$ 19,774,584	\$ 12,000,240	\$ 17,650,342	\$ 25,073,729	\$ 140,541,395

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2015

<u>Liabilities and Fund Balances</u>	<u>General</u>	<u>Children and Youth</u>	<u>MH/ID</u>	<u>Gaming</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities						
Accounts Payable	\$ 5,245,580	\$ 2,326,914	\$ 421,835	\$ 525,213	\$ 1,494,370	\$ 10,013,912
Accrued Liabilities	2,477,571	213,459	76,261	-	370,009	3,137,300
Unearned Revenues - Other	121,198	187,255	943,254	675,825	6,744,938	8,672,470
Due to Other Funds	69,876	17,046,956	10,558,890	1,385	2,948,425	30,625,532
Due to Component Units	-	-	-	-	193,529	193,529
Funds Held in Escrow	391,352	-	-	-	-	391,352
Funds Held in Fiduciary Capacity	611,053	-	-	-	-	611,053
Other Liabilities	992,257	-	-	-	-	992,257
Total Liabilities	9,908,887	19,774,584	12,000,240	1,202,423	11,751,271	54,637,405
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	6,226,340	-	-	-	-	6,226,340
Total Deferred Inflows of Resources	6,226,340	-	-	-	-	6,226,340
Fund Balances:						
Nonspendable	16,772,783	-	-	3,655,000	-	20,427,783
Restricted	-	-	-	9,951,353	13,347,430	23,298,783
Assigned	8,872,094	-	-	2,841,566	-	11,713,660
Unassigned	24,262,396	-	-	-	(24,972)	24,237,424
Total Fund Balances	49,907,273	-	-	16,447,919	13,322,458	79,677,650
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 66,042,500	\$ 19,774,584	\$ 12,000,240	\$ 17,650,342	\$ 25,073,729	\$ 140,541,395

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 POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2015

Total fund balances for governmental funds \$ 79,677,650

Total net position reported for governmental activities in the statement of net position 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	772,195
Intangible Assets	608,190
Construction in progress - Infrastructure	663,108
Construction in progress	5,482,524
Infrastructure, net of \$7,912,906 accumulated depreciation	9,118,311
Buildings and improvements, net of \$48,432,261 accumulated depreciation	49,609,960
Machinery and Tools, net of \$30,200,670 accumulated depreciation	30,007,778
Leasehold assets, net of \$13,135,085 accumulated amortization	11,360,588
	11,360,588

Total capital assets 107,622,654

The County is self insured for the costs of worker's compensation. The liability for workers' compensation is included in the statement of net position in the following amount:

(1,534,860)

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 unavailable revenue - property taxes in the funds.

6,226,340

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

Investments in derivative instruments (720,024)

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 position.

Balances at December 31, 2015 are:

Accrued interest on bonds	(468,522)
General obligation debt	(89,275,000)
Less: Deferred charge on refunding	1,247,679
Liquid Fuel Revenue Bonds	(10,908,917)
Capital leases payable	(12,690,069)
Guaranty Obligation	(5,954,942)
Compensated absences	(9,222,975)
Unamortized bond premium/discount (net)	(3,209,215)
Net Pension Liability	(38,573,432)
Less: Deferred outflows of resources - Pensions	21,018,498
Net OPEB Obligation	(5,197,072)
	(153,233,967)

Total net position of governmental activities \$ 38,037,793

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Children and Youth	MH/ID	Gaming	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 102,161,789	\$ -	\$ -	\$ -	\$ -	\$ 102,161,789
Hotel Taxes	-	-	-	-	10,957,914	10,957,914
Intergovernmental	41,842,302	31,632,510	22,906,648	12,889,969	21,070,836	130,342,265
Charges for Services	17,224,943	1,041,925	984,437	-	1,564,738	20,816,043
License and Permits	107,491	-	-	-	-	107,491
Court Costs and Fines	4,109,107	-	-	-	1,013,493	5,122,600
Interest and Rents	140,255	-	1,332	24,456	79,877	245,920
Depreciation in Fair Market Value of Investments	-	-	-	-	(24,964)	(24,964)
Miscellaneous Revenue	177,102	-	-	-	2,109,673	2,286,775
Total Revenues	165,762,989	32,674,435	23,892,417	12,914,425	36,771,567	272,015,833
Expenditures						
Current:						
General Government	13,795,509	-	-	-	-	13,795,509
Judicial	54,825,468	-	-	331,386	7,739,711	62,896,565
Public Safety	37,556,296	-	-	-	7,036,942	44,593,238
Public Works	-	-	-	-	1,761,453	1,761,453
Human Services	29,627,834	41,363,536	24,649,671	-	11,237,528	106,878,569
Culture and Recreation	2,210,792	-	-	-	11,166,872	13,377,664
Conservation and Development	7,594,744	-	-	3,762,384	373,342	11,730,470
Debt Service						
Principal	27,749,549	12,997	137,250	1,615,719	140,283	29,655,798
Interest	4,888,520	9,105	17,764	40,605	9,312	4,965,306
Bond Issuance Costs	238,546	-	-	-	-	238,546
Capital Projects	-	-	-	-	1,210,603	1,210,603
Total Expenditures	178,487,258	41,385,638	24,804,685	5,750,094	40,676,046	291,103,721
Excess of Revenues Over (Under) Expenditures	(12,724,269)	(8,711,203)	(912,268)	7,164,331	(3,904,479)	(19,087,888)
Other Financing Sources (Uses)						
Transfers In	3,489,910	8,785,974	929,747	-	5,888,717	19,094,348
Transfers Out	(13,768,530)	(74,771)	(17,479)	(3,797,660)	(841,504)	(18,499,944)
Transfers from Component Unit	-	-	-	-	104,544	104,544
Transfers to Component Unit	(118,289)	-	-	-	(350,000)	(468,289)
Loss on Swap Termination	(1,146,000)	-	-	-	-	(1,146,000)
Gain on Asset Disposition	27,437	-	-	-	-	27,437
Proceeds of Refunding General Obligation Debt	22,020,006	-	-	-	-	22,020,006
Note Proceeds	7,034,518	-	-	-	-	7,034,518
Capital Lease Proceeds	521,199	-	-	-	-	521,199
Total Other Financing Sources (Uses)	18,060,251	8,711,203	912,268	(3,797,660)	4,801,757	28,687,819
Net change in fund balances	5,335,982	-	-	3,366,671	897,278	9,599,931
Fund Balances - Beginning of Year	44,571,291	-	-	13,081,248	12,425,180	70,077,719
Fund Balances - End of Year	\$ 49,907,273	\$ -	\$ -	\$ 16,447,919	\$ 13,322,458	\$ 79,677,650

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, 2015

Net change in fund balances - total governmental funds \$ 9,599,931

The change in net position 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 depreciation (\$6,609,134) exceeded capital outlays (\$2,379,889), net book value of disposed fixed assets (\$474,116) in the current period, and a transfer of capital assets (\$1,027,043) from the Emergency 911 Operating and Act 56 Enterprise fund. (3,676,318)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, 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 position.

Debt issued:			
Capital Leases		(521,199)	
General Obligation Debt		(19,425,000)	
Bond Premium		(2,595,006)	
Revenue Note		(7,034,518)	
Repayments:			
Capital Leases		1,457,322	
General Obligation Debt		26,305,000	
Revenue Note		398,324	
Guaranty Obligation		1,500,000	
Transfer of Long-Term Liabilities from the Emergency 911 Operating and Act 56 Enterprise Fund		(785,017)	
Net adjustment			(700,094)

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	(366,420)	
Other postemployment benefits expense	(244,095)	
Pension Expense	1,415,650	
Interest Expense on Guaranty Obligation	(663)	
Investment gain from derivative instruments	582,123	
Amortization of debt premium/discount	982,354	
Amortization of deferred interest from refunding	(548,451)	
Accrued interest on long-term debt	34,209	
Combined adjustment		1,854,707

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 12/31/14 to 12/31/15. 219,418

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. 452,779

Change in net position of governmental activities \$ 7,750,423

COUNTY OF DAUPHIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Health Choices Fund	Human Service Building	Nonmajor Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 106,450	\$ 593,746	\$ 371,705	\$ 1,071,901
Investments	15	334,552	192,449	527,016
Accounts Receivables	124,706	25,679	27,295	177,680
Due From Other Funds	-	20,366	-	20,366
Other Assets	46	319	96	461
Total current assets	231,217	974,662	591,545	1,797,424
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	-	111,492	111,492
Capital Assets, Being Depreciated (Net)	-	2,242,314	1,823,278	4,065,592
Total noncurrent assets	-	2,242,314	1,934,770	4,177,084
Total assets	231,217	3,216,976	2,526,315	5,974,508
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	-	42,494	-	42,494
Total Deferred Outflows of Resources	-	42,494	-	42,494
LIABILITIES				
Current liabilities:				
Accounts Payable	71,127	39,110	26,670	136,907
Accrued Liabilities	-	26,438	9,486	35,924
Due to Other Funds	98,864	489,185	79,651	667,700
Obligation Under Capital Lease	-	385,000	-	385,000
Total current liabilities	169,991	939,733	115,807	1,225,531
Noncurrent liabilities:				
Obligation Under Capital Lease	-	2,610,000	-	2,610,000
Accrued Compensated Absences	-	-	25,282	25,282
Total noncurrent liabilities	-	2,610,000	25,282	2,635,282
Total liabilities	169,991	3,549,733	141,089	3,860,813
NET POSITION				
Net Investment in Capital Assets	-	(710,192)	1,934,770	1,224,578
Unrestricted	61,226	419,929	450,456	931,611
Total net position	\$ 61,226	\$ (290,263)	\$ 2,385,226	\$ 2,156,189

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

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Health Choice Fund	Human Service Building	Nonmajor Enterprise Funds	Total
Operating Revenues				
Charges for Services	\$ 68,599,898	\$ 1,372,156	\$ 248,204	\$ 70,220,258
Total Operating Revenues	<u>68,599,898</u>	<u>1,372,156</u>	<u>248,204</u>	<u>70,220,258</u>
Operating Expenses				
Personnel Services	258,830	-	409,170	668,000
Contracted Services	27,454	109,876	109,829	247,159
Supplies and Materials	652	3,285	2,147	6,084
Repairs and Maintenance	-	116,070	91,187	207,257
Utilities	373	179,039	31,104	210,516
Other Services and Charges	28,393	488,968	128,188	645,549
Claims Expense	68,191,500	-	-	68,191,500
Depreciation and Amortization	-	331,653	144,447	476,100
Total Operating Expenses	<u>68,507,202</u>	<u>1,228,891</u>	<u>916,072</u>	<u>70,652,165</u>
Operating Income (Loss)	<u>92,696</u>	<u>143,265</u>	<u>(667,868)</u>	<u>(431,907)</u>
Nonoperating Revenues (Expenses)				
Interest Income	1,193	1,315	343	2,851
Interest Expense	-	(114,188)	-	(114,188)
Grants	-	-	95,831	95,831
Total Nonoperating Revenues (Expenses)	<u>1,193</u>	<u>(112,873)</u>	<u>96,174</u>	<u>(15,506)</u>
Income (Loss) Before Operating Transfers	<u>93,889</u>	<u>30,392</u>	<u>(571,694)</u>	<u>(447,413)</u>
Transfers In	-	-	524,727	524,727
Transfers Out	(84,939)	-	(1,034,192)	(1,119,131)
Transfers Out of Capital Assets and Long-Term Liabilities	-	-	(242,026)	(242,026)
Total Transfers In (Out)	<u>(84,939)</u>	<u>-</u>	<u>(751,491)</u>	<u>(836,430)</u>
Change In Net Position	8,950	30,392	(1,323,185)	(1,283,843)
Total Net Position - Beginning of Year	<u>52,276</u>	<u>(320,655)</u>	<u>3,708,411</u>	<u>3,440,032</u>
Total Net Position - End of Year	<u>\$ 61,226</u>	<u>\$ (290,263)</u>	<u>\$ 2,385,226</u>	<u>\$ 2,156,189</u>

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, 2015

	Health Choice Fund	Human Service Building	Nonmajor Enterprise Funds	Totals
Cash Flows From Operating Activities				
Receipts from Health Choices Services	\$ 68,475,192	\$ -	\$ -	\$ 68,475,192
Receipts from Recycling Services	-	-	188,917	188,917
Receipts from Recreational Activities	-	-	44,514	44,514
Receipts from Space and Parking Rentals	-	1,367,958	-	1,367,958
Payments to Employees	(258,830)	-	(400,857)	(659,687)
Payments to Suppliers	(94,528)	(897,438)	(356,201)	(1,348,167)
Payments for Claims	(68,191,500)	-	-	(68,191,500)
Internal Activity - Payments to other funds	98,864	468,819	79,651	647,334
Net Cash Provided by (Used in) Operating Activities	<u>29,198</u>	<u>939,339</u>	<u>(443,976)</u>	<u>524,561</u>
Cash Flow From Noncapital Financing Activities				
Grants	-	-	95,831	95,831
Operating Transfers In (Out)	(84,939)	-	(1,254,764)	(1,339,703)
Net Cash Used in Noncapital Financing Activities	<u>(84,939)</u>	<u>-</u>	<u>(1,158,933)</u>	<u>(1,243,872)</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets, Net of Disposals	-	-	(81,598)	(81,598)
Interest Paid	-	(117,000)	-	(117,000)
Principal Payments on Capital Lease	-	(375,000)	-	(375,000)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(492,000)</u>	<u>(81,598)</u>	<u>(573,598)</u>
Cash Flows from Investing Activities				
Interest Income	1,193	1,315	343	2,851
Investment Purchases	(15)	(322,883)	(181,489)	(504,387)
Net Cash Provided by (Used In) Investing Activities	<u>1,178</u>	<u>(321,568)</u>	<u>(181,146)</u>	<u>(501,536)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(54,563)	125,771	(1,865,653)	(1,794,445)
Cash and Cash Equivalents, Beginning of Year	<u>161,013</u>	<u>467,975</u>	<u>2,237,358</u>	<u>2,866,346</u>
Cash and Cash Equivalents, End of Year	<u>\$ 106,450</u>	<u>\$ 593,746</u>	<u>\$ 371,705</u>	<u>\$ 1,071,901</u>

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, 2015

	Health Choice Fund	Human Service Building	Nonmajor Enterprise Funds	Totals
Reconciliation of Operating income (loss) to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 92,696	\$ 143,265	\$ (667,868)	\$ (431,907)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	331,653	144,447	476,100
Change in assets and liabilities				
Accounts Receivable	(124,706)	(3,879)	(14,773)	(143,358)
Other Assets	(46)	(319)	(96)	(461)
Accounts Payable	(37,610)	(200)	6,350	(31,460)
Accrued Expenses	-		1,464	1,464
Accrued Vacation and Sick Pay	-	-	6,849	6,849
Due To/Due From Other Funds	98,864	468,819	79,651	647,334
Net Cash Provided by (Used In) Operating Activities	<u>\$ 29,198</u>	<u>\$ 939,339</u>	<u>\$ (443,976)</u>	<u>\$ 524,561</u>

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

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,131,429	\$ 9,297,339	\$ 10,428,768
Investments			
CDARS	107,617	1,329,409	1,437,026
U.S. Government Securities	12,885,105	-	12,885,105
Corporate Bonds	14,291,634	-	14,291,634
Bond Mutual Fund	25,365,099	-	25,365,099
Common Stocks	40,169,080	-	40,169,080
Equity Funds	116,210,888	-	116,210,888
Savings, CD's and Time Deposits	1,909,840	-	1,909,840
Other	72,819,720	-	72,819,720
Total Investments	283,758,983	1,329,409	285,088,392
Interest and Dividends Receivable	142,151	-	142,151
Employee Contributions Receivable	726	-	726
Total Assets	\$ 285,033,289	\$ 10,626,748	\$ 295,660,037
LIABILITIES			
Accounts Payable	\$ 84,756	\$ 1,520,444	\$ 1,605,200
Benefits Payable	681,530	-	681,530
Funds Held in Escrow	-	6,263,812	6,263,812
Due To Other Governments	-	2,842,492	2,842,492
Total Liabilities	766,286	10,626,748	11,393,034
NET POSITION			
Net Position Restricted for Pensions	\$ 284,267,003	\$ -	\$ 284,267,003

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

COUNTY OF DAUPHIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,407,790
Employer	6,546,502
Total Contributions	10,954,292
Investment Income:	
Net Depreciation in Fair Value of Investments	(707,126)
Interest	1,381,374
Dividends	1,977,940
Miscellaneous Revenue	17,955
	2,670,143
Less: Investment Expense	598,192
Net Investment Income	2,071,951
Total Additions	13,026,243
Deductions:	
Benefits	15,530,177
Refunds of Contributions	817,925
Administrative Expenses	191,401
Total Deductions	16,539,503
Net Decrease	(3,513,260)
Net Position Restricted for Pensions - Beginning of Year	287,780,263
Net Position Restricted for Pensions - End of Year	\$ 284,267,003

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

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2015

<u>Assets</u>	Conservation <u>District</u>	General <u>Authority</u>	Case Management <u>Unit</u>	Industrial Development <u>Authority</u>	Dauphin County Economic Development <u>Corporation</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 584,841	\$ 3,321,612	\$ 558,005	\$ 2,076,856	\$ 96,179	\$ 6,637,493
Investments	764,154	-	-	-	-	764,154
Inventory	-	48,469	-	-	-	48,469
Receivables:						
Accounts, Net of Allowance	3,320	746,668	1,297,011	1,199	-	2,048,198
Interest and Dividends	3,873	384	-	22,932	-	27,189
Loans, Current	-	-	-	1,132,655	-	1,132,655
Due from Other Governments	337,455	-	-	-	1,161,902	1,499,357
Investment in Direct Financing Leases, Current	-	707,810	-	493,620	-	1,201,430
Prepaid Expenses	9,176	257,649	107,913	-	-	374,738
Due from Primary Government	-	-	-	-	193,529	193,529
Due from Related Party	-	-	-	846,713	-	846,713
Bond Discount	-	-	-	-	-	-
Loans Receivable, Net of Current Portion	-	-	-	9,178,293	-	9,178,293
Investment in Direct Financing Leases, net of Current Portion	-	3,270,000	-	10,721,460	-	13,991,460
Restricted Cash	237,357	3,811,585	-	16,942,101	4,838,077	25,829,120
Restricted Investments	-	9,086,655	-	-	-	9,086,655
Capital Assets, Not Being Depreciated	-	2,214,127	-	263,697	-	2,477,824
Capital Assets, Being Depreciated, Net	799,331	20,996,192	218,648	9,140,485	1,531,571	32,686,227
Total Assets	2,739,507	44,461,151	2,181,577	50,820,011	7,821,258	108,023,504
<u>Deferred Outflows of Resources</u>						
Deferred Charge on Refunding	-	315,218	-	-	-	315,218
Total Deferred Outflows of Resources	-	315,218	-	-	-	315,218
<u>Liabilities</u>						
Accounts Payable	1,494	251,066	58,068	1,976,397	1,294,293	3,581,318
Accrued Liabilities	-	1,539,094	747,517	35,119	54,786	2,376,516
Unearned Revenues - Other	265,596	502,701	14,489	-	147,626	930,412
Due to Primary Government	205,541	-	-	10,614,043	120,654	10,940,238
Due to Related Party	-	-	-	-	80,000	80,000
Due to Other Governments	-	-	-	9,733,037	-	9,733,037
Security Deposits	-	-	-	10,590	-	10,590
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	8,608	-	-	-	8,608
General Obligation Debt	-	2,037,411	-	-	-	2,037,411
Notes Payable	-	-	-	598,007	240,000	838,007
Loans Payable	-	-	-	68,520	-	68,520
Portion Due or payable after one year:						
General Obligation Debt	-	54,756,714	-	-	-	54,756,714
Notes Payable	-	-	-	13,230,129	3,240,000	16,470,129
Loans Payable	-	-	-	1,554,225	-	1,554,225
Total Liabilities	472,631	59,095,594	820,074	37,820,067	5,177,359	103,385,725
<u>Deferred Inflows of Resources</u>						
Deferred Charge on Refunding	-	1,506,180	-	-	-	1,506,180
Total Deferred Inflows of Resources	-	1,506,180	-	-	-	1,506,180
<u>Net Position</u>						
Net Investment in Capital Assets	799,331	(22,997,229)	218,648	5,168,381	(68,429)	(16,879,298)
Restricted for:						
Program Purposes	16,361	-	1,142,855	-	4,611,619	5,770,835
Gaming Program	-	-	-	5,918,404	-	5,918,404
Revolving Loan Program	-	-	-	622,869	-	622,869
Infrastructure Bank Program	-	-	-	120,198	-	120,198
Debt Service	-	253,400	-	-	-	253,400
Fund Operations	-	3,392,779	-	-	-	3,392,779
Unrestricted	1,451,184	3,525,645	-	1,170,092	(1,899,291)	4,247,630
Total Net Position	\$ 2,266,876	\$ (15,825,405)	\$ 1,361,503	\$ 12,999,944	\$ 2,643,899	\$ 3,446,817

COUNTY OF DAUPHIN
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	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
<u>Conservation District</u>										
Conservation and Development	\$ 982,547	\$ 438,066	\$ 702,160	\$ -	\$ 157,679	-	-	-	-	\$ 157,679
<u>General Authority</u>										
General Authority Operations	9,992,819	8,748,470	-	-	-	(1,244,349)	-	-	-	(1,244,349)
<u>Case Management Unit</u>										
Human Services	10,642,927	208,551	10,724,932	-	-	-	290,556	-	-	290,556
<u>Industrial Development Authority</u>										
Conservation and Development	14,641,984	892,142	7,457,877	-	-	-	-	(6,291,965)	-	(6,291,965)
<u>Dauphin County Economic Development Corporation</u>										
Tourism and Economic Development	7,881,960	325,825	7,834,605	-	-	-	-	-	278,470	278,470
Total Component Units	\$ 44,142,237	\$ 10,613,054	\$ 26,719,574	\$ -	\$ 157,679	\$ (1,244,349)	\$ 290,556	\$ (6,291,965)	\$ 278,470	\$ (6,809,609)
General revenues:										
Unrestricted investment earnings					11,096	194,290	-	77,254	24,526	307,166
Transfer from / (to) primary government					-	-	-	376,497	-	376,497
Total general revenues and transfers					11,096	194,290	-	453,751	24,526	683,663
Change in net position					168,775	(1,050,059)	290,556	(5,838,214)	302,996	(6,125,946)
Net position - beginning					2,098,101	(14,775,346)	1,070,947	18,838,158	2,340,903	9,572,763
Net position - ending					\$ 2,266,876	\$ (15,825,405)	\$ 1,361,503	\$ 12,999,944	\$ 2,643,899	\$ 3,446,817

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", for purposes of determining the scope of its reporting entity. The criteria include financial accountability and the nature and significance of the relationship. 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 ten-member board is made up of one County Commissioner and nine 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. The separate audited financial statements of the District may be obtained by contacting the District.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)Discretely Presented Component Units (Continued)Dauphin County General Authority ("General Authority"):

The Dauphin County General Authority (Authority), a component unit of the County of Dauphin (County), Pennsylvania, was incorporated on March 7, 1984, by the County. The Authority 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, as authorized and permitted by, and also as limited by, provisions of the Pennsylvania Municipality Authorities Act, the Act of May 2, 1945, P.L. 382, as amended. Accordingly, the Authority is not subject to income taxes. The Authority is a special purpose government engaged in business-type activities.

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 2009 Series Bonds, Series C (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. The separate audited financial statements of the General Authority may be obtained by contacting the General Authority.

Case Management Unit ("CMU"): CMU was established to provide case management services to persons with mental illness and intellectual disabilities in the County of Dauphin. CMU performs initial intake and evaluation for all clients served by the Dauphin County Mental Health/Intellectual Disabilities Program, plans and coordinates services for clients with direct service providers and monitors the progress of clients within the Dauphin County system. CMU grants credit to its funding sources without collateral.

The CMU operates on a fiscal year ending June 30. The separate audited financial statements of CMU may be obtained by contacting CMU.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)Discretely Presented Component Units (Continued)

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. For financial reporting purposes only, the Authority is a discretely presented component unit of the reporting entity of the County of Dauphin. The IDA 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 on a fiscal year ending September 30. The separate audited financial statements of the IDA may be obtained by contacting the IDA.

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. The separate audited financial statements of the DCEDC may be obtained by contacting the DCEDC.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
Dauphin County Land Bank Authority

Advisory Boards

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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	9 of 28 Members
Fiscal Year	June 30, 2015	December 31, 2015
Current Assets	\$ 3,065,977	\$ 863,094
Total Assets	\$ 25,319,065	\$ 864,477
Net Position/Fund Balance	\$ 18,467,012	\$ 100,905
Operating Revenues	\$ 6,890,622	\$ 2,735,349
Operating Income (Loss)	\$ (16,651,110)	\$ (40,084)
Net Income (Loss)	\$ (2,231,018)	\$ (38,748)
Dauphin County Contribution to Operations	\$ 337,450	\$ 339,803
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 position 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. Indirect expenses are allocated to specific functions based on the County's approved Central Services Cost Allocation Plan. 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 amounts received from various federal, state, and local sources. These funds are restricted to provide support services to at-risk juveniles.
- The Mental Health and Intellectual and Developmental Disabilities Fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to provide assistance and medical care to those individuals with mental health and developmental disability problems.
- 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 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 position.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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.

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.

F. Assets, Liabilities, and Net Position 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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

COUNTY OF DAUPHIN
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (continued)

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

<u>Asset</u>	<u>Years</u>
Infrastructure	40
Buildings and Improvements	40
Machinery and Equipment	3 - 20
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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Unearned Revenues

Revenues that are received but not earned are unearned in the County's financial statements. In the County's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. 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.

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 Position/Fund Balances

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 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
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Net Position/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 amounts 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.

In the General Fund, the County strives to maintain an unassigned fund balance sufficient to cover operating expenditures for 45 days.

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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 Position* – 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 Position* – This category represents net position 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 position are available, the County's policy is to apply restricted net position first, then unrestricted net position as they are needed.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows on refunding bonds. Deferred outflows related to pensions are described further in Note 19. The components of deferred outflows of resources, other than the difference between the projected and actual investments earnings on investments, are amortized into pension expense over the weighted average remaining service life of all members of the plan beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

13. 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 provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*".

The adoption of GASB Statement No. 68 resulted in the restatement of net position (see Note 35). The adoption of GASB Statement No. 71 had no effect on previously reported amounts.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles

In February 2015, the GASB issued Statement No. 72, "*Fair Value Measurement and Application*". The County is required to adopt statement No. 72 for its calendar year 2016 financial statements.

In June 2015, the GASB issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The County is required to adopt statement No. 73 for its calendar year 2016 financial statements.

In June 2015, the GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The County is required to adopt statement No. 74 for its calendar year 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The County is required to adopt statement No. 75 for its calendar year 2018 financial statements.

In June 2015, the GASB issued Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The County is required to adopt statement No. 76 for its calendar year 2016 financial statements.

In August 2015, the GASB issued Statement No. 77, "*Tax Abatement Disclosures*". The County is required to adopt statement No. 77 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". The County is required to adopt statement No. 78 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 79, "*Certain External Investment Pools and Pool Participants*". The County is required to adopt statement No. 79 for its calendar year 2016 financial statements.

In January 2016, the GASB issued Statement No. 80, "*Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*". The County is required to adopt statement No. 80 for its calendar year 2017 financial statements.

In March 2016, the GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreements*". The County is required to adopt statement No. 81 for its calendar year 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, "*Pension Issues - an amendment of GASB Statements No.67, No.68, and No.73*". The County is required to adopt statement No. 82 for its calendar year 2018 financial statements.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

The financial statements of the District are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Assets

Restricted assets represent revenues set aside for the liquidation of specific obligations.

Investments

Investments of the District are reported at fair value.

Capital Assets

Capital assets, which include buildings and building improvements, land improvements, machinery and equipment, and leasehold assets, are recorded on the statement of net position. Capital assets are defined by the District as assets with a value of \$5,000 or more and have a useful life longer than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. 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. Capital assets of the District are depreciated using the straight-line method.

Unearned Revenues

Revenues that are received but not earned are unearned in the District's financial statements. In the District's governmental fund, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenses. In subsequent periods, when the District has a legal claim to the resources, the liability for the unearned revenue is removed from the District's balance sheet and revenue is recognized.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Conservation District (Continued)

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have an item that qualifies for reporting in this category.

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 in the financial statements. Accordingly, actual results could differ from those amounts.

Net Position / Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. 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 Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Conservation District (Continued)

Net Position / Fund Balance (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The following classifications describe the relative strength of the spending constraints in the governmental fund financial statements:

- *Nonspendable Fund Balance* – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same level of action to remove or change the constraint.
- *Assigned Fund Balance* – Amounts the District intends to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the Financial Coordinator pursuant to authorization established by the Board of Directors.
- *Unassigned Fund Balance* – 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.

On March 1, 2012, the District developed and adopted an assigned fund balance policy, under which the District's policy is to maintain an assigned fund balance sufficient to cover 90 days of operating expenses during a period of economic downturn. Periodically, the amount of fund balance assigned is adjusted by the Board of Directors. The assigned fund balance can only be spent based on action by the Board of Directors.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority

Basis of Accounting

The financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are included on their balance sheet.

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.

Conduit Debt Issues

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Capital Assets

Capital Assets are recorded at cost. The 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 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.

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 Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities.

Net Position

Net Position is classified in the following three components: net investment in capital assets, restricted, and unrestricted net position.

Net investment in capital assets, 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Net Position (Continued)

Restricted consists of net position 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 position which is not restricted for any project or other purpose.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the 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 Authority.

Case Management Unit

Basis of Presentation

CMU's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. CMU applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

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 Human Services. Reimbursable costs are reduced by other program income including third-party reimbursements, private payments, and interest income.

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.

Capital Assets

Capital assets of CMU 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 CMU 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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Income Taxes

The CMU 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.

Compensated Absences

The CMU 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 in accrued compensation on the Statements of Net Position.

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

The IDA 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.

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, 2015 consist of cash held in bank accounts.

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 2.5 - 4.5% is charged on unpaid balances and is recognized in revenue upon receipt. The IDA's management evaluates this 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 \$78,749.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 GASB No. 62.

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants; cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses; security deposits for the property management fund; cash held for municipality loan draws within the infrastructure bank fund; and cash drawn down on the MDJ project within the financing fund which was unexpended at year end. At September 30, 2015, the restricted cash balance was \$16,942,101.

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 capital assets. Actual results could differ from those estimates.

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 as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Buildings and Improvements	15
Office Equipment and Furnishings	3 - 7
Solar Farm Project	25

Long-Term Obligations

Long-term debt and other obligations are reported as noncurrent liabilities in the proprietary fund statement of net position.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

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

Net Position

Net position is categorized as net investment in capital assets, restricted and unrestricted.

- a. *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. 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 Position* – This category represents net position of the IDA that are restricted for project or other purposes.
- c. *Unrestricted Net Position* – This category represents net position of the IDA, not restricted for any project or other purpose.

Deferred Outflows / Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The IDA did not have an item that qualifies for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The IDA did not have an item that qualifies for reporting in this category.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Under this basis, revenues are recorded when they are earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The DCEDC applies Governmental Accounting Standard Board (GASB) pronouncements.

All activities of the DCEDC are accounted for within one proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the DCEDC is determined by its measurement focus. The transactions of the DCEDC are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net Position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated into "net investment in capital assets"; "restricted"; and unrestricted" components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activities of the DCEDC. 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.

Cash

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

COUNTY OF DAUPHIN
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

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

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, 2015 the restricted cash balance was \$4,838,077.

Capital Assets

Capital assets are recorded at their original cost and are depreciated on a straight-line basis over their estimated useful lives. Donated capital assets are recorded at estimated fair value at the date of donation. 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:

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

Long-Term Liabilities

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

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

Net Position

The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- a. *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. 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 Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* – This category represents net position of the DCEDC, not restricted for any project or other purpose.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The DCEDC did not have an item that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The DCEDC did not have an item that qualifies for reporting in this category.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

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

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 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, 2015.

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.
- (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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

- (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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2015 were as follows:

Governmental Funds	
CDARS	\$ 8,035,958
Fort Hunter Permanent Fund	
Fixed Income Mutual Funds - Bonds	558,809
Fixed Income Mutual Funds - Stocks	587,061
Total Permanent Fund	<u>1,145,870</u>
Total Governmental Funds	<u>9,181,828</u>
Investment Derivatives	<u>(720,024)</u>
Total Governmental Activities	<u>8,461,804</u>
Enterprise Funds	
CDARS	527,016
Total Enterprise Funds	<u>527,016</u>
Fiduciary Funds	
Retirement Fund	
CDARS	107,617
U.S. Government Securities	12,885,105
Corporate Bonds	14,291,634
Bond Mutual Fund	25,365,099
Common Stocks	40,169,080
Equity Funds	116,210,888
Savings, CD's and Time Deposits	1,909,840
Other	72,819,720
Total Retirement Fund	<u>283,758,983</u>
Agency Funds	
CDARS	1,329,409
Total Fiduciary Funds	<u>285,088,392</u>
Total Investments	<u>\$ 294,077,212</u>

As of December 31, 2015, 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	\$ 558,809	\$ -	\$ -	\$ 558,809	\$ -
Investment Derivatives	<u>(720,024)</u>	<u>(720,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (161,215)</u>	<u>\$ (720,024)</u>	<u>\$ -</u>	<u>\$ 558,809</u>	<u>\$ -</u>

The terms and fair values of the investment derivatives are described in Note 9.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2015, 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	\$ 2,887,981	\$ 442,212	\$ 2,445,769	\$ -	\$ -
U.S. Government Agencies	9,997,124	-	2,756,478	2,563,445	4,677,201
Corporate Bonds	14,291,634	306,107	10,846,659	79,743	3,059,125
Bond Mutual Fund	25,365,099	-	-	25,365,099	-
Total	\$ 52,541,838	\$ 748,319	\$ 16,048,906	\$ 28,008,287	\$ 7,736,326

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 and sufficient reserves to meet unanticipated benefit payments. The average effective duration of fixed income securities shall be no more than 25 percent greater or 50 percent less than the effective duration of Barclays Bond Index.

The County is invested in one forward-starting fixed payor swap with a notional amount of \$14,405,000. At December 31, 2015, the swap had a fair value of (\$720,024). See Note 9 for more detail on the terms of the 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, 2015, 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	64%
Fixed Income Mutual Funds	Aaa	6%
Fixed Income Mutual Funds	Aa	4%
Fixed Income Mutual Funds	A	12%
Fixed Income Mutual Funds	Baa	14%

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The Investment Policy limits the average quality of fixed income securities to a minimum rating of "A2" or better, the third broad investment grade as determined by Moody's. The Investment Policy allows investments in bonds with ratings below Baa, but limits them to no more than twenty percent of total fixed income securities. 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	% of Investment Type
U.S. Government Treasuries	Aaa	100%
U.S. Government Agencies	Aaa	18%
U.S. Government Agencies	Not Rated	82%
Corporate Bonds	Aaa	50%
Corporate Bonds	Aa	4%
Corporate Bonds	A	23%
Corporate Bonds	Baa	9%
Corporate Bonds	Ba	1%
Corporate Bonds	Not Rated	13%
Bond Mutual Fund	AAA	100%

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, 2015, \$35,721,486 of the County's deposits were exposed to custodial credit risk, of which \$35,706,682 are collateralized with securities held by the pledging financial institution and uninsured, and \$14,804 are uncollateralized and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2015.

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 states that no issuer, other than the U.S. Government or other Federal agencies, may represent more than 5% of the total market value of the fixed income portfolio. The policy has no limit upon investments in U.S. Treasury securities as a percentage of fixed income securities at cost or market value, except that any single coupon issue thereof may constitute no more than 30% of any administrator's fixed income investments at market value and any single Treasury zero coupon issue 10% at market value. Federal agency securities are limited to 25% per agency, and to 10%, at market value, per any single Federal Agency issue.

At December 31, 2015, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk

Dauphin County Conservation District

Deposits and Investments

Custodial Credit Risk. For deposits and investments of the District, custodial credit risk is the risk that in the event of the failure of the counterparty, the District 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, 2015, the District's cash balance was \$688,323 and its bank balance was \$710,697. Of this bank balance, \$460,697 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 \$133,875 were not subject to custodial credit risk, as they were invested with the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits ("INVEST"). The Commonwealth of Pennsylvania provides external regulatory oversight of the INVEST program. Separately issued financial statements of the INVEST program are available to the public via its website.

In addition, at December 31, 2015, the Conservation District held \$764,154 in certificates of deposit, through the Certificates of Deposit Account Registry Service (CDARS) which are classified as investments on the statement of net position. The certificates of deposit are not exposed to custodial credit risk as the funds are invested in certificates of deposit of multiple financial institutions under the FDIC limit.

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. For December 31, 2015 all of the District's investments in the state investment pool were rated AAAm by Standard and Poor's.

Dauphin County General Authority

Deposits 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 Authority's Executive Director.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 (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 Authority does not have a deposit policy for custodial credit risk. At December 31, 2015, the book balance of the Authority's unrestricted deposits was \$3,321,612 and the bank balance was \$3,338,570. Of the unrestricted bank balance, \$1,250,000 was covered by federal depository insurance, and \$2,088,570 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2015, the book balance of the Authority's restricted deposits was \$3,811,585 and the bank balance was \$3,816,796. Of the restricted bank balance, \$295,354 was covered by federal depository insurance, and \$3,521,442 was collateralized under Act 72.

Investments

The Authority investments reported on the balance sheet at December 31, 2015 are as follows:

	Fair Value
Restricted	
Money market funds	\$ 9,086,655

Custodial Credit Risk. Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Authority does not have an investment policy for custodial credit risk. All investments are held by the counterparty, registered in the name of the Trustee.

Concentration of credit risk. The Authority places no limit on the amount the Authority may invest in any one issuer. No issue held more than five percent of the Authority's investments as of December 31, 2015.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 money market funds are unrated as of December 31, 2015.

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 Authority's money market funds have an average maturity of less than one year.

Case Management Unit

Cash 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, 2015, CMU's cash balance was \$558,005 and its bank balance was \$602,064. Of this bank balance for June 30, 2015, \$352,065 of CMU's deposits were exposed to custodial credit risk.

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 Authority will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of September 30, 2015, the IDA's cash balance was \$19,018,957, and its bank balance was \$20,231,976. At September 30, 2015, \$19,219,823 of the IDA's deposits were subject to custodial credit risk and collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. 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. As of December 31, 2015, the DCEDC's cash balance was \$4,934,256, and its bank balance was \$5,308,995. At December 31, 2015, \$4,183,625 of the DCEDC's deposits were subject to custodial credit risk and were collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. The DCEDC does not have a formal policy to limit its exposure to custodial credit risk.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 Investments</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 391,352
Amounts held in fiduciary capacity District Attorney’s Office	611,053
Amounts Reserved for Workers’ Compensation Liabilities	<u>326,061</u>
Total General Fund	<u>1,328,466</u>
Total Governmental Funds	<u>\$ 1,328,466</u>

Component Units – Restricted AssetsDauphin County Conservation District

Assets whose use is limited to a specific purpose has been classified as restricted in the statement of net position. Restricted cash and cash equivalents of \$237,357 are comprised of cash held with a financial institution for various state and local grant programs.

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 \$800,000, 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/investments balance at December 31, 2015, was \$326,061 and is included in the restricted cash/investments 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 \$189,000 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 3.0% for workers’ compensation.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 5: RISK MANAGEMENT (CONTINUED)

The following summary provides aggregate information on the workers' compensation self-insurance liability, incurred claims, and payments during the years ended December 31, 2015 and 2014.

<u>2015</u>			
January 1, 2015, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2015, <u>Liability</u>
<u>\$1,987,639</u>	<u>\$(312,067)</u>	<u>\$(140,712)</u>	<u>\$1,534,860</u>
<u>2014</u>			
January 1, 2014, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2014, <u>Liability</u>
<u>\$1,502,686</u>	<u>\$689,778</u>	<u>\$(204,825)</u>	<u>\$1,987,639</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.

Component Units – Risk ManagementCase Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. As of June 30, 2015, CMU is liable for all claims up to an aggregate of \$1,910,847 or \$95,000 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. As of June 30, 2015, 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 Statement of Net Position.

	<u>2015</u>	<u>2014</u>
Balance as of July 1	\$ 158,499	\$ 194,421
Add: Incurred claims relating to:		
Current year	1,984,727	1,821,965
	2,143,226	2,016,386
Less: Payment of claims relating to:		
Prior years	158,499	194,421
Current year	1,860,860	1,663,466
	2,019,359	1,857,887
Balance as of June 30	\$ 123,867	\$ 158,499

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 5: RISK MANAGEMENT (CONTINUED)

Component Units – Risk Management (Continued)

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 2015. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ 273,644	\$ -	\$ 772,195
Intangible Assets	608,190	-	-	608,190
Construction in Progress - Infrastructure	422,737	240,371	-	663,108
Construction in Progress	12,188,890	1,477,520	(8,183,886)	5,482,524
Total Capital Assets, Not Being Depreciated	13,718,368	1,991,535	(8,183,886)	7,526,017
Capital Assets, Being Depreciated				
Infrastructure	17,031,217	-	-	17,031,217
Buildings and Improvements	92,337,428	5,704,793	-	98,042,221
Machinery and Equipment	50,919,549	9,755,908	(467,009)	60,208,448
Leasehold Assets	22,333,338	2,413,847	(251,512)	24,495,673
Total Capital Assets, Being Depreciated	182,621,532	17,874,548	(718,521)	199,777,559
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(7,506,859)	(406,047)	-	(7,912,906)
Buildings and Improvements	(46,859,647)	(1,572,614)	-	(48,432,261)
Machinery and Equipment	(19,034,679)	(11,633,000)	467,009	(30,200,670)
Leasehold Assets	(11,639,743)	(1,742,647)	247,305	(13,135,085)
Total Accumulated Depreciation and Amortization	(85,040,928)	(15,354,308)	714,314	(99,680,922)
Total Capital Assets, Being Depreciated, Net	97,580,604	2,520,240	(4,207)	100,096,637
Governmental Activities Capital Assets, Net	\$ 111,298,972	\$ 4,511,775	\$ (8,188,093)	\$ 107,622,654
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 111,492	\$ -	\$ -	\$ 111,492
Construction in Progress	10,200	-	(10,200)	-
Total Capital Assets, Not Being Depreciated	121,692	-	(10,200)	111,492
Capital Assets, Being Depreciated				
Buildings and Improvements	3,880,189	74,749	-	3,954,938
Machinery and Equipment	10,684,229	-	(9,081,267)	1,602,962
Furniture and Fixtures	23,220	6,849	-	30,069
Leasehold Assets	16,142,261	-	(680,750)	15,461,511
Total Capital Assets, Being Depreciated	30,729,899	81,598	(9,762,017)	21,049,480
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(2,259,237)	(79,154)	-	(2,338,391)
Machinery and Equipment	(9,694,549)	(64,780)	8,356,998	(1,402,331)
Furniture and Fixtures	(23,456)	(513)	-	(23,969)
Leasehold Assets	(13,287,043)	(320,330)	388,176	(13,219,197)
Total Accumulated Depreciation and Amortization	(25,264,285)	(464,777)	8,745,174	(16,983,888)
Total Capital Assets, Being Depreciated, Net	5,465,614	(383,179)	(1,016,843)	4,065,592
Business-Type Activities Capital Assets, Net	\$ 5,587,306	\$ (383,179)	\$ (1,027,043)	\$ 4,177,084

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities:</u>	
General Government	\$ 1,290,051
Judiciary	1,152,225
Conservation and Development	7,335
Human Services	428,088
Culture and Recreation	83,228
Public Safety	3,242,160
Public Works	<u>406,047</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 6,609,134</u>
<u>Business-Type Activities:</u>	
Public Works	\$ 103,933
Human Services	320,330
Culture and Recreation	<u>40,514</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 464,777</u>

As the Emergency 911 Operating & Act 56 Wireless fund no longer met the criteria to be classified as a proprietary fund, the capital assets of the fund were transferred to governmental activities (see Note 15 for more detail). The transfers of capital assets from the fund to governmental activities are shown as decreases to business-type activities and increases to governmental activities. Capital assets of \$9,772,217 with accumulated depreciation of \$8,745,174 were transferred from business-type activities to governmental activities during 2015.

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 202,495	20 years
Buildings and Improvements	1,209,253	20-40 years
Machinery and Equipment	234,310	3-6 years
Leasehold Assets	15,241	4 years
	<u>1,661,299</u>	
Less: Accumulated Amortization and Depreciation	<u>861,968</u>	
	<u>\$ 791,331</u>	

Depreciation expense for the year ended December 31, 2015 was \$51,302.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015 consist of the following:

	<u>Beginning Balance</u>	<u>Transfers in/ Increases</u>	<u>Transfers out/ Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,015,951	\$ -	\$ -	\$ 2,015,951
Construction in progress	51,481	321,628	(174,933)	198,176
	<hr/>			
Total capital assets, not being depreciated	2,067,432	321,628	(174,933)	2,214,127
	<hr/>			
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	43,681,750	74,854	-	43,756,604
Building improvements	380,252	148,496	-	528,748
Golf course equipment	1,168,443	183,910	-	1,352,353
Other equipment	84,825	13,415	-	98,240
	<hr/>			
Total capital assets, being depreciated	51,058,367	420,675	-	51,479,042
	<hr/>			
Less accumulated depreciation and amortization for:				
Land improvements	3,685,567	191,437	-	3,877,004
Buildings	23,842,759	1,503,598	-	25,346,357
Building improvements	322,774	23,460	-	346,234
Golf course equipment	713,925	119,892	-	833,817
Other equipment	75,871	3,567	-	79,438
	<hr/>			
Total accumulated depreciation and amortization	28,640,896	1,841,954	-	30,482,850
	<hr/>			
Capital assets, being depreciated, net	22,417,471	(1,421,279)	-	20,996,192
	<hr/>			
Capital assets, net	\$ 24,484,903	\$ (1,099,651)	\$ (174,933)	\$ 23,210,319
	<hr/>			

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,176,367	\$ 140,235	\$ -	\$ 1,316,602
Leasehold Improvements	135,239	-	-	135,239
Total Capital Assets, Being Depreciated	1,311,606	140,235	-	1,451,841
Less Accumulated Depreciation for:				
Furniture and Equipment	1,052,973	71,597	-	1,124,570
Leasehold Improvements	102,412	6,211	-	108,623
Total Accumulated Depreciation	1,155,385	77,808	-	1,233,193
Total Capital Assets, net	\$ 156,221	\$ 62,427	\$ -	\$ 218,648

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Capital assets, not being Depreciated:				
Construction in progress	\$ 18,413	\$ -	\$ (18,413)	\$ -
Land	263,697	-	-	263,697
Total capital assets, not Depreciated	282,110	-	(18,413)	263,697
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building improvements	1,990,737	5,300	-	1,996,037
Office furniture and equipment	14,521	-	-	14,521
Equipment - Solar farm phase I	4,829,816	-	-	4,829,816
Equipment –Solar farm phase II	3,967,771	-	-	3,967,771
Total capital assets, being depreciated	11,277,199	5,300	-	11,282,499
Less accumulated depreciation for:				
Buildings held for lease	(112,660)	(11,859)	-	(124,519)
Building improvements	(745,486)	(132,848)	-	(878,334)
Office furniture and equipment	(12,982)	(1,539)	-	(14,521)
Equipment – Solar farm phase I	(588,091)	(193,192)	-	(781,283)
Equipment – Solar farm phase II	(184,646)	(158,711)	-	(343,357)
Total accumulated depreciation	(1,643,865)	(498,149)	-	(2,142,014)
Total capital assets, being depreciated, net	9,633,334	(492,849)	-	9,140,485
Total capital assets, net	\$ 9,915,444	\$ (492,849)	\$ (18,413)	\$ 9,404,182

Depreciation expense was \$498,149 for the year ended September 30, 2015.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
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	(483,999)	(53,041)	-	(537,040)
 Total accumulated depreciation	 (511,937)	 (53,041)	 -	 (564,978)
 Total capital assets, being depreciated, net	 1,584,612	 (53,041)	 -	 1,531,571
 Total capital assets, net	 <u>\$ 1,584,612</u>	 <u>\$ (53,041)</u>	 <u>\$ -</u>	 <u>\$ 1,531,571</u>

Depreciation expense was \$53,041 for the year ended December 31, 2015.

NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2015:

Pinnacle Health Systems	\$ 128,210,000
Pinnacle Health Systems	169,930,000
Pinnacle Health Systems	94,235,000
Tel Hai Retirement Community	21,000,000
Tel Hai Retirement Community	4,404,910
	<u>\$ 417,779,910</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)Dauphin County Industrial Development Authority ("IDA")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 IDA 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 IDA 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)Dauphin County Industrial Development Authority ("IDA") (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 IDA 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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Federally Taxable Tax Increment Financing Bond, Series of 2006 (The Harrisburg East Mall Tax Increment Financing District) (Continued)

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.

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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)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.

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.

Commercial Mortgage Revenue Loan, Series of 2012 (Next Generation Farmer Loan Program)

In February 2012, the IDA authorized the issuance of a Commercial Mortgage Revenue Loan (Loan) totaling \$488,000 for the purpose of financing the purchase price being paid by the Beginning Farmer to the Seller for the Project, which is the fair value of the property identified in the acquisition to be used for farming purposes only. Final Maturity on the Loan is December 2032. 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Next Generation Farmer Loan Note, Series of 2014 (Austin Kieffer and Casara Gross)

In July 2014, the IDA authorized the issuance of a Next Generation Farmer Loan Note, Series of 2014, totaling \$300,000 for the purpose of financing a portion of the acquisition of an approximately 103 acre farm and related buildings, equipment, and improvements, situated in the Township of Wayne, Dauphin County, and paying the costs of financing. Final Maturity on the Note is August 2044. The note is secured by an Open-End Mortgage and Security Agreement, and accordingly, no recourse can be made against the IDA for payment of principal or interest on the note.

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
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 96,155,000	\$ 19,425,000	\$ (26,305,000)	\$ 89,275,000	\$ 8,565,000
Guaranty obligation	7,454,279	663	(1,500,000)	5,954,942	1,495,085
Unamortized bond premium/discount (net)	1,596,563	2,595,006	(982,354)	3,209,215	586,757
Liquid Fuels revenue note	4,272,723	7,034,518	(398,324)	10,908,917	1,055,117
Total bonds and notes payable	<u>109,478,565</u>	<u>29,055,187</u>	<u>(29,185,678)</u>	<u>109,348,074</u>	<u>11,701,959</u>
Other liabilities:					
Compensated absences	8,392,084	7,940,825	(7,109,934)	9,222,975	-
Liability for workers compensation claims	1,987,639	-	(452,779)	1,534,860	-
Net pension liability	18,970,584	26,149,350	(6,546,502)	38,573,432	-
Net OPEB obligation	4,952,977	244,095	-	5,197,072	-
Total other liabilities	<u>34,303,284</u>	<u>34,334,270</u>	<u>(14,109,215)</u>	<u>54,528,339</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 143,781,849</u>	<u>\$ 63,389,457</u>	<u>\$ (43,294,893)</u>	<u>\$ 163,876,413</u>	<u>\$ 11,701,959</u>
<u>Business-Type Activities:</u>					
Other liabilities:					
Compensated absences	\$ 482,904	\$ 18,877	\$ (476,499)	25,282	\$ -
Total other liabilities	<u>482,904</u>	<u>18,877</u>	<u>(476,499)</u>	<u>25,282</u>	<u>-</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 482,904</u>	<u>\$ 18,877</u>	<u>\$ (476,499)</u>	<u>\$ 25,282</u>	<u>\$ -</u>

As the Emergency 911 Operating and Act 56 Wireless Fund no longer met the criteria to be classified as a proprietary fund, long term liabilities of the fund were transferred to the governmental activities during 2015. See Note 15 for more detail. The transfer of long term liabilities from the fund to the governmental activities is shown as a reduction of the business-type activities and additions to the governmental activities. Compensated absences of \$464,471 were transferred from the business-type activities to the governmental activities and are included as business-type reductions and governmental additions above.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

Years Ended December 31:	General Obligation Principal Requirements	Liquid Fuels Principal Requirements	Total Principal Requirements	General Obligation Interest Requirements	Liquid Fuels Interest Requirements	Total Interest Requirements	Total Debt Service Requirements
2016	\$ 8,565,000	\$ 1,055,117	\$ 9,620,117	\$ 3,126,095	\$ 176,975	\$ 3,303,070	\$ 12,923,187
2017	9,065,000	1,074,078	10,139,078	2,895,596	160,147	3,055,743	13,194,821
2018	9,345,000	1,091,532	10,436,532	2,621,817	142,693	2,764,510	13,201,042
2019	9,640,000	1,109,270	10,749,270	2,319,386	124,955	2,444,341	13,193,611
2020	9,930,000	1,127,295	11,057,295	2,023,989	106,930	2,130,919	13,188,214
2021-2025	42,730,000	5,451,625	48,181,625	3,916,934	253,843	4,170,777	52,352,402
	\$ 89,275,000	\$ 10,908,917	\$100,183,917	\$ 16,903,817	\$ 965,543	\$ 17,869,360	\$ 118,053,277

Pertinent information regarding long-term debt obligations outstanding is presented below (General Obligation Bonds are payable from General Fund tax revenues; the Pennsylvania Infrastructure Bank Loans are payable from Liquid Fuels Tax Funds):

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at December 31, 2015
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)	\$ 14,405,000
2010	\$ 23,380,000	General Obligation Bonds, Series 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 2023)	12,350,000
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)	12,450,000
2013	\$ 15,905,000	General Obligation Bonds, Series of 2013 issued to advance refund General Obligation Bonds, Series C of 2004; to advance refund General Obligation Bonds, Series D of 2004; and to pay cost of issuance at a variable interest rate from 0.654%-3.617%. (Final Maturity 2024)	13,170,000
2014	\$ 9,880,000	General Obligation Bonds, Series of 2014 issued to advance refund a portion of General Obligation Bonds, Series of 2009 and to pay cost of issuance at a variable interest rate from 0.23%-2.50% (Final Maturity 2023)	9,675,000
2014	\$ 8,200,000	General Obligation Bonds, Series of A of 2014 issued to currently refund General Obligation Bond, Series of 2009 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.23%-2.30% (Final Maturity 2024)	7,880,000
2014	\$ 4,272,723	Pennsylvania Infrastructure Bank (PIB) Loan issued for the establishment of the Dauphin County Infrastructure Bank at an interest rate of 1.625% (Final Maturity 2024)	3,874,399

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2015</u>
2015	\$ 19,425,000	General Obligation Bonds, Series of 2015 issued to currently refund General Obligation Bonds, Series B and Series C of 2005, to partially fund a termination payment associated with the 2015 Swap (see Note 9), and to pay the cost of issuance at a interest rate of 1.00% - 5.00% (Final Maturity 2024)	19,345,000
2015	\$ 7,034,518	Pennsylvania Infrastructure Bank (PIB) Loan issued to fund the Dauphin County Infrastructure Bank at an interest rate of 1.625% (Final Maturity 2025)	<u>7,034,518</u>
			<u>\$ 100,183,917</u>

Interest rates on the above obligations range from 0.23% to 5.00%. The County has pledged its taxing power as security for outstanding general obligation debt.

In January 2015, the County issued \$19,425,000 in General Obligation Bonds, Series of 2015. The County recognized a bond premium of \$2,595,006 as a result of this refunding. The County used \$6,440,000 and \$13,890,000 of the proceeds to currently refund the General Obligation Bonds, Series of 2005B and Series of 2005C, respectively. In addition, the County paid \$238,546 in bond issuance costs. The bonds final maturity is on November 15, 2024 and carries an interest rate between 1.00% and 5.00%. As a result of the transaction, the County recognized a deferred charge on refunding in the amount of \$485,042. The deferred charge is being amortized over the shorter of the life of the refunded or refunding debt. The balance at December 31, 2015 is \$421,972.

This refunding transaction resulted in an estimated cash flow savings of \$1,789,025 for the County and an estimated economic gain of \$1,597,003.

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, 2015, the principal amount outstanding relative to defeased debt was \$24,455,000.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. At December 31, 2015, the County has not recorded an arbitrage liability in its financial statements.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term DebtDauphin County General Authority

Long-term debt outstanding at December 31, 2015, is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):	
Series C of 1998 – Capital Appreciation Bonds	\$ 10,668,116
Series of 2015	32,000,000
Dauphin County Guaranteed Lease Revenue Bonds (Building Bonds):	
Series C of 2009	2,995,000
Lease Revenue Bonds (100 Chestnut Street):	
Series D of 2009	975,000
Dauphin County Guaranteed Revenue Bonds (Dauphin Highlands):	
Series A and B of 2011	10,156,009
Capital Lease Payable (Dauphin Highlands)	<u>8,608</u>
	<u>\$ 56,802,733</u>
Long-term debt is shown on the balance sheet as follows:	
Current portion of capital lease obligation	\$ 8,608
Current portion of long-term debt	2,037,411
Long-term debt, net of current portion	<u>54,756,714</u>
	<u>\$ 56,802,733</u>

Long-term liability activity for the Authority's business-type activities for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$56,316,870	\$32,709,345	\$(32,232,090)	\$56,794,125	\$2,037,411
Capital Lease Payable	16,869	-	(8,261)	8,608	8,608
	<u>\$56,333,739</u>	<u>\$32,709,345</u>	<u>\$(32,240,351)</u>	<u>\$56,802,733</u>	<u>\$2,046,019</u>

Each of the Authority's financing programs is described below. The Authority has complied with the significant covenants contained in its debt agreements for the year ended December 31, 2015.

Office and Parking Revenue Bonds – Series A, B and C of 1998 and Series of 2015 (Riverfront Office Center)

On June 30, 1998, the 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 cost of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 and Series of 2015 (Riverfront Office Center) (Continued)

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. During the year ended December 31, 2015, the Authority refunded Series A of 1998 Bonds and partially refunded Series C of 1998 Bonds with the issuance of Office and Parking Revenue Bonds, Series of 2015 (Series of 2015 Bonds). The proceeds from the issuance of the Series of 2015 Bonds totaled \$32,000,000. The Series of 2015 Bonds were issued without municipal bond guaranty insurance policy. Principal is paid annually on January 1 and interest is paid biannually on July 1 and January 1. The interest rate is fixed at 3.92% for ten years through January 1, 2025 and subsequent to that date, interest converts to a variable rate based on London Interbank Offered Rate (LIBOR) plus 2.50%, with a floor of 3% and a maximum rate of 6%.

Series A of 1998

During the year ended December 31, 2015, the Authority currently refunded the Series A of 1998 Bond with the Series of 2015 Bond proceeds. There was no balance remaining on the Series A of 1998 Bonds at December 31, 2015.

Series B of 1998

There was no balance remaining on the Series B bonds at December 31, 2015.

Series C of 1998

During the year ended December 31, 2015, the Authority partially currently refunded the Series C of 1998 Bonds in the amount of \$15,500,000 with the Series of 2015 Bond proceeds. The refunding was for a portion of Series C of 1998 Bonds set to mature in 2028. The remaining Series C of 1998 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	\$ 805,896	\$ 1,014,104
January 1, 2025	293,857	1,820,000	840,185	979,815
July 1, 2025	283,920	1,820,000	873,327	946,673
January 2, 2026	274,310	1,820,000	905,341	914,659
July 1, 2026	265,047	1,820,000	936,263	883,737
January 1, 2027	256,074	1,820,000	966,147	853,853
July 1, 2027	247,411	1,820,000	995,030	824,970
January 1, 2028	3,310,677	9,705,000	5,454,695	4,250,305
	<u>\$5,235,436</u>	<u>\$22,445,000</u>	<u>\$11,776,884</u>	<u>\$10,668,116</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 and Series of 2015 (Riverfront Office Center) (Continued)Series of 2015

The 2015 Bonds mature as follows, assuming a fixed rate of 3.92% through January 1, 2025 and 6% thereafter:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.92%	\$ 1,085,000	\$ 1,232,066	\$ 2,317,066
2017	3.92%	1,125,000	1,183,987	2,308,987
2018	3.92%	1,170,000	1,137,486	2,307,486
2019	3.92%	1,215,000	1,089,197	2,304,197
2020	3.92%	1,265,000	1,041,766	2,306,766
2021-2025	3.92%	7,105,000	4,771,475	11,876,475
2026-2030	6.00%	8,605,000	4,261,895	12,866,895
2031-2035	6.00%	10,430,000	1,318,733	11,748,733
		<u>\$ 32,000,000</u>	<u>\$ 16,036,605</u>	<u>\$ 48,036,605</u>

As required by a mandatory sinking fund provision, the trustee deposited \$2,339,688 of bond proceeds to the Debt Service Reserve Account.

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

On November 21, 2001, the 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, 2015, the balance outstanding on both the County Building Bonds Series of 1997 and the Dauphin County Guaranteed 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 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, 2015 is zero.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Lease Revenue Bonds - 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 Authority's Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.00%	\$ 385,000	\$ 105,750	\$ 490,750
2017	3.20%	400,000	94,200	494,200
2018	3.40%	415,000	81,400	496,400
2019	3.50%	425,000	67,290	492,290
2020	3.70%	440,000	52,203	492,203
2021-2022	3.85%-3.88%	930,000	54,135	984,135
		<u>\$ 2,995,000</u>	<u>\$ 454,978</u>	<u>\$ 3,449,978</u>

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

On September 1, 1998, the 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 Authority advance refunded the Series A of 1998, resulting in a defeasance of the bonds. The balance outstanding on the defeased Series A bonds on December 31, 2015 is \$975,000. The Series B bonds matured in 2006 and were paid in full.

On October 1, 2003, the General 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 were insured by a municipal bond guaranty insurance policy.

On November 12, 2009, the Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The Authority used the Series D bond proceeds to currently refund the Series A of 2003 Bonds. As of December 31, 2015, the Series A and Series B of 2003 bonds had a zero balance.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Lease Revenue Bonds – Series D of 2009 (100 Chestnut Street) (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>
2016	3.00%	\$ 315,000	\$ 31,240	\$ 346,240
2017	3.20%	325,000	21,790	346,790
2018	3.40%	335,000	11,390	346,390
		<u>\$ 975,000</u>	<u>\$ 64,420</u>	<u>\$ 1,039,420</u>

Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 and Series A and B of 2016 (Dauphin Highlands)

On January 6, 2005, the Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 (Series A of 2005) and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 (Series B of 2005) in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds were 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 the Authority. At December 31, 2015, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$8,200,000 and \$6,357,431 respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2015.

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 Series A and B of 2011 Bonds were issued without a municipal bond guaranty insurance policy. The Authority used the proceeds of Series A of 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. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series B of 2005, at December 31, 2015.

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, 2015 was 1.99375%. The 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 Bonds. Using the interest rate in effect at December 31, 2015, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$ 8,427,657</u>	<u>\$ 33,600</u>	<u>\$ 8,461,257</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 and Series A and B of 2016 (Dauphin Highlands) (Continued)

In February 2016, the Authority issued Taxable County Guaranteed Revenue Refunding Bonds, Series A of 2016 (Series A of 2016), in the principal amount of \$8,479,511, to refinance Series A of 2011 and pay the costs of issuance. The Series A of 2016 Bonds were issued without a municipal bond guaranty insurance policy. The interest rate on Series A of 2016 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on LIBOR plus 1.55%, not to exceed 12%. The interest rate on these bonds as of February 10, 2016, the date of closing, was 1.97925%. The 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 2016 Bonds.

Using the interest rate in effect at issuance, the bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 115,311	\$ 136,834	\$ 252,145
2017	140,932	166,790	307,722
2018	143,777	163,940	307,717
2019	146,679	161,033	307,712
2020	149,640	158,068	307,708
2021 - 2022	7,783,172	306,998	8,090,170
	<u>\$ 8,479,511</u>	<u>\$ 1,093,663</u>	<u>\$ 9,573,174</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, 2015 was 1.99375%. The 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. Using the interest rate in effect at December 31, 2015, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$ 1,728,352</u>	<u>\$ 6,883</u>	<u>\$ 1,735,235</u>

In February 2016, the Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series B of 2016 (Series B of 2016) in the principal amount of \$1,708,775, to refinance Series B of 2011 Bonds and pay the costs of issuance. The Series B of 2016 Bonds were issued without a municipal bond guaranty insurance policy. The interest rate on Series B of 2016 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on 70% LIBOR plus 1.55%, not to exceed 12%. The interest rate on these bonds as of February 10, 2016, the date of closing, was 1.90048%. The 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 2016 Bonds.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 and Series A and B of 2016 (Dauphin Highlands) (Continued)

Using the interest rate in effect at issuance, the bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 137,100	\$ 25,820	\$ 162,920
2017	167,563	29,076	196,639
2018	170,945	25,823	196,768
2019	174,395	22,505	196,900
2020	177,916	19,119	197,035
2021 - 2022	880,856	27,805	908,661
	<u>\$ 1,708,775</u>	<u>\$ 150,148</u>	<u>\$ 1,858,923</u>

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement," states that short-term obligations should be excluded from current liabilities only if the following conditions are met: a) the government intends to refinance the obligation on a long-term basis and b) the government has the ability to consummate the refinancing. The refinancing of the Series A of 2011 and Series B of 2011 through the issuance of the Series A of 2016 and Series B of 2016 meets these criteria. Therefore, the current portion of bonds payable presented on the balance sheet at December 31, 2015 represents the current maturities of the Series A of 2016 and Series B of 2016.

Dauphin County Industrial Development Authority ("IDA")Qualified Tax-Exempt Obligations

\$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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (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>
\$ 43,332	\$ 24,789	4.40%	2016
45,312	22,809	4.40%	2017
47,383	20,738	4.40%	2018
49,549	18,573	4.40%	2019
51,813	16,308	4.40%	2020
296,828	43,779	4.40%	2021 to 2025
39,151	586	4.40%	2026
<u>\$ 573,368</u>	<u>\$ 147,582</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.

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>
\$ 18,734	\$ 13,519	4.83%	2016
19,658	12,595	4.83%	2017
20,627	11,626	4.83%	2018
21,644	10,609	4.83%	2019
22,711	9,542	4.83%	2020
131,492	29,773	4.83%	2021 to 2025
54,023	2,420	4.83%	2026 to 2027
<u>\$ 288,889</u>	<u>\$ 90,084</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$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>
\$ 40,780	\$ 30,268	4.89%	2016
42,820	28,228	4.89%	2017
44,962	26,086	4.89%	2018
47,211	23,837	4.89%	2019
49,573	21,475	4.89%	2020
287,640	67,601	4.89%	2021 to 2025
124,342	5,912	4.89%	2026 to 2027
<u>\$ 637,328</u>	<u>\$ 203,407</u>		

\$1,900,000 Guaranteed Mortgage Revenue Note, Series of 2010

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.

Variable Rate Terms: Interest rate requirements for the Guaranteed Mortgage Revenue Note, Series of 2010 are 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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)\$1,900,000 Guaranteed Mortgage Revenue Note, Series of 2010 (Continued)

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>
\$ 68,520	\$ 91,332	5.65%	2016
72,807	87,045	5.65%	2017
77,089	82,763	5.65%	2018
81,623	78,229	5.65%	2019
86,216	73,637	5.65%	2020
1,236,490	17,532	5.65%	2021
<u>\$ 1,622,745</u>	<u>\$ 430,538</u>		

\$318,850 Guaranteed Lease Revenue Note, Series 2010, due in semi-annual installments of \$11,101 through December 1, 2017 plus interest at 3.40%, then in semi-annual installments of \$13,755 through December 1, 2030 plus interest at 7.00%.

The proceeds of the note, dated December 1, 2010 were used for and towards the acquisition for a building situated at 3005 Hoffman Street in Harrisburg, Dauphin County, Pennsylvania; and paying the costs and expenses related to the forgoing purposes and the issuance of the Note.

Under a lease agreement dated December 1, 2010 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 principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series of 2010.

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 13,161	\$ 9,040	3.40%	2016
13,642	8,559	3.40%	2017
12,566	12,289	3.40% / 7.00%	2018
11,713	15,797	7.00%	2019
12,518	14,991	7.00%	2020
77,736	59,810	7.00%	2021 to 2025
110,185	27,361	7.00%	2026 to 2030
13,281	473	7.00%	2031
<u>\$ 264,802</u>	<u>\$ 148,320</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$2,550,000 Guaranteed Note, Series of 2012, due in semi-annual installments of \$90,565 through December 1, 2022 plus interest at 3.80%, then in semi-annual installments through December 1, 2032 plus interest at a variable rate equal to Fulton Bank, NA's Prime Rate, as determined on the last business day immediately preceding the applicable adjustment date, not to exceed 10.00% per annum.

The proceeds from this note, dated December 13, 2012 are used by the IDA to fund the Authority's Solar Project Phase II.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series of 2012.

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 93,346	\$ 87,784	3.80%	2016
96,927	84,203	3.80%	2017
100,645	80,485	3.80%	2018
104,506	76,624	3.80%	2019
108,515	72,615	3.80%	2020
608,303	297,349	3.80% / Variable	2021 to 2025
734,281	171,372	Variable	2026 to 2030
489,774	31,713	Variable	2031 to 2033
<u>\$ 2,336,297</u>	<u>\$ 902,145</u>		

\$305,000 Guaranteed Mortgage Revenue Note Series of 2012, due in monthly installments of \$1,899 through December 1, 2017 plus interest at 4.25%, then in monthly installments through December 1, 2032 plus interest at a variable rate equal to Fulton Bank, NA's Prime Rate, as determined on the last business day immediately preceding the applicable adjustment date, not to exceed 10.00% per annum.

The proceeds from this note, dated December 13, 2012 are used by the IDA to fund repairs within the Veterans Building.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series of 2012.

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 11,041	\$ 11,751	4.25%	2016
11,559	11,233	4.25%	2017
12,067	25,318	4.25% / Variable	2018
12,597	28,785	Variable	2019
13,124	27,293	Variable	2020
74,923	110,221	Variable	2021 - 2025
92,908	59,439	Variable	2026 - 2030
48,540	7,032	Variable	2031 - 2033
<u>\$ 276,759</u>	<u>\$ 281,072</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$1,251,274 Guaranteed Lease Revenue Note, Series of 2013, due in annual installments through December 1, 2031 plus interest at 2.60% through December 2022, then at a variable rate equal to 65% Fulton Bank, NA's Prime Rate, as determined on the last business day immediately preceding the applicable adjustment date, not to exceed 6.5% per annum, through maturity.

The proceeds of the note, dated July 30, 2013, were used for and towards the acquisition of land for the District Justice Office – West Hanover 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 July 30, 2013 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 guarantees payment of principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series of 2013.

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 58,613	\$ 30,286	2.60%	2016
60,066	28,744	2.60%	2017
61,741	27,160	2.60%	2018
63,369	25,534	2.60%	2019
65,039	23,864	2.60%	2020
351,701	92,710	2.60% / Variable	2021 to 2025
400,669	43,871	2.60% / Variable	2026 to 2030
132,969	2,935	2.60% / Variable	2031 to 2033
<u>\$ 1,194,167</u>	<u>\$ 275,104</u>		

\$8,330,000 Guaranteed Lease Revenue Note Series 2013, due in annual installments through December 1, 2033 plus interest at 3.00% through December 1, 2023 and interest of 4.85% through December 1, 2033.

The proceeds of the note, dated December 17, 2013, were used for and towards the acquisition of 1100 South Cameron Street, 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 December 17, 2013 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 guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)\$8,330,000 Guaranteed Lease Revenue Note, Series 2013 (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2013:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 319,000	\$ 235,815	3.00%	2016
329,000	226,095	3.00%	2017
339,000	216,075	3.00%	2018
349,000	205,755	3.00%	2019
359,000	195,135	3.00%	2020
1,966,000	933,517	3.00% / 4.85%	2021 to 2025
2,278,000	787,398	4.85%	2026 to 2030
2,081,000	205,664	4.85%	2031 to 2033
<u>\$ 8,020,000</u>	<u>\$ 3,005,454</u>		

\$236,526 Guaranteed Lease Revenue Note Series 2015, due in annual installments through July 15, 2035 plus interest at 2.05% through July 15, 2025, and interest equal to 85% of the New York Prime Rate, as determined on the last business day immediately preceding the applicable adjustment date, provided that the interest rate shall not exceed 3.95% per annum through maturity.

The proceeds of the note, dated September 30, 2015, were used for and towards the acquisition and construction of a new District Justice office and courtroom – Township of Lower Paxton, 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 September 30, 2015 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 guarantees payment of principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2015:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ -	\$ 4,799	2.05%	2016
9,875	4,600	2.05%	2017
10,079	4,397	2.05%	2018
10,287	4,189	2.05%	2019
10,499	3,977	2.05%	2020
55,828	16,549	2.05% / Variable	2021 to 2025
61,822	10,556	Variable	2026 to 2030
78,136	3,918	Variable	2031 to 2035
<u>\$ 236,526</u>	<u>\$ 52,985</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

The following is a summary of long-term debt for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015	Due Within One Year
Guaranteed lease revenue notes:					
Series of 2004	\$ 9,669	\$ -	\$ (9,669)	\$ -	\$ -
Series of 2006	614,806	-	(41,438)	573,368	43,332
Series of 2007	676,166	-	(38,838)	637,328	40,780
Series of 2007 (A)	306,743	-	(17,854)	288,889	18,734
Series of 2010	277,544	-	(12,742)	264,802	13,161
Series of 2013	701,274	550,000	(57,107)	1,194,167	93,346
Series of 2013 (Cameron)	8,330,000	-	(310,000)	8,020,000	319,000
Series of 2015	-	236,526	-	236,526	-
Subtotal	<u>10,916,202</u>	<u>786,526</u>	<u>(487,648)</u>	<u>11,215,080</u>	<u>528,353</u>
2010 Commercial Term Loan	1,687,613	-	(64,868)	1,622,745	68,520
2012 Guaranteed Note	2,498,311	-	(162,014)	2,336,297	58,613
2012 Guaranteed Mortgage Revenue Note	287,418	-	(10,659)	276,759	11,041
Total	<u>\$ 15,389,544</u>	<u>\$ 786,526</u>	<u>\$ (725,189)</u>	<u>\$ 15,450,881</u>	<u>\$ 666,527</u>

Dauphin County Economic Development Corporation ("DCEDC")

The following is a summary of long-term debt for the year ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2004 Guaranteed Parking Revenue Note	\$ 1,745,000	\$ -	\$ (145,000)	\$ 1,600,000	\$ 80,000
Section 108 Note Payable	<u>2,040,000</u>	<u>-</u>	<u>(160,000)</u>	<u>1,880,000</u>	<u>160,000</u>
	<u>\$ 3,785,000</u>	<u>\$ -</u>	<u>\$ (305,000)</u>	<u>\$ 3,480,000</u>	<u>\$ 240,000</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

Long-term debt at December 31, 2015, consisted of the following:

Note payable of \$2,200,000 to a bank, payable in variable annual installments plus interest at a rate not to exceed 10%, initial principal payment due 2006, final payment due December 2030. Interest rate at December 31, 2015 was 2.217%. \$ 1,600,000

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. 1,880,000

3,480,000

Less current portion (240,000)

Long-term debt \$ 3,240,000

Maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 240,000	\$ 150,530	\$ 390,530
2017	252,000	146,026	398,026
2018	257,000	134,267	391,267
2019	262,000	122,205	384,205
2020	262,000	109,857	371,857
2021 to 2025	1,380,000	298,821	1,678,821
2026 to 2030	827,000	52,841	879,841
	<u>\$ 3,480,000</u>	<u>\$ 1,014,547</u>	<u>\$ 4,494,547</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 9: INTEREST RATE SWAPS

The County is a party to a contract for a derivative instrument as discussed below.

At December 31, 2015, the County has the following derivative instrument outstanding:

	Notional Amount	Fair Value		Change in Fair Value	
		Fair Value at December 31, 2015 Classification	Amount	Classification	Amount
Governmental Activities					
Investment Derivatives:					
A 2016 Forward-Starting Fixed Payer Swap	\$ 14,405,000	Investment	\$ (720,024)	Interest Income	\$ (239,243)
Total Investment Derivatives			\$ (720,024)		\$ (239,243)

2015 Forward Starting Fixed Payer Swap. On January 29, 2015, the County terminated its 2015 Forward Starting Fixed Payer Swap in conjunction with the issuance of the 2015 General Obligation Bonds. At the time of termination, the County made a payment of \$1,146,000 to the Counterparty for the 2015 Forward Starting Fixed Payer Swap. The payment was recorded in the governmental fund level financial statements as an other financing source. The change in fair value of \$821,366 is reflected as an adjustment to Interest Income in the Statement of Activities.

Terms of the Investment Derivatives. The term, fair value, and credit rating of the investment derivative as of December 31, 2015 was as follows:

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Swap Termination Date	Counterparty	Counterparty Credit Rating
Fixed Payer Forward Starting Swaps:							
A 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	Aa3/AA-/AA
	\$ 14,405,000						

Fair market value. The fair market value of the derivative investment was 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, 2015, the County was not exposed to credit risk for the investment derivatives as the investment derivative had a negative fair value. The County executes its derivative instrument with one counterparty that comprises 100% percent of its net exposure to credit risk. The Counterparty's credit ratings are shown in the table above.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 9: INTEREST RATE SWAPS (CONTINUED)

Credit risk (continued). 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. The County is exposed to interest rate risk on its 2016 pay-fixed swap. As LIBOR increases, the County's net payment on the swaps decreases.

Market Access Risk. Risk that the County cannot access the bond market or that the 2016 Bonds do not settle due to unforeseen events.

NOTE 10: DIRECT FINANCING LEASES

Component Unit - Direct Financing LeasesDauphin County General Authority

The Authority's County Building Bond Fund leasing operation consists of leasing a parking garage/office building to the County 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 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 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 Authority's 100 Chestnut Street Fund leasing operation consists of leasing an office building to the County 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 advance refunded in 2003 through the issuance of Lease Revenue Bonds, Series A and B of 2003. In November 2009, the Authority refunded the Lease Revenue Bonds, Series A of 2003 through the issuance of 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
2016	\$ 490,750	\$ 346,240	\$ 836,990
2017	494,200	346,790	840,990
2018	496,400	346,390	842,790
2019	492,290	-	492,290
2020	492,203	-	492,203
2021-2022	984,135	-	984,135
	\$ 3,449,978	\$ 1,039,420	\$ 4,489,398

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 10: 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, 2015:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
Total Minimum Lease			
Payments to be Received	\$ 3,449,978	\$ 1,039,420	\$ 4,489,398
Less: Unearned Income	454,978	56,610	511,588
	<u>\$ 2,995,000</u>	<u>\$ 982,810</u>	<u>\$ 3,977,810</u>
Current Portion	\$ 385,000	\$ 322,810	\$ 707,810
Noncurrent Portion	2,610,000	660,000	3,270,000
	<u>\$ 2,995,000</u>	<u>\$ 982,810</u>	<u>\$ 3,977,810</u>

Dauphin County Industrial Development Authority ("IDA")

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 outstanding lease balance was paid off during fiscal year ended September 30, 2015.

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, 2015 is \$573,368.

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, 2015 is \$288,889.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 10: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)

Dauphin County Industrial Development Authority ("IDA") (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, 2015 is \$637,328.

On December 1, 2010 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 2010 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 2010 Guaranteed Lease Revenue Note. The amount of lease outstanding at September 30, 2015 is \$264,802.

On July 30, 2013 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 2013 Guaranteed Lease Revenue Note (West Hanover Project). 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 2013 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2015 is \$1,194,167.

On December 17, 2013 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 make payments equal to the principal and interest of the IDA's Series of 2013 Guaranteed Lease Revenue Note (Cameron Street). The County has the right to purchase the leased property 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 2013 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2015 is \$8,020,000.

On September 30, 2015 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 make payments equal to the principal and interest of the Authority's Series of 2015 Guaranteed Lease Revenue Note (Lower Paxton Project). The County has the right to purchase the leased property for a sum of one dollar, plus the amount, if any required to pay in full the outstanding balance due under the IDA's Series of 2015 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2015 is \$236,526.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 10: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)

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

<u>Years Ending September 30,</u>	
2016	\$ 851,813
2017	852,004
2018	854,730
2019	857,065
2020	856,445
2021-2025	4,410,968
2026-2030	3,946,298
2031-2034	2,508,693
	<u>\$ 15,138,016</u>

The net investment in direct financing lease consists of the following at September 30, 2015:

Total Minimum Lease Payments to be Received	\$ 15,138,016
Less: Unearned Interest Income	<u>(3,922,936)</u>
	<u>\$ 11,215,080</u>
Current Portion	\$ 493,620
Noncurrent Portion	<u>10,721,460</u>
	<u>\$ 11,215,080</u>

NOTE 11: LINE OF CREDIT

Component Unit – Line of CreditCase Management Unit

At June 30, 2015, 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, 2015. There were \$450,000 in borrowings on the line and \$450,000 in repayments for the year ended June 30, 2015. The principal balance on the line as of June 30, 2015 was \$0.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 12: CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in capital lease obligations for the year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
Capital Leases	\$ 13,305,646	\$ 841,745	\$ (1,457,322)	\$ 12,690,069	\$ 1,366,805
Total Capital Lease Obligations	<u>\$ 13,305,646</u>	<u>\$ 841,745</u>	<u>\$ (1,457,322)</u>	<u>\$ 12,690,069</u>	<u>\$ 1,366,805</u>
<u>Business-Type Activities</u>					
Capital Leases	\$ 3,690,546	\$ -	\$ (695,546)	\$ 2,995,000	\$ 385,000
Total Capital Lease Obligations	<u>\$ 3,690,546</u>	<u>\$ -</u>	<u>\$ (695,546)</u>	<u>\$ 2,995,000</u>	<u>\$ 385,000</u>

As the Emergency 911 Operating & Act 56 Wireless fund no longer met the criteria to be classified as a proprietary fund, capital lease obligations of the Emergency 911 Operating & Act 56 Wireless fund were transferred to governmental activities during 2015. See Note 15 for more detail. The transfer of the capital lease obligations from the Emergency 911 Operating & Act 56 Wireless fund to the governmental activities are shown as a reduction to business-type activities and additions to governmental activities. Capital lease obligations of \$320,546 were transferred from business-type to governmental activities during 2015 and are included in the additions column above.

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for in 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, 2015 is \$42,494. Also, as a result of the Chestnut Street 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, 2015 is \$10,331 and is included in deferred interest from refunding on the Statement of Net Position.

The County also has six lease payables to the Industrial Development Authority for District Justice Offices/Office space that are accounted for in the Governmental Activities bearing interest rates from 2.05% to 6.5%. 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.

In 2015, the County entered into two new capital leases all of which were in Governmental Activities. One lease was for IT Equipment in the amounts of \$134,673. The other lease was for property located at 5075 Locust Lane, Lower Paxton Township, Dauphin County, in the amount of \$236,526. Additionally, during 2015 the County increased the amount of its capital lease for property located at 8010 Bretz Drive, City of Harrisburg, Dauphin County, in the amount of \$150,000.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>
2016	\$ 1,781,791	\$ 490,751
2017	1,470,589	494,201
2018	1,235,298	496,401
2019	847,161	492,291
2020	862,914	492,203
2021-2025	4,557,130	984,137
2026-2030	3,997,783	-
2031-2034	1,863,487	-
Total Minimum Lease Payments	16,616,153	3,449,984
Less: Amount Representing Interest	3,926,084	454,984
Total Present Value of Net Minimum Lease Payments	12,690,069	2,995,000
Less: Amounts Due within One Year	1,366,805	385,000
	<u>\$ 11,323,264</u>	<u>\$ 2,610,000</u>

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

Component Unit- Capital Lease ObligationDauphin County General Authority

In 2012, Dauphin Highlands purchased an aerator and sweeper under a long-term lease agreement that is classified as a capital lease. As of December 31, 2015, Dauphin Highlands includes this equipment at a cost of \$40,174, with accumulated depreciation of \$22,956.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2015 are as follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2016	\$ 8,971
Less amount representing interest	(363)
Present value of future minimum lease payments	<u>\$ 8,608</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 13: FUND BALANCE / NET POSITION

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:

<u>Nonspendable</u>			
Prepaid items	\$	1,008,699	
PCHIP Settlement		5,910,284	
Due from Component Unit		9,853,800	
Gaming loan		3,655,000	20,427,783
<u>Restricted</u>			
Low income housing		1,088,932	
Gaming		9,951,353	
Capital projects		4,511,422	
Fort Hunter trust fund		1,145,870	
State grant		905,472	
Liquid fuels		1,510,226	
Domestic relations		601,423	
Hazardous materials		186,449	
Emergency 911 Operating		1,807,246	
Aging		107,047	
Drug act forfeited - federal		441,034	
Act 89 Bridge Maintenance		237,388	
PennDot Act 44		804,921	
			23,298,783
<u>Assigned</u>			
2015 budget deficit		8,872,094	
Gaming		2,841,566	11,713,660
<u>Unassigned</u>			
Available for any purpose			<u>24,237,424</u>
			<u>\$ 79,677,650</u>

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

<u>Fiduciary Funds</u>	
Net Position Restricted for Pensions	<u>\$ 284,267,003</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 13: FUND BALANCES / NET POSITION (CONTINUED)

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

The restrictions of net position included in the financial statements represent portions of net position 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 \$ 4,611,619

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2015:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 31,131,455	\$ 69,876
Special Revenue Funds		
Children and Youth Families Fund	-	17,046,956
Mental Health/Intellectual Disabilities Fund	123,654	10,558,890
Gaming Fund	-	1,385
Aging Fund	5,094	1,236,367
Drug and Alcohol Fund	-	260,585
State Grant Fund	-	40,610
Human Services Development Fund	8,671	140,633
Hazard Material Emergency Response Fund	190	8,275
Domestic Relations Fund	-	621,495
Drug Act-Forfeited State Fund	2,500	7,756
Liquid Fuels Fund	-	1,980
Low Income Housing Fund	-	4,331
Hotel Tax Fund	-	70,240
Drug Act-Forfeited Federal Fund	-	2,013
Emergency 911 Operating & Act 56 Wireless Fund	1,302	554,140
Total Special Revenue Funds	141,411	30,555,656
Total Governmental Funds	31,272,866	30,625,532
Business-Type Funds		
Health Choices Fund	-	98,864
Human Service Building Fund	20,366	489,185
Solid Waste Fund	-	79,651
Total Business-Type Funds	20,366	667,700
	\$ 31,293,232	\$ 31,293,232

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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Component Unit - Interfund Receivables and Payables

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	\$ 205,541	\$ 205,541
Dauphin County Industrial Development Authority	10,908,917	10,614,043
Dauphin County Economic Development Corporation	<u>120,654</u>	<u>120,654</u>
Total	<u>\$ 11,235,112</u>	<u>\$ 10,940,238</u>

The difference in Due from Dauphin County Industrial Development Authority and Due to Dauphin County relates to the Authority's having a September 30, 2015 year-end, while the County has a December 31, 2015 year-end.

	<u>Due To Component</u>	<u>Due from Primary Government</u>
Dauphin County Economic Development Corporation	<u>\$ 193,529</u>	<u>\$ 193,529</u>
Total	<u>\$ 193,529</u>	<u>\$ 193,529</u>

NOTE 15: 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	<u>\$ 3,489,910</u>	<u>\$ 13,768,530</u>
Special Revenue Funds		
Children and Youth Families Fund	8,785,974	74,771
Mental Health/Intellectual Disabilities Fund	929,747	17,479
Gaming Fund	-	3,797,660
Aging Fund	151,362	24,941
Drug and Alcohol Fund	224,549	15,000
Human Services Development Fund	39,972	1,362
Domestic Relations Fund	1,812,424	-
Liquid Fuels Fund	4,628	700,201
PENNDOT Act 44 SR Fund	700,201	-
Emergency 911 Operating & Act 56 Wireless Fund	2,705,581	-
Fort Hunter Permanent Fund	-	100,000
Total Special Revenue Funds	<u>15,354,438</u>	<u>4,731,414</u>
Capital Projects Fund	<u>250,000</u>	-
Total Governmental Funds	<u>\$ 19,094,348</u>	<u>\$ 18,499,944</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 15: INTERFUND OPERATING TRANSFERS (CONTINUED)

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental activities (capital assets and long-term liabilities)	\$ 242,026	\$ -
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	84,939
Emergency 911 Operating & Act 56 Wireless Fund	-	1,276,218
Solid Waste Fund	424,727	-
Fort Hunter Operating Fund	100,000	-
Total Proprietary Funds	<u>524,727</u>	<u>1,361,157</u>
	<u>\$ 19,861,101</u>	<u>\$ 19,861,101</u>

Transfers from the general fund are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary and legal authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During 2015, the Emergency 911 Operating & Act 56 Wireless fund (the 911 fund) no longer met the criteria to be classified as a proprietary fund. Thus, the 911 fund transferred \$1,034,192 of governmental fund level assets and liabilities to the 911 special revenue fund. In addition, the 911 fund transferred \$242,026 of capital assets and long-term liabilities to governmental activities during 2015. The transfer to governmental activities consisted of capital assets of \$9,772,217 with accumulated depreciation of \$8,745,174 and long-term liabilities of \$785,017 (capital lease obligations of \$320,546 and compensated absences of \$464,471).

Component Unit - Interfund Operating Transfers

	<u>Transfers to Component Units</u>	<u>Transfers from Primary Government</u>
Dauphin County Industrial Development Authority	\$ 363,745	\$ 376,497
Total	<u>\$ 363,745</u>	<u>\$ 376,497</u>

The difference in Transfer from the Dauphin County Industrial Development Authority and Transfer to Dauphin County relates to the Authority's having a September 30, 2015 year-end, while the County has a December 31, 2015 year-end.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 16: 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 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2015 and expected to be collected within the first sixty (60) days of 2016 are recognized as revenue in 2015. 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 collectability. The rate of taxation in 2015 was 6.876 mills, for general purposes. In addition, a special tax of 0.35 mills was approved for the County Library System.

NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

The Authority has issued revenue bonds to finance various activities. The nonmajor enterprise funds consist of the County Building Bond Fund and the 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	\$ 387,258	\$ 338,685	\$ 725,943
Noncurrent investment in direct financing lease	2,610,000	660,000	3,270,000
Restricted assets	54,371	989,424	1,043,795
Total assets	<u>\$ 3,051,629</u>	<u>\$ 1,988,109</u>	<u>\$ 5,039,738</u>
LIABILITIES			
Current liabilities	\$ 462,582	\$ 732,072	\$ 1,194,654
Noncurrent liabilities	2,610,000	660,000	3,270,000
Total liabilities	<u>3,072,582</u>	<u>1,392,072</u>	<u>4,464,654</u>
NET POSITION			
Restricted	-	596,037	596,037
Unrestricted	(20,953)	-	(20,953)
Total net position	<u>(20,953)</u>	<u>596,037</u>	<u>575,084</u>
Total liabilities and net position	<u>\$ 3,051,629</u>	<u>\$ 1,988,109</u>	<u>\$ 5,039,738</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 17: 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
POSITION

	County Building Bond Fund	100 Chestnut Street Fund	Total Nonmajor Enterprise Funds
Operating revenues	\$ 137,007	\$ 318,298	\$ 455,305
Operating expenses	(144,488)	(319,171)	(463,659)
Operating Loss	(7,481)	(873)	(8,354)
Net Position:			
Beginning of year	(13,472)	596,910	583,438
End of year	<u>\$ (20,953)</u>	<u>\$ 596,037</u>	<u>\$ 575,084</u>

CONDENSED
STATEMENT OF CASH
FLOWS

Net cash provided by
(used in):

Operating activities	\$ 476,630	\$ 325,055	\$ 801,685
Investing activities	12,558	21,873	34,431
Capital and related financing	-	(37,416)	(37,416)
Noncapital financing activities	(489,188)	(305,000)	(794,188)
Net increase	-	4,512	4,512
Cash and cash equivalents –beginning	-	47,661	47,661
Cash and cash equivalents – ending	<u>\$ -</u>	<u>\$ 52,173</u>	<u>\$ 52,173</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 18: LEGAL COMPLIANCE

Fund Balance / Net Position Deficit

For the year ended December 31, 2015, the following funds had a deficit fund balance / net position:

Non-Major Governmental Fund:		
Drug Act - Forfeited State Property	\$	24,972
Enterprise Funds:		
Human Service Building Fund	\$	290,263

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

Excess of Expenditures over Appropriations – General Fund

For the year ended December 31, 2015, total expenditures exceeded appropriations by \$21,882,203 primarily due to the payment made to currently refund the General Obligation Bonds, Series of B and C of 2005 as well as the principal payment on the Infrastructure Bank Loan that were not previously budgeted for in the General Fund.

Component Unit – Net Position DeficitDauphin County General Authority

The following funds of the General Authority had negative net position as of December 31, 2015:

<u>Fund</u>	<u>Amount</u>
Riverfront Office Center	\$ 14,639,572
Dauphin Highlands Golf Course	9,718,372
County Building Bonds	20,953

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

NOTE 19: EMPLOYEES RETIREMENT PLAN

The Employees' Retirement Trust Fund Plan (the "Plan") is a single employer contributory defined benefit 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Description of Plan

Plan administration. The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended, (the "Act"). Benefits and contribution provisions of the Plan are established and can be amended as provided by the Act.

Management of the Plan is vested in the Retirement Board, which consists of five members – three elected County Commissioners, the County Controller, and the County Treasurer.

Plan membership. At December 31, 2015, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,116
Inactive plan members entitled to but not yet receiving benefits	219
Active Plan members	<u>1,444</u>
Total Membership	<u>2,779</u>

Benefits provided. The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest 3-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of the highest average salary at the time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus accumulated interest.

On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index. No ad hoc postemployment benefit changes were included in the future liability.

Contributions. The Retirement Board establishes the contribution rates based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the year 2015 measurement period, the minimum active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 8.87 percent of annual payroll. Employees may contribute up to an additional 10% of gross pay, at their option. The employee contributions are recorded in an individually identified account that is also credited with interest, calculated to yield 4.0% compounded annually at December 31, 2015.

Administrative and investment costs of the Plan are paid by the investment earnings of the Fund. The Act makes no provision for termination of the Fund.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Legally Required Reserves

At December 31, 2015, the Fund has a balance of \$62,330,791 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, 2015. Since these accumulations represent the present value as of December 31, 2015, of future benefits, the reserve balance and liability are identical.

The Fund has a balance of \$46,339,953 in the County Annuity Reserve Account as of December 31, 2015. 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 out of which regular interest is credited to the Members' 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.

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 \$133,409,368 as of December 31, 2015.

Plan Reporting

Net Pension Liability of the County

The total pension liability was based on an actuarial valuation dated January 1, 2015 and update procedures were used to rollforward the total pension liability to the December 31, 2015 measurement date. The components of the net pension liability of the County at December 31, 2015 were as follows:

Total Pension Liability	\$ 322,840,435
Plan Fiduciary Net Position	284,267,003
County's Net Pension Liability	<u>\$ 38,573,432</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.05%
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The schedule of changes in the net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the plan.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Reporting (Continued)Net Pension Liability of the County (Continued)

Changes in the County's net pension liability for the plan for the year ended December 31, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/14	\$ 306,750,847	\$ 287,780,263	\$ 18,970,584
Service Cost	3,131,797	-	3,131,797
Interest Cost	22,639,227	-	22,639,227
Changes of Benefit Terms	-	-	-
Changes for Experience	6,666,666	-	6,666,666
Changes of Assumptions	-	-	-
Contributions - Employer	-	6,546,502	(6,546,502)
Contributions - Member	-	4,407,790	(4,407,790)
Net Investment Income	-	2,071,951	(2,071,951)
Benefit Payments, including Refunds of Member Contributions	(16,348,102)	(16,348,102)	-
Administrative Expense	-	(191,401)	191,401
Net Changes	<u>16,089,588</u>	<u>(3,513,260)</u>	<u>19,602,848</u>
Balances at 12/31/15	<u>\$ 322,840,435</u>	<u>\$ 284,267,003</u>	<u>\$ 38,573,432</u>

Deferred Outflows of Resources

The total pension expense recognized in 2015 for the plan was \$5,130,852. At December 31, 2015, the County reported deferred outflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 5,573,770
Difference Between Projected and Actual Investment Earnings	<u>15,444,728</u>
Total	<u>\$ 21,018,498</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Deferred Outflows of Resources (Continued)

The deferred outflows of resources will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 4,954,078
2017	4,954,078
2018	4,954,078
2019	4,954,078
2020	1,092,896
Thereafter	109,290
Total	<u>\$21,018,498</u>

Plan Actuarial Methods and Assumptions

Actuarial assumptions. The total pension liability was determined by an actuarial valuation for the 2015 measurement period at January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	4.5 percent, average, including inflation
Investment Rate of Return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvements.

The actuarial assumptions used in the valuation for the 2015 measurement period were based on past experience under the plan and reasonable future expectations which represent the independent actuary's best estimate of anticipated experience under the plan. An experience study has not been performed in the last five years.

Under the Act, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index. The Plan did not include an assumption for projected postemployment benefit changes as they are not considered to be substantively automatic.

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Actuarial Methods and Assumptions (Continued)

Investment policy (continued). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation in the Plan's target asset allocation for the 2015 measurement period are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37 - 47%	5.4 - 6.4%
International Equity	11 - 21%	5.5 - 6.5%
Fixed Income	25 - 35%	1.3 - 3.3%
Real Estate	0 - 10%	4.5 - 5.5%
Cash	0 - 4%	0.0 - 1.0%

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Fund, calculated using the discount rate of 7.5 percent, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's Net Pension Liability	\$72,707,216	\$38,573,432	\$10,746,736

Rate of return. For the 2015 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.10 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Component Unit – Defined Contribution PlanCase Management Unit

CMU contributes to the Case Management 401K Savings Plan (the "Plan"), a defined contribution plan, covering all employees of CMU who are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Securities Act (ERISA) of 1974. For all enrolled participants, CMU makes discretionary contributions equal to 1.5% of the participants' eligible compensation. For each participant electing to contribute 2% or more of their eligible compensation, CMU makes a matching contribution equal to 1% of the eligible compensation. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. For fiscal year ended June 30, 2015, participant contributions totaled \$176,422 and employer contributions totaled \$105,559.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Component Unit – Defined Contribution Plan (Continued)Case Management Unit (Continued)

Participants are immediately vested in all contributions and earnings on those contributions. Participant loans and forfeitures are not permitted under the Plan. CMU has no liability to the Plan at June 30, 2015.

NOTE 20: 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 medical OPEB are: Shaffner, Court Related Teamster, Court appointed AFSME, Probation Officers, Prison Guards, PSSU, Dauphin County Detectives Association, and Captains and Lieutenants. All participants in the plan are eligible for life insurance OPEB. 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 2015, the County contributed \$1,741,442 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:

	<u>Governmental Activities</u>
Annual required contribution	\$ 2,073,883
Interest on net OPEB obligation	198,119
Adjustment to annual required contribution	<u>(286,465)</u>
Annual OPEB cost (expense)	1,985,537
Contributions made	<u>(1,741,442)</u>
Increase in net OPEB obligation	244,095
Net OPEB obligation – beginning of year	<u>4,952,977</u>
Net OPEB obligation – end of year	<u>\$ 5,197,072</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 20: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2015 and the previous two years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 1,985,537	87.70%	\$5,197,072
12/31/2014	1,906,935	55.91%	4,952,977
12/31/2013	1,923,390	52.04%	4,112,159

Funded Status and Funding Progress. As of January 1, 2015 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$19,747,055 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,747,055. The covered payroll (annual payroll of active employees covered by the plan) was \$73,801,979, and the ratio of the UAAL to the covered payroll was 26.8%.

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, 2015 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 6.0% initially, and declines gradually to an ultimate rate of 3.8%. 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
1/1/2015	\$ -	\$19,747,055	\$19,747,055	0.00%	\$ 73,801,979	26.8%
1/1/2013	\$ -	\$17,085,944	\$17,085,944	0.00%	\$ 75,886,904	22.5%
1/1/2011	\$ -	\$14,942,647	\$14,942,647	0.00%	\$ 75,798,908	19.7%

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 21: 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

Time accrues at various rates based on length of service. 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 22: LEASES

Operating Leases

The County leases office space under several operating leases with expiration dates through 2033.

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

2016	\$ 2,390,217
2017	1,519,972
2018	1,087,804
2019	1,048,827
2020	861,282
2021 – 2025	4,213,574
2026 – 2030	2,535,749
2031 – 2032	<u>823,781</u>
Total minimum payments required	<u>\$ 14,481,206</u>

Total rental expense for these leases during 2015 approximated \$2,892,032.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 22: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$525,576 for the fiscal year ended June 30, 2015, and is recorded in occupancy expenses on the Statement of Activities. The lease agreement between the County and CMU is for the period of January 1, 2015 through December 1, 2033. Monthly rent increases 1.90% at the beginning of each year.

CMU also has a lease on the Elizabethville, Pennsylvania office. The lease agreement is for a period of twenty-five years through 2033. Rent for this lease is based on a set price per square foot per year. These payments range from \$51,465 – \$69,632 and are payable monthly.

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

Year ending June 30,	Amount
2016	\$ 524,324
2017	525,905
2018	526,998
2019	527,574
2020	528,331
2021-2025	2,764,912
2026-2030	2,931,625
2031-2033	1,645,811
	<u>\$ 9,975,480</u>

Dauphin County Economic Development Corporation (“DCEDC”)

The DCEDC leases office space from the Dauphin County Industrial Development Authority under a year-to-year operating lease. Rental expense totaled \$32,692 for the year ended December 31, 2015.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 23: RELATED PARTY TRANSACTIONS

Component Units - Related Party TransactionsDauphin County Conservation District

The employees of the District are employees of the County. On a quarterly basis, the District reimburses the County for the cost of salaries and benefits. For the year ended December 31, 2015, the District incurred salaries and benefits expenses of \$628,949, of which \$200,482 is payable to the County at December 31, 2015. In addition, \$5,059 is payable to the County for janitorial supplies, fuel, phone charges, and miscellaneous fees. These amounts have been included as due to primary government on the statement of net position.

Dauphin County General Authority

The Authority is a component unit of Dauphin County. The Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the Authority for the year ended December 31, 2015 were \$566,545.

The County has been paying rent in excess of the lease requirement to the Authority since 2000. The total amount of these overpayments is \$420,746 at December 31, 2015 and is reported as unearned revenue on the balance sheet. The County had a claim on such overpayments until February 17, 2010, when an indemnity agreement was signed.

The Authority was awarded a 2013 Local Share Gaming Grant from the County. During the year ended December 31, 2015, the Authority incurred \$131,463 of grant-related expenses.

Dauphin County Industrial Development Authority ("IDA")

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. Gaming revenue from the County was \$3,526,281 in 2015, representing 87.7% of total operating revenue.

See Notes 8 and 10 for additional information concerning long-term debt transactions and direct financing leases, respectively, 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, not a separate entity; 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, 2015, IDA has earned \$35,326 in lease payments that is recorded as Due from Related Party.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 23: RELATED PARTY TRANSACTIONS (CONTINUED)

Component Units - Related Party Transactions (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)

During the year, the IDA made transfers to DCEDC in the amount of \$175,400 as a parking rental subsidy for the Market Square Garage and property management support.

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 Dauphin County, PA. The operating lease, described in Note 22, is held with the County and the lease payments are at market value.

Dauphin County Economic Development Corporation ("DCEDC")

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 \$2,604,592 in 2015, representing 32% of total revenue.

The County guarantees DCEDC's long-term debt.

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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 23: RELATED PARTY TRANSACTIONS (CONTINUED)

Component Units - Related Party Transactions (Continued)

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

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, 2015 were \$124,090.

During 2015, IDA loaned funding to DCEDC in the amount of \$80,000.

NOTE 24: 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, 2015.
- B. In 2011, the County entered into contracts for the Fort Hunter Trails and Parking Projects. The contracts' value approximated \$1,400,000 of which \$268,364 has been expended as of December 31, 2015.
- C. In 2015, the County entered into contracts for an elevator replacement project. The contracts' value approximated \$425,000 of which \$24,835 has been expended as of December 31, 2015.
- D. In 2015, the County entered into contracts for the security upgrades to the County's administrative building and court house. The contracts' value approximated \$750,000 of which \$53,819 has been expended as of December 31, 2015.

Component Units – Commitments and Contingencies

Dauphin County General Authority

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 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 \$408,909 of working capital advances during year ended December 31, 2015 to the Dauphin Highlands Golf Course. As of December 31, 2015, none had been repaid to the Administrative Fund.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 24: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Units – Commitments and Contingencies (Continued)Dauphin County General Authority (Continued)Project Viability (Continued)

If the Authority fails to generate sufficient revenues to pay debt service on the Series A of 2011, Series B of 2011, Series A of 2016, and Series B of 2016, 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. In accordance with the County Bond Guaranty Agreement, if such payments are made by the County, the Authority is required to reimburse the County from any money's available for that purpose under the Trust Indenture. The Dauphin Highlands Golf Course has incurred substantial accumulated losses, which have resulted in cash flow difficulties. During the year ended December 31, 2013, the Authority entered into a contract with a management to try to maximize the course's revenue while minimizing the overall expenses. The management company will continue to strive toward increasing revenue while keeping expenses contained.

Case Management Unit

As a result of a Pennsylvania Department of Community and Economic Development ("DCED") review, DCED is questioning CMU's expenditures of an ARRA grant they received in fiscal year 2011, for noncompliance with the grant requirements. On October 21, 2015, CMU paid a settlement to DCED of \$28,417 for ineligible expenses, and that amount was accrued in the fiscal year 2015 financial statements.

Dauphin County Industrial Development Authority ("IDA")

The Dauphin County Industrial Development Authority has contractual commitments at September 30, 2015, of \$10,641,292, of which \$5,918,404 is currently available for projects directly assisting businesses and municipalities county-wide in the areas of both economic and community development.

NOTE 25: ADMINISTRATIVE FEES

Component Units – Administrative FeesDauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the Authority. For the year ended December 31, 2015, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	292,800
100 Chestnut Street	46,164
Dauphin Highlands Golf Course	27,540
Bond issuance fees	5,000
Total Administrative Fees	<u>\$391,504</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 26: 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.

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 \$2,170,548 for the year ended December 31, 2015.

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 27: 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 unearned until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2015 for these loans totaled \$4,642,339. These outstanding deferred loans have been recorded as receivables at December 31, 2015, and unearned revenues totaling \$4,642,339 have been recorded to offset the unearned loans.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 28: 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, 2015 is \$207,114.

Year	Principal	Interest	Total Due
2016	\$ 33,143	\$ 3,366	\$ 36,509
2017	33,682	2,827	36,509
2018	34,229	2,280	36,509
2019	34,785	1,723	36,508
2020	35,350	1,158	36,508
2021	<u>35,925</u>	<u>584</u>	<u>36,509</u>
	<u>\$ 207,114</u>	<u>\$ 11,938</u>	<u>\$ 219,052</u>

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.

On February 29, 2012, 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 an extended maturity date of December 31, 2019.

The amount outstanding on the loan at December 31, 2015 is \$3,655,000.

Year	Principal	Interest	Total Due
2016	\$ -	\$ -	\$ -
2017	-	-	-
2018	-	-	-
2019	<u>3,655,000</u>	<u>157,328</u>	<u>3,812,328</u>
	<u>\$ 3,655,000</u>	<u>\$ 157,328</u>	<u>\$ 3,812,328</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 28: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans ReceivableDauphin County Industrial Development Authority (“IDA”)

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 Authority for 60 consecutive months beginning on May 1, 2007. In February 2009 this loan agreement was amended, requiring Tuscano Pizza & Grill, Inc 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, 2015 is \$45,404 which is fully reserved on the financial statements.

In July, 2008 the IDA entered into 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, 2015 is \$33,345 which is fully reserved on the financial statements.

On April 6, 2011 the IDA 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, Inc to make monthly principal and interest payments of \$1,853 to the IDA for 60 consecutive months beginning on July 1, 2011. The amount outstanding on the loan as of September 30, 2015 is \$14,590.

On December 18, 2012 the IDA entered into a loan agreement with Mindburn Solutions, LLC in the amount of \$15,000 at a fixed interest rate of 2.5%. The agreement required Mindburn Solutions, LLC to make monthly principal and interest payments of \$266 to the IDA for 60 consecutive months beginning on February 1, 2013. The amount outstanding on the loan as of September 30, 2015 is \$8,828.

On December 18, 2012 the IDA entered into a loan agreement with Q. Jones, Inc. in the amount of \$50,000 at a fixed rate of 2.5%. The agreement required Q. Jones, Inc. to make monthly principal and interest payments of \$887 to the IDA for 60 consecutive months beginning on February 1, 2013. The amount outstanding on the loan as of September 30, 2015 is \$24,108.

On May 23, 2013 the IDA entered into a loan agreement with Hershey Miniature Golf, Inc. (Adventure Sports in Hershey) in the amount of \$114,400 at a fixed rate of 3.5%. The agreement required Hershey Miniature Golf, Inc. to make monthly principal and interest payments of \$1,538 to the IDA for 84 consecutive months beginning on July 1, 2013. The amount outstanding on the loan as of September 30, 2015 is \$71,264.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 28: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)Dauphin County Industrial Development Authority (“IDA”) (Continued)

On October 9, 2013, the IDA entered into a loan agreement with Probitas Technology, Inc. in the amount of \$100,000 at a fixed rate of 2.5%. The agreement required Probitas Technology, Inc. to make monthly principal and interest payments of \$1,775 to the IDA for 60 consecutive months beginning on December 1, 2013. The amount outstanding on the loan as of September 30, 2015 is \$88,943.

On March 6, 2015, the IDA entered into a loan agreement with Harristown Development Corporation in the amount of \$100,000 at a fixed rate of 3.25%. The agreement requires Harristown Development Corporation to make monthly principal and interest payments of \$1,808 to the IDA for 60 consecutive months beginning on April 1, 2015. The amount outstanding on the loan as of September 30, 2015 is \$92,272.

On July 8, 2015, the IDA entered into a loan agreement with Robert and Susan Louer (Street Stores) in the amount of \$55,400 at a fixed rate of 3.25%. The agreement requires Street Stores to make monthly principal and interest payments of \$1,002 to the IDA for 60 consecutive months beginning on August 1, 2015. The amount outstanding on the loan as of September 30, 2015 is \$53,695.

Loans Receivable at September 30, 2015 is as follows:

Displayed as:	
Current Portion	\$ 111,072
Noncurrent Portion	<u>242,628</u>
	<u>\$ 353,700</u>

Dauphin County Economic Development Corporation (“DCEDC”)

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, 2015, 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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 29: ECONOMIC DEPENDENCY

Component Units - Economic Dependency

Dauphin County Conservation District

Approximately 60.9 percent of the District's funding is from private, state, and federal grants and subsidies. Reduction or loss of this funding could have a significant effect on the District's programs and activities.

Case Management Unit

Formal commitment for future funding by the Dauphin County MH/ID 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 ("DCEDC")

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 30: LITIGATION

Component Unit – Litigation

Dauphin County General Authority

The 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 2015. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Authority is involved in several lawsuits arising in the normal course of business. Management of the Authority believes none of the litigation outstanding against the Authority and none of the potential unasserted claims that may be asserted against the Authority would materially affect the financial position of the Authority.

NOTE 31: MANAGEMENT'S PLAN

Component Unit – Management's Plan

Dauphin County Economic Development Corporation ("DCEDC")

The DCEDC has a deficit unrestricted net position balance in the amount of \$1,899,291 at December 31, 2015. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$1,880,000. 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 position deficit.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 32: GUARANTEED DEBT

Pennsylvania Local Government Unit Debt Act permits local government to extend nonexchange financial guarantees on certain debt issued by related and unrelated entities. In accordance with the Act, the County has guaranteed several debt issuances.

In 2010, the County guaranteed IDA's \$1,900,000 Guaranteed Mortgage Revenue Note, Series of 2010. The note matures monthly through December 1, 2020. At December 31, 2015 the outstanding principal amount of the guaranteed note is \$1,605,857. In 2012, the County guaranteed IDA's \$305,000 Guaranteed Mortgage Revenue Note, Series of 2012. The note matures monthly through December 1, 2032. At December 31, 2015 the outstanding principal amount of the guaranteed note is \$274,278. In 2012, the County guaranteed IDA's \$2,550,000 Guaranteed Note of 2012. The note matures semi-annually through December 1, 2032. At December 31, 2015 the outstanding principal amount of the guaranteed note is \$2,290,063.

In the event IDA is unable to make a required payment on the above debt issuances, the County would be required to make the payments. The IDA is not required to repay the County for any payments the County makes pursuant to the guaranty.

In 2004, the County guaranteed DCEDC's \$2,200,000 Guaranteed Parking Revenue Note, Series of 2004. The note matures semi-annually through December 1, 2030. At December 31, 2015 the outstanding principal amount of the guaranteed note is \$1,600,000. In the event DCEDC is unable to make a required payment on the guaranteed note, the County would be required to make the payments. The DCEDC is not required to repay the County for any payments the County makes pursuant to the guaranty.

In 2015, the County guaranteed the Dauphin County Land Bank Authority's (the "Land Bank") \$700,000 Guaranteed Revenue Note, Series of 2015. The Note matures through 2017. At December 31, 2015 the outstanding principal amount of the Note is \$700,000. In the event the Land Bank is unable to make a required payment on the guaranteed note, the County would be required to make the payments. The Land Bank is not required to repay the County for any payments the County makes pursuant to the guaranty.

In 2011, the County guaranteed the General Authority's \$8,796,927 and \$2,355,154 Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011, respectively. The bonds mature through 2016. At December 31, 2015 the outstanding principal amounts of the Series A of 2011 and Series B of 2011 are \$8,427,657 and 1,728,352, respectively. In the event the General Authority is unable to make a required payment on the guaranteed bonds, the County would be required to make the payments. In accordance with the guaranty agreement, if such payments are made by the County, the General Authority is required to reimburse the County from any money's available for that purpose under the Trust Indenture.

In accordance with a guarantee agreement dated January 1, 2007 between the County and the Harrisburg Authority (the "Authority"), the County guarantees a portion of the principal and interest on the 2007 Series B Bonds issued by the Harrisburg Authority for the Harrisburg University Project. This guarantee agreement shall apply in each fiscal year for a ten-year period commencing with fiscal year beginning January 1, 2010 and ending with fiscal year beginning January 1, 2019. The County will make payments in such fiscal year in the sum not to exceed \$1,500,000 to be applied for and toward the amount of such principal and interest.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 32: GUARANTEED DEBT (CONTINUED)

Based on qualitative factors and historic experience of defaults by the Authority, the County has recognized a liability for its best estimate of the discounted present value of future payments expected to be incurred as a result of the guaranty. The liability recognized for the nonexchange financial guaranty by the County at December 31, 2015 is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
\$7,454,279	\$ 663	\$1,500,000	\$5,954,942

As of December 31, 2015 the County has made \$4,500,000 cumulative payments under the 2007 Series B Bonds nonexchange financial guaranty. Through a Settlement Agreement with the City of Harrisburg, the Harrisburg Authority, and Assured Guaranty Municipal Corp., the County will receive reimbursement for these guaranty payments from any recoveries Harrisburg is able to receive in legal proceedings against third parties related to the Harrisburg University funding.

In accordance with an Asset Transfer Agreement dated December 1, 2013, the Pennsylvania Economic Development Financing Authority leased the Off-Street Parking System from the Harrisburg Parking Authority and entered into a PEDFA Intergovernmental Cooperation Agreement with the City of Harrisburg to operate an On-Street Parking System, collectively the "Parking System". To finance the acquisition of the Parking System, the Pennsylvania Economic Development Financing Authority issued 2013 Bonds.

In 2013, Dauphin County guaranteed portions of the 2013 Bonds. In accordance with the Series B Bond Guaranty Agreement between Dauphin County and the Pennsylvania Economic Development Financing Authority, the County has guaranteed the full payment of the principal and interest of the Series B Bonds in the maximum principal amount of \$99,000,000, together with interest thereon. The Series B Bonds mature through July 1, 2053. As of December 31, 2015 the amount of principal outstanding on the Series B Bonds is \$97,172,029. The County entered into a County/Authority Reimbursement Agreement with the Pennsylvania Economic Development Financing Authority that provides for the County to seek reimbursement from the Authority for any guarantee payments the County makes as a result of a failure of the Authority to make a payment.

In accordance with the Series C Bond Guaranty Agreement between Dauphin County and the Pennsylvania Economic Development Financing Authority, the County has guaranteed the full payment of the principal and interest of the Series C Bonds in the maximum principal amount of \$68,453,474, together with interest thereon, in the event that the Bond Insurer (Assured Guarantee Municipal Corp. "AGM") fails to make debt service payments to the Authority. The Series C Bonds mature through July 1, 2053. As of December 31, 2015 the amount of principal outstanding on the Series C Bonds is \$68,453,474. The County entered into a Reimbursement Agreement with AGM so that the County has a legal right to seek reimbursement from AGM for any guaranty payments the County makes as a result of a failure of AGM to make a guarantee payment.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 32: GUARANTEED DEBT (CONTINUED)

In accordance with a guaranty agreement dated December 23, 2013 between the County and the Lancaster County Solid Waste Management Authority ("LCSWMA"), the County guarantees the full payment of the principal and interest of the \$24 million 2013B Bonds issued by the LCSWMA in connection with the Harrisburg Resource Recovery Facility ("HRRF") transactions. The County will also be responsible for interest expense, over 1% annum, for a period of 20 years. The 2013B Bonds, when due in 2034, will be paid by the LCSWMA if the County flow control to the HRRF is renewed for a subsequent 10-year term by mutual agreement between the County and the LCSWMA. If such mutual agreement is not reached, LCSWMA has agreed to convey the HRRF to the County, free and clear of any liens or encumbrances, for \$24 million which will be applied to pay the 2013B Bonds. At December 31, 2015 the outstanding principal of the 2013B Bonds is \$24 million. The County entered into a Reimbursement Agreement with LCSWMA so that the County has a legal right to seek reimbursement from LCSWMA for any guaranty payments the County makes as a result of a failure of LCSWMA to make a payment.

NOTE 33: LABOR CONTRACT

Component Unit – Labor Contract

Case Management Unit

Approximately 80% of CMU's payroll was paid to employees represented by a labor union contract which expires June 30, 2016.

NOTE 34: INFRASTRUCTURE BANK

Component Unit – Infrastructure Bank

Dauphin County Industrial Development Authority ("IDA")

The Dauphin County Infrastructure Bank Program (the "Program") was approved for creation in June of 2013 for the purpose of providing eligible applicants loans to fund qualifying transportation infrastructure projects, with interest rates ranging from .5% to 1.25% and terms of up to 10 years. These loans are to be secured by pledges of liquid fuels revenue for public applicants, or letters of credit for private applicants. In addition, the loan agreements are between the County and the loan applicants.

In March 2014 and February 2015, through a partnership between the Pennsylvania Department of Transportation and Dauphin County, the County received loans in the amounts of \$4,272,723 and \$7,034,518, respectively, which were transferred to the IDA, by Memorandum of Understanding (MOU), for the administration of the Infrastructure Bank program.

Loans Receivable

On May 15, 2014 the County entered into a loan agreement with Londonderry Township in the amount of \$925,000 at a fixed interest rate of 0.50%. The agreement requires Londonderry Township to make annual principal and interest payments of \$94,887 to the Authority for 10 consecutive years beginning on January 1, 2015. The amount outstanding on the loan as of September 30, 2015 is \$833,017.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 34: INFRASTRUCTURE BANK

Component Unit – Infrastructure Bank (Continued)

Dauphin County Industrial Development Authority (“IDA”) (Continued)

Loans Receivable (Continued)

On May 21, 2014 the County entered into a loan agreement with Derry Township in the amount of \$256,960 at a fixed interest rate of 0.50%. The agreement requires Derry Township to make annual principal and interest payments of \$26,357 to the Authority for 10 consecutive years beginning on January 1, 2015. The amount outstanding on the loan as of September 30, 2015 is \$231,388.

On May 21, 2014 the County entered into a loan agreement with Middletown Borough in the amount of \$1,500,000 at a fixed interest rate of 0.50%. The agreement requires Middletown Borough to make annual principal and interest payments of \$153,858 to the Authority for 10 consecutive years beginning on January 1, 2015. The amount outstanding on the loan as of September 30, 2015 is \$1,350,726.

On August 7, 2014 the County entered into a loan agreement with West Hanover Township in the amount of \$825,000 at a fixed interest rate of 0.50%. The agreement requires West Hanover Township to make annual principal and interest payments of \$84,533 to the Authority for 10 consecutive years beginning on January 1, 2015. The amount outstanding on the loan as of September 30, 2015 is \$742,117.

On May 1, 2015 the County entered into a loan agreement with the Township of Swatara in the amount of \$1,500,000 at a fixed interest rate of 0.50%. The agreement requires the Township of Swatara to make annual principal and interest payments of \$153,900 to the Authority for 10 consecutive years beginning on January 1, 2016. The amount outstanding on the loan as of September 30, 2015 is \$1,500,000.

On May 15, 2015 the County entered into a loan agreement with the Township of Lower Swatara in the amount of \$500,000 at a fixed interest rate of 0.50%. The agreement requires the Township of Lower Swatara to make annual principal and interest payments of \$51,290 to the Authority for 10 consecutive years beginning on January 1, 2016. The amount outstanding at September 30, 2015 is \$500,000.

On June 15, 2015 the County entered into a loan agreement with the Township of Susquehanna in the amount of \$4,800,000 at a fixed interest rate of 0.50%. The agreement requires the Township of Susquehanna to make annual principal and interest payments of \$492,181 to the Authority for 10 consecutive years beginning on January 1, 2016. The amount outstanding at September 30, 2015 is \$4,800,000.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 34: INFRASTRUCTURE BANK

Component Unit – Infrastructure Bank (Continued)Dauphin County Industrial Development Authority (“IDA”) (Continued)Loans Receivable (Continued)

Loans Receivable at September 30, 2015 is as follows:

	<u>Infrastructure Bank Fund</u>
Displayed as:	
Current Portion	\$ 1,021,583
Noncurrent Portion	<u>8,935,665</u>
	<u>\$ 9,957,248</u>

Due to Other Governments

As the Authority is the administrator of the program, Municipalities are to submit allowable expenses for infrastructure projects to the Authority for payment. The loan agreements between Dauphin County and the Municipalities establish the amount of funding loaned to the Municipalities under the Program for payment of the expenses. The Due to Other Governments represents the funding that has yet to be expended by the Municipalities. As of September 30, 2015, \$9,733,037 was due to the Municipalities for the completion of the infrastructure projects.

Due to Related Party

Through the creation of the Infrastructure Bank, Dauphin County established an MOU with the Authority in which the Authority acts as the administrator of the program. Although the MOU gives the administrative rights to the Authority, the debt remains in the name of Dauphin County. As the debt service payments from the Municipalities are collected by the Authority, they will be applied against the County loan. The County has also budgeted to contribute \$350,000 annually of their Liquid Fuels allocation to assist in the repayment of the loan. As of September 30, 2015, \$10,593,721 is due to Dauphin County for the repayment of the Infrastructure Bank loan.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 35: RESTATEMENT OF NET POSITION / CHANGE IN ACCOUNTING PRINCIPLE

The County recorded the cumulative effect of applying the provisions of GASB Statement No. 68 as a restatement of beginning net position as of January 1, 2015. Net position as of January 1, 2015 was decreased by \$18,970,584. The effect on beginning balances for calendar year 2015 is as follows:

Description	December 31, 2014, as Previously Reported	Beginning Balance Restatement	January 1, 2015, as Restated
Statement of Net Position			
Net Pension Liability	\$ -	\$ (18,970,584)	\$ (18,970,584)
Net Position	49,257,954	(18,970,584)	30,287,370

NOTE 36: SUBSEQUENT EVENTS

- A. On February 26, 2016 the County paid \$994,755 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, 2015 debt payment.
- B. On April 13, 2016, the County issued Series A of 2016 General Obligation Bonds and Series B of 2016 General Obligation Bonds in the principal amount of \$14,320,000 and \$370,000, respectively to current refund the Series of 2006 General Obligation Bonds, to fund a portion of the termination payment associated with the cancellation of the 2016 Swap Agreement (see Note 9), and to pay the costs related to the issuance of the Bonds.
- C. On April 5, 2016, the County received a loan from the Pennsylvania Department of Transportation in the amount of \$1,279,250. On April 8, 2016, the funds were transferred to the Dauphin County Industrial Development Authority for use in the Dauphin County Infrastructure Bank program.
- D. On September 7, 2016, the County passed Ordinance 5 of 2016, which authorized the issuance of General Obligation Bonds, Series C of 2016 in the maximum amount of \$8,000,000. The Bonds are being issued to purchase a building from the Dauphin County General Authority, to construct improvements to the building, and to pay for the cost of issuance.

Component Units – Subsequent Events

Dauphin County Industrial Development Authority ("IDA")

The Dauphin County Infrastructure Bank was approved for creation in June of 2013 for the purpose of providing eligible applicants loans to fund qualifying transportation infrastructure projects. In April 2016, through a partnership between the Pennsylvania Department of Transportation and Dauphin County, the County received a loan in the amount of \$1,279,250, which was transferred to the IDA. These loans will be secured by pledges of liquid fuels revenue for public applicants, or letters or credit for private applicants.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 36: SUBSEQUENT EVENTS (CONTINUED)

Component Units – Subsequent Events (Continued)

Dauphin County General Authority

On June 22, 2016, the Dauphin County General Authority issued Series A of 2016 Health System Revenue Bonds and Series B of 2016 Direct Purchase Bonds (the "Bonds") in the principal amounts of \$105,195,000 and \$92,910,000, respectively. Final maturity of the Series A of 2016 and Series B of 2016 Bonds are 2036 and 2041, respectively. Pursuant to loan agreements, the Dauphin County General Authority lent the full proceeds of the Bonds to three Pennsylvania not-for-profit corporations to advance refund a portion of the Dauphin County General Authority's Series A of 2009 Health System Revenue Bonds, to current refund the Dauphin County General Authority's Series A of 2011 Health System Revenue Bonds, and to pay the cost of issuance. The Bonds are payable solely from, and secured equally by, payments to be received by the Dauphin County General Authority from the not-for-profit corporations.

Dauphin County Economic Development Corporation ("DCEDC")

On January 1, 2016, the DCEDC signed an operating lease for office space with the Dauphin County Industrial Development Authority. The lease is in the amount of \$28,801 and has a one year term.

On April 1, 2016, the DCEDC signed a modification agreement for the Guaranteed Parking Revenue Note, Series of 2004 (the "Note"). The modification agreement amended the interest rate of the Note from April 1, 2016 through April 1, 2021 to a fixed rate of 3.35 percent.

REQUIRED
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS

Total Pension Liability	<u>2015</u>	<u>2014</u>
Service cost	\$ 3,131,797	\$ 3,217,446
Interest	22,639,227	21,801,234
Changes of benefit terms	-	-
Differences between expected and actual experience	6,666,666	1,961,828
Changes in assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(16,348,102)</u>	<u>(15,117,387)</u>
Net change in total pension liability	16,089,588	11,863,121
Total pension liability - beginning	<u>306,750,847</u>	<u>294,887,726</u>
Total pension liability - ending (a)	<u>\$ 322,840,435</u>	<u>\$ 306,750,847</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 6,546,502	\$ 7,296,208
Contributions - employee	4,407,790	4,414,489
Net investment income	2,071,951	20,481,369
Benefit payments, including refunds of employee contributions	(16,348,102)	(15,117,387)
Administrative expense	(191,401)	(185,842)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(3,513,260)	16,888,837
Plan fiduciary net position - beginning	<u>287,780,263</u>	<u>270,891,426</u>
Plan fiduciary net position - ending (b)	<u>\$ 284,267,003</u>	<u>\$ 287,780,263</u>
County's net pension liability - ending (a) - (b)	<u>\$ 38,573,432</u>	<u>\$ 18,970,584</u>
Plan fiduciary net position as a percentage of the total pension liability	88.05%	93.82%
Covered-employee payroll	\$ 73,801,979	\$ 73,801,979
County's net pension liability as a percentage of covered-employee payroll	52.27%	25.70%

The County adopted GASB Statement No. 67 on a prospective basis in 2014; therefore only two years are presented in the above schedule.

COUNTY OF DAUPHIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 6,546,502	\$ 7,296,208	\$ 8,772,717	\$ 8,493,038	\$ 10,293,492	\$ 10,118,006	\$ 7,732,226	\$ 3,377,905	\$ 4,340,916	\$ 6,683,297
Contributions in relation to the actuarially determined contribution	<u>6,546,502</u>	<u>7,296,208</u>	<u>8,772,717</u>	<u>8,493,038</u>	<u>10,293,492</u>	<u>10,118,006</u>	<u>7,732,226</u>	<u>3,377,905</u>	<u>4,363,971</u>	<u>6,683,297</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,055)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 73,801,979	\$ 73,801,979	\$ 74,667,283	\$ 75,886,904	\$ 75,828,648	\$ 75,798,908	\$ 77,592,072	\$ 71,264,760	\$ 66,233,427	\$ 72,341,783
Contributions as a percentage of covered-employee payroll	8.87%	9.89%	11.75%	11.19%	13.57%	13.35%	9.97%	4.74%	6.59%	9.24%

Notes to Schedule

Valuation date January 1, 2015

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level Dollar
Remaining amortization period	27 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	4.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

COUNTY OF DAUPHIN
SCHEDULE OF INVESTMENT RETURNS

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	1.10%	8.00%

Note to Schedule

The County adopted GASB Statement No. 67 on a prospective basis in 2014; therefore only two years are presented in the above schedule.

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)
1/1/2015	\$ -	\$ 19,747,055	\$ 19,747,055	0%	\$ 73,801,979	26.8%
1/1/2013	-	17,085,944	17,085,944	0%	75,886,904	22.5%
1/1/2011	-	14,942,647	14,942,647	0%	75,798,908	19.7%

COUNTY OF DAUPHIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 102,140,000	\$ 102,140,000	\$ 102,161,789	\$ 21,789
Intergovernmental	44,905,508	39,993,008	41,842,302	1,849,294
Charges for Services	14,923,179	14,963,942	17,224,943	2,261,001
License and Permits	98,400	98,400	107,491	9,091
Court Costs and Fines	4,550,356	4,772,633	4,109,107	(663,526)
Interest and Rents	107,310	107,310	140,255	32,945
Miscellaneous	-	1,454,400	177,102	(1,277,298)
Total Revenues	166,724,753	163,529,693	165,762,989	2,233,296
Expenditures				
Current:				
General Government	13,550,570	13,334,744	13,795,509	(460,765)
Judicial	55,331,493	55,792,973	54,825,468	967,505
Public Safety	38,776,515	38,869,330	37,556,296	1,313,034
Human Services	28,041,855	28,024,527	29,627,834	(1,603,307)
Culture and Recreation	2,218,933	2,257,992	2,210,792	47,200
Conservation and Development	11,969,689	6,960,029	7,594,744	(634,715)
Debt Service:				
Principal	6,644,000	6,644,000	27,749,549	(21,105,549)
Interest	4,721,460	4,721,460	4,888,520	(167,060)
Bond Issuance Costs	-	-	238,546	(238,546)
Total Expenditures	161,254,515	156,605,055	178,487,258	(21,882,203)
Excess of Revenues Over (Under) Expenditures	5,470,238	6,924,638	(12,724,269)	(19,648,907)
Other Financing Sources (Uses)				
Operating Transfer In	3,881,863	3,881,863	3,489,910	(391,953)
Operating Transfer (Out)	(16,499,825)	(16,499,825)	(13,768,530)	2,731,295
Transfer from Component Unit	-	-	(118,289)	(118,289)
Loss on Swap Termination	-	-	(1,146,000)	(1,146,000)
Gain on Asset Disposition	20,000	20,000	27,437	7,437
Proceeds of Refunding General Obligation Debt	-	-	22,020,006	22,020,006
Proceeds from Liquid Fuels Revenue Note	-	-	7,034,518	7,034,518
Capital Lease Proceeds	-	-	521,199	521,199
Total Other Financing Sources (Uses)	(12,597,962)	(12,597,962)	18,060,251	30,658,213
Net Change in Fund Balances	(7,127,724)	(5,673,324)	5,335,982	11,009,306
Fund Balances - January 1	7,127,724	5,673,324	44,571,291	38,897,967
Fund Balances - December 31	\$ -	\$ -	\$ 49,907,273	\$ 49,907,273

OTHER
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2015

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Capital Projects Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 5,120,834	\$ -	\$ 2,775,692	\$ 7,896,526
Investments	2,689,380	1,145,870	1,564,256	5,399,506
Receivables:				
Accounts	109,574	-	300,000	409,574
Loans	207,114	-	-	207,114
Unearned Loans	4,642,339	-	-	4,642,339
Due From Other Funds	17,757	-	-	17,757
Due From Other Governments	6,364,412	-	-	6,364,412
Due From Component Units	120,654	-	-	120,654
Other Assets	12,582	-	3,265	15,847
	<hr/>			
Total Assets	\$ 19,284,646	\$ 1,145,870	\$ 4,643,213	\$ 25,073,729
	<hr/>			
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts Payable	\$ 1,362,579	\$ -	131,791	\$ 1,494,370
Accrued Liabilities	370,009	-	-	370,009
Unearned Revenues	6,744,938	-	-	6,744,938
Due To Other Funds	2,948,425	-	-	2,948,425
Due To Component Units	193,529	-	-	193,529
	<hr/>			
Total Liabilities	11,619,480	-	131,791	11,751,271
	<hr/>			
Fund Balances				
Restricted	7,690,138	1,145,870	4,511,422	13,347,430
Unassigned	(24,972)	-	-	(24,972)
	<hr/>			
Total Fund Balances	7,665,166	1,145,870	4,511,422	13,322,458
	<hr/>			
Total Liabilities and Fund Balances	\$ 19,284,646	\$ 1,145,870	\$ 4,643,213	\$ 25,073,729
	<hr/>			

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Other Special Revenue Funds	Fort Hunter Permanent Fund	Capital Projects Fund	Total Other Governmental Funds
Revenues				
Hotel Taxes	\$ 10,957,914	\$ -	\$ -	\$ 10,957,914
Intergovernmental	19,831,284	-	1,239,552	21,070,836
Charges for Services	1,264,738	-	300,000	1,564,738
Court Costs and Fines and Fees	1,013,493	-	-	1,013,493
Interest and Rent	37,750	26,975	15,152	79,877
Depreciation in Fair Market Value of Investments	-	(24,964)	-	(24,964)
Miscellaneous Revenue	1,610,332	-	499,341	2,109,673
Total Revenues	34,715,511	2,011	2,054,045	36,771,567
Expenditures				
Current:				
General Government	-	-	-	-
Judicial	7,739,711	-	-	7,739,711
Public Safety	7,036,942	-	-	7,036,942
Public Works	584,254	-	1,177,199	1,761,453
Human Services	11,237,528	-	-	11,237,528
Culture and Recreation	10,961,497	-	205,375	11,166,872
Conservation and Development	373,342	-	-	373,342
Debt Service				
Principal	140,283	-	-	140,283
Interest	9,312	-	-	9,312
Capital Projects	-	-	1,210,603	1,210,603
Total Expenditures	38,082,869	-	2,593,177	40,676,046
Excess of Revenues Over (Under) Expenditures	(3,367,358)	2,011	(539,132)	(3,904,479)
Other Financing Sources (Uses)				
Transfers In	5,638,717	-	250,000	5,888,717
Transfers Out	(741,504)	(100,000)	-	(841,504)
Transfers from Component Unit	-	-	104,544	104,544
Transfers to Component Unit	(350,000)	-	-	(350,000)
Total Other Financing Sources	4,547,213	(100,000)	354,544	4,801,757
Net Change in Fund Balances	1,179,855	(97,989)	(184,588)	897,278
Fund Balances - Beginning of Year	6,485,311	1,243,859	4,696,010	12,425,180
Fund Balances - End of Year	\$ 7,665,166	\$ 1,145,870	\$ 4,511,422	\$ 13,322,458

COUNTY OF DAUPHIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Hazard Material Emergency Response	Human Services Development Fund	Emergency 911 Operating & Act 56 Wireless Fund	Low Income Housing
<u>Assets</u>							
Cash and Cash Equivalents	\$ 584,186	\$ 843,052	\$ 533,311	\$ 124,445	\$ 2	\$ 663,455	\$ 645,761
Investments	329,221	475,107	300,522	70,132	1	373,894	307,566
Receivables:							
Accounts	46,545	-	12,730	-	-	-	18,707
Loans	-	207,114	-	-	-	-	-
Unearned Loans	-	-	-	-	-	-	4,642,339
Due From Other Funds	-	-	-	190	8,671	1,302	-
Due From Other Governments	-	-	516,086	-	140,814	1,489,920	-
Due From Component Units	-	-	-	-	-	-	120,654
Other Assets	642	1,269	-	1,454	52	3,983	575
Total Assets	\$ 960,594	\$ 1,526,542	\$ 1,362,649	\$ 196,221	\$ 149,540	\$ 2,532,554	\$ 5,735,602
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 10,132	\$ 14,336	\$ 20,271	\$ 1,497	\$ 8,006	\$ 25,582	\$ -
Accrued Liabilities	4,380	-	119,460	-	-	145,586	-
Unearned Revenues	-	-	-	-	901	-	4,642,339
Due To Other Funds	40,610	1,980	621,495	8,275	140,633	554,140	4,331
Total Liabilities	55,122	16,316	761,226	9,772	149,540	725,308	4,646,670
<u>Fund Balances</u>							
Restricted	905,472	1,510,226	601,423	186,449	-	1,807,246	1,088,932
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	905,472	1,510,226	601,423	186,449	-	1,807,246	1,088,932
Total Liabilities and Fund Balances	\$ 960,594	\$ 1,526,542	\$ 1,362,649	\$ 196,221	\$ 149,540	\$ 2,532,554	\$ 5,735,602

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2015

	Aging Fund	Drug and Alcohol Fund	Drug Act- Forfeited State Property	Drug Act- Forfeited Federal Property	Hotel Tax Fund	Act 89 Bridge Maintenance Fund	PENNDOT Act 44 SR Fund	Total
<u>Assets</u>								
Cash and Cash Equivalents	\$ 236,517	\$ 71,154	\$ 15,008	\$ 282,525	\$ 520,787	\$ 151,759	\$ 448,872	\$ 5,120,834
Investments	-	40,043	1,695	159,218	293,492	85,525	252,964	2,689,380
Receivables:								
Accounts	11,250	20,342	-	-	-	-	-	109,574
Loans	-	-	-	-	-	-	-	207,114
Unearned Loans	-	-	-	-	-	-	-	4,642,339
Due From Other Funds	5,094	-	2,500	-	-	-	-	17,757
Due From Other Governments	2,506,277	1,608,290	-	-	-	-	103,025	6,364,412
Due From Component Units	-	-	-	-	-	-	-	120,654
Other Assets	438	455	1,356	1,304	890	104	60	12,582
Total Assets	\$ 2,759,576	\$ 1,740,284	\$ 20,559	\$ 443,047	\$ 815,169	\$ 237,388	\$ 804,921	\$ 19,284,646
<u>Liabilities and Fund Balances</u>								
Liabilities								
Accounts Payable	\$ 217,204	\$ 490,529	\$ 37,573	\$ -	\$ 537,449	\$ -	\$ -	\$ 1,362,579
Accrued Liabilities	62,174	24,256	202	-	13,951	-	-	370,009
Unearned Revenues	1,136,784	964,914	-	-	-	-	-	6,744,938
Due To Other Funds	1,236,367	260,585	7,756	2,013	70,240	-	-	2,948,425
Due To Component Units	-	-	-	-	193,529	-	-	193,529
Total Liabilities	2,652,529	1,740,284	45,531	2,013	815,169	-	-	11,619,480
Fund Balances								
Restricted	107,047	-	-	441,034	-	237,388	804,921	7,690,138
Unassigned	-	-	(24,972)	-	-	-	-	(24,972)
Total Fund Balances	107,047	-	(24,972)	441,034	-	237,388	804,921	7,665,166
Total Liabilities and Fund Balances	\$ 2,759,576	\$ 1,740,284	\$ 20,559	\$ 443,047	\$ 815,169	\$ 237,388	\$ 804,921	\$ 19,284,646

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Hazard Material Emergency Response	Human Services Development Fund	Emergency 911 Operating & Act 56 Wireless Fund	Low Income Housing
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,041,357	3,845,563	51,136	376,363	5,593,986	120,654
Charges for Services	-	-	60,552	53,618	-	578,358	322,516
Court Costs and Fines and Fees	685,772	-	-	-	-	-	-
Interest and Rent	2,918	8,303	50	706	283	9,308	2,713
Miscellaneous Revenue	1,110	-	-	-	12,016	-	-
Total Revenues	689,800	1,049,660	3,906,165	105,460	388,662	6,181,652	445,883
Expenditures							
Current:							
Judicial	542,041	-	6,484,916	-	-	-	-
Public Safety	-	-	-	106,550	-	6,930,392	-
Public Works	-	584,254	-	-	-	-	-
Human Services	-	-	-	-	427,272	-	-
Culture and Recreation	-	-	-	-	-	-	-
Conservation and Development	-	-	-	-	-	-	373,342
Debt Service							
Principal	-	-	-	-	-	140,283	-
Interest	-	-	-	-	-	9,312	-
Total Expenditures	542,041	584,254	6,484,916	106,550	427,272	7,079,987	373,342
Excess of Revenues Over (Under) Expenditures	147,759	465,406	(2,578,751)	(1,090)	(38,610)	(898,335)	72,541
Other Financing Sources (Uses)							
Transfers In	-	4,628	1,812,424	-	39,972	2,705,581	-
Transfers Out	-	(700,201)	-	-	(1,362)	-	-
Transfers to Component Unit	-	(350,000)	-	-	-	-	-
Total Other Financing Sources	-	(1,045,573)	1,812,424	-	38,610	2,705,581	-
Net Change in Fund Balances	147,759	(580,167)	(766,327)	(1,090)	-	1,807,246	72,541
Fund Balances - Beginning of Year	757,713	2,090,393	1,367,750	187,539	-	-	1,016,391
Fund Balances - End of Year	\$ 905,472	\$ 1,510,226	\$ 601,423	\$ 186,449	\$ -	\$ 1,807,246	\$ 1,088,932

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Aging Fund	Drug and Alcohol Fund	Drug Act- Forfeited State Fund	Drug Act- Forfeited Federal Fund	Hotel Tax Fund	Act 89 Bridge Maintenance Fund	PENNDOT Act 44 SR Fund	Totals
Revenues								
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,957,914	\$ -	\$ -	\$ 10,957,914
Intergovernmental	5,251,251	3,284,759	-	-	-	163,190	103,025	19,831,284
Charges for Services	83,675	166,019	-	-	-	-	-	1,264,738
Court Costs and Fines and Fees	-	-	302,214	25,507	-	-	-	1,013,493
Interest and Rent	3,336	2,618	308	1,525	3,583	404	1,695	37,750
Miscellaneous Revenue	1,597,206	-	-	-	-	-	-	1,610,332
Total Revenues	6,935,468	3,453,396	302,522	27,032	10,961,497	163,594	104,720	34,715,511
Expenditures								
Current:								
Judicial	-	-	467,853	244,901	-	-	-	7,739,711
Public Safety	-	-	-	-	-	-	-	7,036,942
Public Works	-	-	-	-	-	-	-	584,254
Human Services	7,147,311	3,662,945	-	-	-	-	-	11,237,528
Culture and Recreation	-	-	-	-	10,961,497	-	-	10,961,497
Conservation and Development	-	-	-	-	-	-	-	373,342
Debt Service								
Principal	-	-	-	-	-	-	-	140,283
Interest	-	-	-	-	-	-	-	9,312
Total Expenditures	7,147,311	3,662,945	467,853	244,901	10,961,497	-	-	38,082,869
Excess of Revenues Over (Under) Expenditures	(211,843)	(209,549)	(165,331)	(217,869)	-	163,594	104,720	(3,367,358)
Other Financing Sources (Uses)								
Transfers In	151,362	224,549	-	-	-	-	700,201	5,638,717
Transfers Out	(24,941)	(15,000)	-	-	-	-	-	(741,504)
Transfers to Component Unit	-	-	-	-	-	-	-	(350,000)
Total Other Financing Sources	126,421	209,549	-	-	-	-	700,201	4,547,213
Net Change in Fund Balances	(85,422)	-	(165,331)	(217,869)	-	163,594	804,921	1,179,855
Fund Balances - Beginning of Year	192,469	-	140,359	658,903	-	73,794	-	6,485,311
Fund Balances - End of Year	\$ 107,047	\$ -	\$ (24,972)	\$ 441,034	\$ -	\$ 237,388	\$ 804,921	\$ 7,665,166

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2015

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 341,491	\$ -	\$ 30,214	\$ 371,705
Investments	192,449	-	-	192,449
Accounts Receivables	27,295	-	-	27,295
Other Assets	96	-	-	96
Total current assets	561,331	-	30,214	591,545
Noncurrent Assets:				
Capital Assets, Not Being Depreciated	-	-	111,492	111,492
Capital Assets, Being Depreciated, (Net)	1,433,944	-	389,334	1,823,278
Total noncurrent assets	1,433,944	-	500,826	1,934,770
Total assets	1,995,275	-	531,040	2,526,315
LIABILITIES				
Current liabilities:				
Accounts Payable	26,670	-	-	26,670
Accrued Liabilities	9,486	-	-	9,486
Due to Other Funds	79,651	-	-	79,651
Total current liabilities	115,807	-	-	115,807
Noncurrent liabilities:				
Accrued Compensated Absences	25,282	-	-	25,282
Total noncurrent liabilities	25,282	-	-	25,282
Total liabilities	141,089	-	-	141,089
NET POSITION				
Net Investment in Capital Assets	1,433,944	-	500,826	1,934,770
Unrestricted	420,242	-	30,214	450,456
Total net position	\$ 1,854,186	\$ -	\$ 531,040	\$ 2,385,226

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Operating Revenues				
Charges for Services	\$ 203,690	\$ -	\$ 44,514	\$ 248,204
Total Operating Revenues	<u>203,690</u>	<u>-</u>	<u>44,514</u>	<u>248,204</u>
Operating Expenses				
Personnel Services	409,170	-	-	409,170
Contracted Services	109,829	-	-	109,829
Supplies and Materials	2,147	-	-	2,147
Repairs and Maintenance	57,992	-	33,195	91,187
Utilities	20,957	-	10,147	31,104
Other Services and Charges	120,405	-	7,783	128,188
Depreciation and Amortization	103,933	-	40,514	144,447
Total Operating Expenses	<u>824,433</u>	<u>-</u>	<u>91,639</u>	<u>916,072</u>
Operating Loss	<u>(620,743)</u>	<u>-</u>	<u>(47,125)</u>	<u>(667,868)</u>
Nonoperating Revenues (Expenses)				
Interest Income	342	-	1	343
Interest Expense	-	-	-	-
Grants	95,831	-	-	95,831
Total Nonoperating Revenues (Expenses)	<u>96,173</u>	<u>-</u>	<u>1</u>	<u>96,174</u>
Loss Before Transfers	<u>(524,570)</u>	<u>-</u>	<u>(47,124)</u>	<u>(571,694)</u>
Transfers In	424,727	-	100,000	524,727
Transfers Out	-	(1,034,192)	-	(1,034,192)
Transfers Out of Capital Assets and Long-Term Liabilities	-	(242,026)	-	(242,026)
Total Transfers In	<u>424,727</u>	<u>(1,276,218)</u>	<u>100,000</u>	<u>(751,491)</u>
Changes in Net Position	(99,843)	(1,276,218)	52,876	(1,323,185)
Total Net Position - Beginning of Year	<u>1,954,029</u>	<u>1,276,218</u>	<u>478,164</u>	<u>3,708,411</u>
Total Net Position - End of Year	<u>\$ 1,854,186</u>	<u>\$ -</u>	<u>\$ 531,040</u>	<u>\$ 2,385,226</u>

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Cash Flows From Operating Activities				
Receipts from Recycling Services	\$ 188,917	\$ -	\$ -	\$ 188,917
Receipts from Recreational Activities	-	-	44,514	44,514
Payments to Employees	(400,857)	-	-	(400,857)
Payments to Suppliers	(305,076)	-	(51,125)	(356,201)
Internal Activity - Payments to other funds	79,651	-	-	79,651
Net Cash Used In Operating Activities	<u>(437,365)</u>	<u>-</u>	<u>(6,611)</u>	<u>(443,976)</u>
Cash Flow From Noncapital Financing Activities				
Operating Transfers In (Out)	424,727	(1,779,491)	100,000	(1,254,764)
Grants	95,831	-	-	95,831
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>520,558</u>	<u>(1,779,491)</u>	<u>100,000</u>	<u>(1,158,933)</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets, net of Disposals	-	-	(81,598)	(81,598)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(81,598)</u>	<u>(81,598)</u>
Cash Flows from Investing Activities				
Interest Income	342	-	1	343
Investment Purchases	(181,489)	-	-	(181,489)
Net Cash Provided By (Used In) Investing Activities	<u>(181,147)</u>	<u>-</u>	<u>1</u>	<u>(181,146)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(97,954)	(1,779,491)	11,792	(1,865,653)
Cash and Cash Equivalents, Beginning of Year	<u>439,445</u>	<u>1,779,491</u>	<u>18,422</u>	<u>2,237,358</u>
Cash and Cash Equivalents, End of Year	<u>\$ 341,491</u>	<u>\$ -</u>	<u>\$ 30,214</u>	<u>\$ 371,705</u>

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Reconciliation of Operating loss to net cash used by operating activities				
Operating Loss	\$ (620,743)	\$ -	\$ (47,125)	\$ (667,868)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization Expense	103,933	-	40,514	144,447
Change in assets and liabilities				
Accounts Receivable	(14,773)	-	-	(14,773)
Other Assets	(96)	-	-	(96)
Accounts Payable	6,350	-	-	6,350
Accrued Expenses	1,464	-	-	1,464
Accrued Vacation and Sick Pay	6,849	-	-	6,849
Due To/Due From Other Funds	79,651	-	-	79,651
Net Cash Used In Operating Activities	<u>\$ (437,365)</u>	<u>\$ -</u>	<u>\$ (6,611)</u>	<u>\$ (443,976)</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2015

	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	Register of Wills Agency Fund	Coroner's Agency Fund	Payroll Advance Fund	Children and Youth Agency Fund	Flexible Spending Account	Totals
Assets															
Cash and Cash Equivalents	\$ 2,501,481	\$ 538,401	\$ 446,608	\$ 17,089	\$ 1,342,258	\$ 1,544,608	\$ 1,020,082	\$ 1,421,236	\$ 42,288	\$ 260,713	\$ 973	8,030	\$ 99,006	\$ 54,566	\$ 9,297,339
Investments	<u>1,329,409</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	<u>1,329,409</u>
Total Assets	<u>\$ 3,830,890</u>	<u>\$ 538,401</u>	<u>\$ 446,608</u>	<u>\$ 17,089</u>	<u>\$ 1,342,258</u>	<u>\$ 1,544,608</u>	<u>\$ 1,020,082</u>	<u>\$ 1,421,236</u>	<u>\$ 42,288</u>	<u>\$ 260,713</u>	<u>\$ 973</u>	<u>\$ 8,030</u>	<u>\$ 99,006</u>	<u>\$ 54,566</u>	<u>\$ 10,626,748</u>
Liabilities															
Accounts Payable	\$ 1,520,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,520,444
Funds Held in Escrow	2,310,446	538,401	446,608	-	1,342,258	-	-	1,421,236	42,288	-	973	8,030	99,006	54,566	6,263,812
Due To Other Governments	-	-	-	17,089	-	1,544,608	1,020,082	-	-	260,713	-	-	-	-	2,842,492
Total Liabilities	<u>\$ 3,830,890</u>	<u>\$ 538,401</u>	<u>\$ 446,608</u>	<u>\$ 17,089</u>	<u>\$ 1,342,258</u>	<u>\$ 1,544,608</u>	<u>\$ 1,020,082</u>	<u>\$ 1,421,236</u>	<u>\$ 42,288</u>	<u>\$ 260,713</u>	<u>\$ 973</u>	<u>\$ 8,030</u>	<u>\$ 99,006</u>	<u>\$ 54,566</u>	<u>\$ 10,626,748</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
General Government				
Commissioners - Governing Body				
Personal Services	\$ 679,292	\$ 679,292	\$ 1,338,799	\$ (659,507)
Supplies and Services	2,779,169	2,719,322	1,705,546	1,013,776
	<u>3,458,461</u>	<u>3,398,614</u>	<u>3,044,345</u>	<u>354,269</u>
Finance				
Personal Services	319,795	319,795	327,765	(7,970)
Supplies and Services	13,851	15,220	11,144	4,076
	<u>333,646</u>	<u>335,015</u>	<u>338,909</u>	<u>(3,894)</u>
Purchasing				
Personal Services	374,719	374,719	385,243	(10,524)
Supplies and Services	448,226	448,226	407,198	41,028
	<u>822,945</u>	<u>822,945</u>	<u>792,441</u>	<u>30,504</u>
Voter's Registration				
Personal Services	446,245	446,245	461,412	(15,167)
Supplies and Services	724,455	744,390	734,777	9,613
	<u>1,170,700</u>	<u>1,190,635</u>	<u>1,196,189</u>	<u>(5,554)</u>
Tax Assessment				
Personal Services	1,503,633	1,503,633	1,537,383	(33,750)
Supplies and Services	1,564,764	1,490,493	1,441,264	49,229
Capital Outlay	5,000	5,000	-	-
	<u>3,073,397</u>	<u>2,999,126</u>	<u>2,978,647</u>	<u>15,479</u>
Treasurer				
Personal Services	317,088	308,726	308,251	475
Supplies and Services	20,620	28,982	21,694	7,288
	<u>337,708</u>	<u>337,708</u>	<u>329,945</u>	<u>7,763</u>
Tax Collectors				
Personal Services	193,770	193,770	172,451	21,319
Supplies and Services	29,800	23,652	24,795	(1,143)
	<u>223,570</u>	<u>217,422</u>	<u>197,246</u>	<u>20,176</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Controller				
Personal Services	964,868	964,868	1,000,271	(35,403)
Supplies and Services	230,559	230,559	208,970	21,589
	<u>1,195,427</u>	<u>1,195,427</u>	<u>1,209,241</u>	<u>(13,814)</u>
Solicitor				
Personal Services	531,133	531,133	474,585	56,548
Supplies and Services	90,041	90,041	180,968	(90,927)
	<u>621,174</u>	<u>621,174</u>	<u>655,553</u>	<u>(34,379)</u>
Public Defender				
Personal Services	3,086,556	2,996,556	3,107,924	(111,368)
Supplies and Services	761,665	758,773	794,129	(35,356)
Capital Outlay	-	-	-	-
	<u>3,848,221</u>	<u>3,755,329</u>	<u>3,902,053</u>	<u>(146,724)</u>
Recorder of Deeds				
Personal Services	457,469	457,469	476,005	(18,536)
Supplies and Services	628,892	626,913	440,873	186,040
Capital Outlay	16,245	16,245	-	16,245
	<u>1,102,606</u>	<u>1,100,627</u>	<u>916,878</u>	<u>183,749</u>
Facilities Management				
Personal Services	3,178,740	3,152,988	3,019,263	133,725
Supplies and Services	2,232,658	2,191,567	2,087,563	104,004
Capital Outlay	-	68,138	-	68,138
	<u>5,411,398</u>	<u>5,412,693</u>	<u>5,106,826</u>	<u>305,867</u>
Data Processing				
Personal Services	2,062,880	2,062,880	2,084,363	(21,483)
Supplies and Services	1,217,649	1,217,649	1,207,566	10,083
Capital Outlay	334,059	334,059	-	334,059
	<u>3,614,588</u>	<u>3,614,588</u>	<u>3,291,929</u>	<u>322,659</u>
Veterans' Affairs				
Personal Services	144,998	144,998	150,738	(5,740)
Supplies and Services	131,654	127,649	119,956	7,693
	<u>276,652</u>	<u>272,647</u>	<u>270,694</u>	<u>1,953</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
General Government (Continued)				
Gasoline Center				
Supplies and Services	27,000	27,717	12,977	14,740
	<u>27,000</u>	<u>27,717</u>	<u>12,977</u>	<u>14,740</u>
Less: Indirect Cost Reimbursement	<u>(13,725,000)</u>	<u>(13,725,000)</u>	<u>(12,638,975)</u>	<u>(1,086,025)</u>
Total General Government	<u>\$ 13,550,570</u>	<u>\$ 13,334,744</u>	<u>\$ 13,795,509</u>	<u>\$ (465,765)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial				
Courts				
Personal Services	\$ 2,351,427	\$ 2,351,427	\$ 2,393,253	\$ (41,826)
Supplies and Services	3,669,625	3,664,634	3,528,017	136,617
Capital Outlay	-	-	41,502	(41,502)
	<u>6,021,052</u>	<u>6,016,061</u>	<u>5,962,772</u>	<u>53,289</u>
Court Reporters				
Personal Services	1,390,550	1,390,550	1,369,950	20,600
Supplies and Services	52,209	52,209	39,806	12,403
	<u>1,442,759</u>	<u>1,442,759</u>	<u>1,409,756</u>	<u>33,003</u>
Judicial Center				
Personal Services	1,582,137	1,582,137	1,430,852	151,285
Supplies and Services	371,718	397,131	357,790	39,341
	<u>1,953,855</u>	<u>1,979,268</u>	<u>1,788,642</u>	<u>190,626</u>
District Justices				
Personal Services	4,659,112	4,659,112	4,613,622	45,490
Supplies and Services	1,757,420	1,781,525	1,788,277	(6,752)
Capital Outlay	171,422	171,422	268,237	(96,815)
	<u>6,587,954</u>	<u>6,612,059</u>	<u>6,670,136</u>	<u>(58,077)</u>
Law Library				
Personal Services	94,596	94,596	90,707	3,889
Supplies and Services	389,947	370,332	370,122	210
	<u>484,543</u>	<u>464,928</u>	<u>460,829</u>	<u>4,099</u>
Night Court				
Personal Services	266,256	256,256	177,759	78,497
Supplies and Services	15,700	11,700	8,162	3,538
	<u>281,956</u>	<u>267,956</u>	<u>185,921</u>	<u>82,035</u>
Clerk of Courts				
Personal Services	1,351,106	1,351,106	1,368,223	(17,117)
Supplies and Services	366,646	380,991	345,768	35,223
Capital Outlay	-	-	-	-
	<u>1,717,752</u>	<u>1,732,097</u>	<u>1,713,991</u>	<u>18,106</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Judicial (Continued)				
Coroner				
Personal Services	609,811	609,811	642,671	(32,860)
Supplies and Services	549,231	547,265	538,033	9,232
Capital Outlay	-	-	-	-
	<u>1,159,042</u>	<u>1,157,076</u>	<u>1,180,704</u>	<u>(23,628)</u>
District Attorney				
Personal Services	3,853,415	3,853,415	4,041,035	(187,620)
Supplies and Services	1,242,384	1,238,582	1,175,613	62,969
	<u>5,095,799</u>	<u>5,091,997</u>	<u>5,216,648</u>	<u>(124,651)</u>
Criminal Investigation				
Personal Services	1,347,429	1,316,381	1,329,744	(13,363)
Supplies and Services	710,474	826,240	650,543	175,697
Capital Outlay	-	28,048	28,048	-
	<u>2,057,903</u>	<u>2,170,669</u>	<u>2,008,335</u>	<u>162,334</u>
Prothonotary				
Personal Services	1,042,676	1,042,676	1,029,637	13,039
Supplies and Services	396,997	705,794	484,244	221,550
Capital Outlay	23,675	-	-	-
	<u>1,463,348</u>	<u>1,748,470</u>	<u>1,513,881</u>	<u>234,589</u>
Registrar of Wills				
Personal Services	511,825	511,825	525,427	(13,602)
Supplies and Services	320,725	317,789	290,418	27,371
Capital Outlay	-	-	7,376	(7,376)
	<u>832,550</u>	<u>829,614</u>	<u>823,221</u>	<u>6,393</u>
Sheriff				
Personal Services	3,164,548	3,141,952	3,105,818	36,134
Supplies and Services	704,403	681,929	642,472	39,457
Capital Outlay	-	98,737	98,692	45
	<u>3,868,951</u>	<u>3,922,618</u>	<u>3,846,982</u>	<u>75,636</u>
Cost & Fines				
Personal Services	212,289	228,289	239,591	(11,302)
Supplies and Services	27,028	29,463	28,802	661
	<u>239,317</u>	<u>257,752</u>	<u>268,393</u>	<u>(10,641)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	12,520,578	12,504,578	12,411,859	92,719
Supplies and Services	2,384,018	2,480,384	2,501,162	(20,778)
Capital Outlay	-	23,873	23,873	-
	<u>14,904,596</u>	<u>15,008,835</u>	<u>14,936,894</u>	<u>71,941</u>
Juvenile Probation				
Personal Services	4,913,869	4,903,877	4,745,067	158,810
Supplies and Services	670,500	525,808	527,523	(1,715)
Capital Outlay	-	21,924	21,924	-
	<u>5,584,369</u>	<u>5,451,609</u>	<u>5,294,514</u>	<u>157,095</u>
Victim Witness				
Supplies and Services	876,394	879,852	962,745	(82,893)
	<u>876,394</u>	<u>879,852</u>	<u>962,745</u>	<u>(82,893)</u>
Pretrial				
Supplies and Services	598,353	598,353	508,336	90,017
	<u>598,353</u>	<u>598,353</u>	<u>508,336</u>	<u>90,017</u>
RO County Records Improvement				
Supplies and Services	139,000	139,000	72,768	66,232
Capital Outlay	22,000	22,000	-	22,000
	<u>161,000</u>	<u>161,000</u>	<u>72,768</u>	<u>88,232</u>
Total Judicial	<u>\$ 55,331,493</u>	<u>\$ 55,792,973</u>	<u>\$ 54,825,468</u>	<u>\$ 967,505</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 26,875,633	\$ 26,875,633	\$ 26,126,337	\$ 749,296
Supplies and Services	8,882,452	8,908,961	8,422,448	486,513
Capital Outlay	254,211	283,995	134,673	149,322
	<u>36,012,296</u>	<u>36,068,589</u>	<u>34,683,458</u>	<u>1,385,131</u>
Emergency Services				
Personal Services	653,278	647,532	661,380	(13,848)
Supplies and Services	2,103,941	2,124,209	2,170,266	(46,057)
Capital Outlay	7,000	29,000	41,192	(12,192)
	<u>2,764,219</u>	<u>2,800,741</u>	<u>2,872,838</u>	<u>(72,097)</u>
Total Public Safety	<u>\$ 38,776,515</u>	<u>\$ 38,869,330</u>	<u>\$ 37,556,296</u>	<u>\$ 1,313,034</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 316,120	\$ 316,120	\$ 300,287	\$ 15,833
Supplies and Services	<u>27,725,735</u>	<u>27,708,407</u>	<u>29,327,547</u>	<u>(1,619,140)</u>
Total Human Services	<u>\$ 28,041,855</u>	<u>\$ 28,024,527</u>	<u>\$ 29,627,834</u>	<u>\$ (1,603,307)</u>
Culture and Recreation				
Parks				
Personal Services	\$ 1,211,551	\$ 1,215,711	\$ 1,210,050	\$ 5,661
Supplies and Services	<u>1,007,382</u>	<u>1,042,281</u>	<u>1,000,742</u>	<u>41,539</u>
Total Culture and Recreation	<u>\$ 2,218,933</u>	<u>\$ 2,257,992</u>	<u>\$ 2,210,792</u>	<u>\$ 47,200</u>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 274,485	\$ 274,485	\$ 288,881	\$ (14,396)
Supplies and Services	<u>245,376</u>	<u>244,061</u>	<u>243,831</u>	<u>230</u>
Total Conservation and Development	<u>519,861</u>	<u>518,546</u>	<u>532,712</u>	<u>(14,166)</u>
Conservation Programs				
Personal Services	1,063,018	1,063,018	1,027,014	36,004
Supplies and Services	675,478	672,951	615,410	57,541
Capital Outlay	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total Conservation Programs	<u>1,793,496</u>	<u>1,790,969</u>	<u>1,642,424</u>	<u>148,545</u>
Economic Development				
Personal Services	483,648	483,648	474,780	8,868
Supplies and Services	<u>9,172,684</u>	<u>4,166,866</u>	<u>4,944,828</u>	<u>(777,962)</u>
Total Economic Development	<u>9,656,332</u>	<u>4,650,514</u>	<u>5,419,608</u>	<u>(769,094)</u>
Total Conservation and Development	<u>\$ 11,969,689</u>	<u>\$ 6,960,029</u>	<u>\$ 7,594,744</u>	<u>\$ (634,715)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Debt Service				
Principal	\$ 6,644,000	\$ 6,644,000	\$ 27,749,549	\$ (21,105,549)
Interest	4,721,460	4,721,460	4,888,520	(167,060)
Bond Issuance Costs	-	-	238,546	(238,546)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Debt Service	<u>\$ 11,365,460</u>	<u>\$ 11,365,460</u>	<u>\$ 32,876,615</u>	<u>\$ (21,511,155)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 2,123,002	\$ 2,123,002	\$ 1,812,424	\$ 310,578
MH/ID Fund	882,700	882,700	882,700	-
Drug and Alcohol Fund	223,016	223,016	217,262	5,754
Children, Youth, and Families Fund	9,829,000	9,829,000	8,715,428	1,113,572
Human Services Development Fund	40,000	40,000	39,972	28
911 - EMA Communications Fund	2,259,901	2,259,901	1,671,389	588,512
Solid Waste	595,634	595,634	424,727	170,907
Human Service Building Fund	166,750	166,750	-	166,750
Liquid Fuels	-	-	4,628	(4,628)
General Fund	379,822	379,822	-	379,822
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Interfund Transfers	<u>\$ 16,499,825</u>	<u>\$ 16,499,825</u>	<u>\$ 13,768,530</u>	<u>\$ 2,731,295</u>