

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

Commissioners
County of Dauphin
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Dauphin County Conservation District, Case Management Unit, Dauphin County Industrial Development Authority, Dauphin County Economic Development Corporation, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN, as of and for the year ended December 31, 2013, and the related notes to the financial statements. Other auditors engaged to audit the financial statements of the Dauphin County General Authority, a discretely presented component unit of the County of Dauphin. These financial statements 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. Those statements were audited by another auditor 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 auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Dauphin County General Authority and Dauphin County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Dauphin County General Authority, a discretely presented component unit of the COUNTY OF DAUPHIN.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Harrisburg

830 Sir Thomas Court, Suite 100
Harrisburg, PA 17109
717.561.9200 Fax 717.561.9202

Philadelphia

2370 York Road, Suite A-5
Jamison, PA 18929
215.918.2277 Fax 215.918.2302

Pittsburgh

3800 McKnight E. Drive, Suite 3805
Pittsburgh, PA 15237
412.367.7102 Fax 412.367.7103

Zelenkofske Axelrod LLC

Basis for Disclaimer of Opinion on the Dauphin County General Authority, a Discretely Presented Component Unit

The financial statements of the Dauphin County General Authority included a disclaimer of opinion because the other auditor was unable to audit the revenues and expenses of the Pittsburgh Hyatt and Conference Center Fund and the related revenues and expenses of the business-type activities, because they did not have access to records related to the Pittsburgh Hyatt Hotel and Conference Center's operations. The other auditor was unable to obtain sufficient appropriate audit evidence about the existence, completeness, and classification of those revenues and expenses by other auditing procedures.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Dauphin County General Authority, a Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Dauphin County General Authority, a discretely presented component unit of the COUNTY OF DAUPHIN. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Dauphin County Conservation District, Case Management Unit, Dauphin County Industrial Development Authority, Dauphin County Economic Development Corporation, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN, as of December 31, 2013, 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 Principles

As discussed in Note 1 to the financial statements, in 2013 the COUNTY OF DAUPHIN adopted provisions of GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", and GASB Statement No. 66, "*Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*".

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 Employer Contributions and Funding Progress, Schedule of Funding Progress for Postemployment Benefits Other than Pensions, and budgetary comparison information on pages 4 through 19, 129, 130, and 131 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.

Zelenkofske Axelrod LLC

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 the Schedule of Departmental Expenditures on pages 133 through 143 and page 144 through 152 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 the 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 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, the Combining Nonmajor Fund Financial Statements and the Schedule of Departmental Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COUNTY OF DAUPHIN's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOSKE AXELROD LLC

Harrisburg, Pennsylvania
September 22, 2014

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, 2013. 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, 2013.

Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2013.
- On December 19, 2012, the Board of Commissioners passed a \$179,840,854 General Fund Budget for 2013 maintaining the 6.876 millage rate. A budgeted drawdown on fund balance in the amount of \$13.6 million was necessary in order to cover the initial 2013 expenditure budget. A new Judicial Center opened in May 2013 and required 26 full-time positions be added to the General Fund complement. The cost of these positions was more than offset by the eliminations of over 40 positions in the 2012 and 2013 budget years.
- On February 26, 2013, 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, 2013 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019.
- On April 17, 2013, the County settled on its \$15,905,000 Series of 2013 General Obligation Bonds. These bonds refunded the 2004 Series C&D Notes. This refunding generated a net present value savings of just over \$1.1 million.
- In 2013, Dauphin County paid \$5,470,290 toward Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and City on their obligations to make these payments. On 12/23/13, the County received \$7,045,600 as reimbursement for past incinerator debt payments from the settlement of Harrisburg's Incinerator/Parking Lease deal. \$34,685,000 was also received as part of this settlement to pay off the County's 2012 Incinerator Note with PNC Bank. The remaining \$90,774 necessary to completely pay off this PNC Note was paid out of General Funds in January 2014. All incinerator debt guaranteed by the County is now paid off with the exception of a \$24 million bond that the County pays interest-only through 2033.
- The County's credit rating from Standard & Poors was reaffirmed in December 2013 as part of the Harrisburg Incinerator/Parking Lease deal. It remains at 'AA/Stable Outlook'.
- In December 2013, the County guaranteed the Dauphin County Industrial Development Authority's \$8,330,000 Series of 2013 Note. This borrowing was used to purchase the building at 1100 Cameron Street which houses Dauphin County's Drug & Alcohol Department as well as the Dauphin County Case Management Unit.
- At December 31, 2013 the General Fund's Unassigned Fund Balance was \$27,750,848. This is up from the \$16,067,433 balance at the end of 2012.
- The County's total net position increased by \$3,274,961 in 2013. Unrestricted net position at year-end was \$30,256,748.

Overview of the Financial Statements

The financial section of this report consists of four parts:

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

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

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

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

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

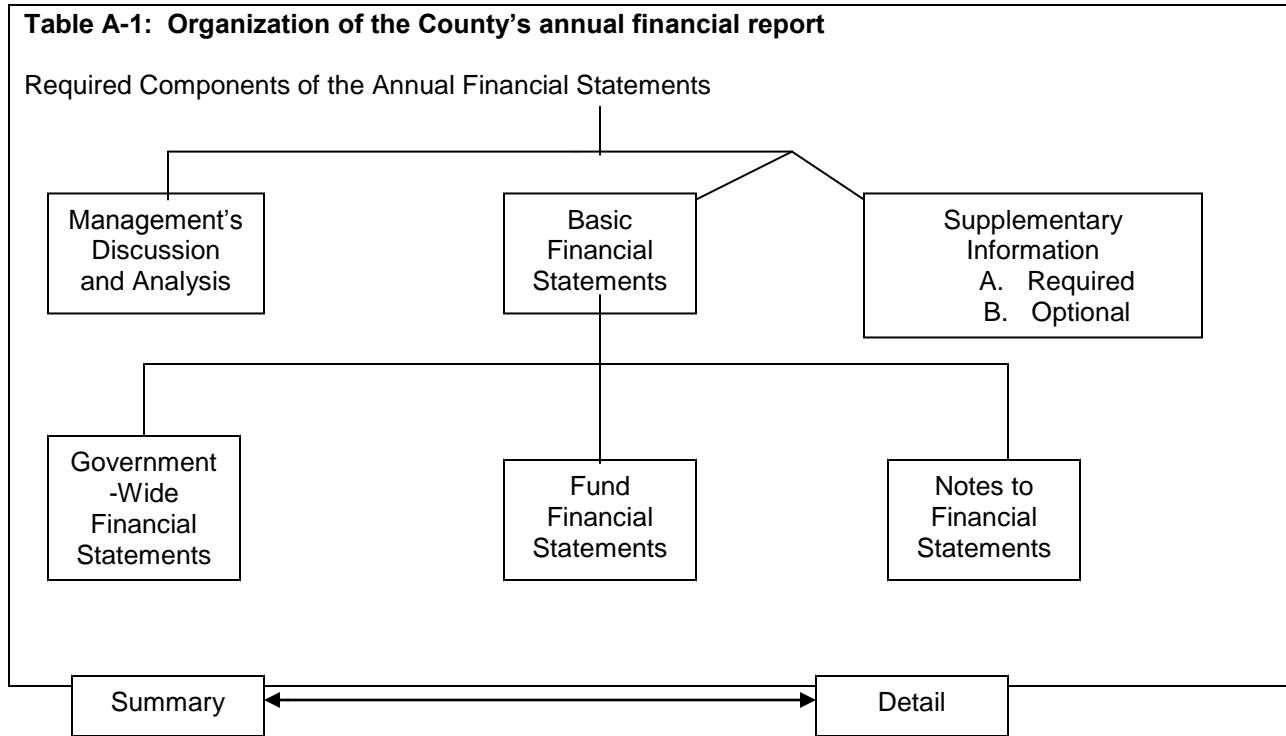


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Parking Garage.	Instances in which the County administers resources on behalf of others, such as the employee pension plan
Required Financial Statements	<ul style="list-style-type: none"> - 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 and the EMA 911 Communications system charge 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 asset balances as follows:
 - o Net investment in capital assets
 - o Restricted net position 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 are net position 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 \$216,852,338 at December 31, 2013. Of this amount, \$119,728,867 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>
	2012	2013	2012	2013	2012	2013	
Current & Other Assets	\$ 131,480,034	\$ 91,936,288	\$ 2,007,188	\$ 3,030,852	\$ 133,487,222	\$ 94,967,140	-28.9%
Capital Assets	107,845,107	113,740,794	6,294,245	5,988,073	114,139,352	119,728,867	4.9%
Total Assets	239,325,141	205,677,082	8,301,433	9,018,925	247,626,574	214,696,007	-13.3%
Deferred Charge on Refunding	1,988,548	2,090,234	79,206	66,097	2,067,754	2,156,331	4.3%
Total Deferred Outflows of Resources	1,988,548	2,090,234	79,206	66,097	2,067,754	2,156,331	4.3%
Long-Term Debt Outstanding	163,999,236	131,199,613	4,537,453	4,291,797	168,536,689	135,491,410	-19.6%
Other Liabilities	26,723,495	22,164,858	410,782	1,897,747	27,134,277	24,062,605	-11.3%
Total Liabilities	190,722,731	153,364,471	4,948,235	6,189,544	195,670,966	159,554,015	-18.5%
Net Position:							
Net Investment in Capital Assets	(695,268)	5,955,867	2,252,981	2,223,121	1,557,713	8,178,988	-425.1%
Restricted	28,776,237	18,862,587	-	-	28,776,237	18,862,587	-34.5%
Unrestricted	22,509,989	29,584,391	1,179,423	672,357	23,689,412	30,256,748	27.7%
Total Net Position	\$ 50,590,958	\$ 54,402,845	\$ 3,432,404	\$ 2,895,478	\$ 54,023,362	\$ 57,298,323	6.1%

The following statement of activities represents changes in net position for the year ended December 31, 2013. 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>		Total % Change
	2012	2013	2012	2013	2012	2013	
Revenues							
Program Revenues							
Charges for Services	\$ 26,144,332	\$ 27,035,152	\$ 74,030,214	\$ 73,823,574	\$ 100,174,546	\$ 100,858,726	0.7%
Operating Grants & Contributions	122,767,371	122,031,345	67,993	283,543	122,835,364	122,314,888	-0.4%
General Revenues							
Property Taxes	99,828,373	100,484,797	-	-	99,828,373	100,484,797	0.7%
Hotel Taxes	9,074,534	9,725,114	-	-	9,074,534	9,725,114	7.2%
In Lieu of Taxes	1,900,267	1,772,152	-	-	1,900,267	1,772,152	-6.7%
Unrestricted Investment Earnings	239,826	170,979	12,582	6,887	252,408	177,866	-29.5%
Gain/(Loss) on Asset Disposal (Depreciation)/Appreciation in	11,311	(36,738)	389,426	-	400,737	(36,738)	-109.2%
Fair Market Value of Investments	60,535	90,003	-	-	60,535	90,003	48.7%
Swap Proceeds	505,000	-	-	-	505,000	-	-100.0%
Transfers From Component Units	619,624	1,100,606	-	-	619,624	1,100,606	77.6%
Gain on Guaranteed Debt Payments	-	-	-	-	-	-	0.0%
Transfers In/(Out)	(802,494)	(2,669,177)	802,494	2,669,177	-	-	0.0%
Special Item							
Proceeds from Incinerator Settlement	-	7,045,600	-	-	-	7,045,600	0.0%
Total Revenues	260,348,679	266,749,833	75,302,709	76,783,181	335,651,388	343,533,014	2.3%
Program Expenses							
General Government	14,338,875	14,090,858	-	-	14,338,875	14,090,858	-1.7%
Judicial	59,152,254	60,193,569	-	-	59,152,254	60,193,569	1.8%
Public Safety	46,341,700	40,498,919	7,229,117	6,959,370	53,570,817	47,458,289	-11.4%
Public Works	1,560,857	1,546,509	1,405,246	1,378,435	2,966,103	2,924,944	-1.4%
Human Services	108,020,146	106,199,978	67,076,128	67,326,191	175,096,274	173,526,169	-0.9%
Culture & Recreation	10,825,016	12,233,173	-	-	10,825,016	12,233,173	13.0%
Conservation & Development	13,332,389	18,674,685	-	-	13,332,389	18,674,685	40.1%
Interest on Long Term Debt	6,472,115	3,456,514	-	-	6,472,115	3,456,514	-46.6%
Other Programs	-	-	1,517,945	1,656,111	1,517,945	1,656,111	9.1%
Loss on Guaranteed Debt Payments	17,139,378	-	-	-	17,139,378	-	-100.0%
Special Item							
Allowance for Incinerator Debt Payments	-	6,043,741	-	-	-	6,043,741	0.0%
Total Program Expenses	277,182,730	262,937,946	77,228,436	77,320,107	354,411,166	340,258,053	-4.0%
Change in Net Position	(16,834,051)	3,811,887	(1,925,727)	(536,926)	(18,759,778)	3,274,961	-117.5%
Net Position - Beginning	67,425,009	50,590,958	5,358,131	3,432,404	72,783,140	54,023,362	-25.8%
Net Position - Ending	\$ 50,590,958	\$ 54,402,845	\$ 3,432,404	\$ 2,895,478	\$ 54,023,362	\$ 57,298,323	6.1%

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 2013, general property taxes brought in \$100,484,797. Table A-5 depicts the net program expenses for the year ended December 31, 2013.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 14,090,858	\$ 7,296,064
Judicial	60,193,569	38,816,806
Public Safety	47,458,289	35,592,063
Public Works	2,924,944	495,279
Human Services	173,526,169	10,750,475
Culture & Recreation	12,233,173	10,867,402
Conservation & Development	18,674,685	3,407,256
Interest on Long Term Debt	3,456,514	3,456,514
Other Programs	1,656,111	358,839
Total	\$ 334,214,312	\$ 111,040,698

The County relied on property taxes and other general revenues to fund 33.2% of its governmental and business-type activities in 2013.

The property tax is based on the assessed value of real property. The County's 2013 millage rate of 6.876 is unchanged from 2012 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 51.8% of general government spending in 2013. The remainder of the cost was funded by grants and fees for specific services. 64.5% 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 75.0% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Public Works required tax and other general revenue dollars to cover 16.9% of its expenses in 2013. 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 88.8% and 100% respectively funded by property taxes and other general revenues, while Human Services expenses required only 6.2% from these sources, with most of the remainder being picked up by state and federal grants.

18.2% of Conservation and Development program expenditures were covered by tax dollars in 2013. 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, 2013, net of accumulated depreciation, was \$119,728,867 which is up \$5.6 million from 2012. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2013.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Total % Change
	2012	2013	2012	2013	2012	2013	
Construction in Progress	\$ 16,894,452	\$ 15,165,026	\$ -	\$ 10,200	\$ 16,894,452	\$ 15,175,226	-10.2%
Infrastructure - Construction-in-Progress	96,568	155,468	-	-	96,568	155,468	61.0%
Intangibles	401,838	527,118	-	-	401,838	527,118	31.2%
Land	498,551	498,551	111,492	111,492	610,043	610,043	0.0%
Infrastructure	17,031,217	17,031,217	-	-	17,031,217	17,031,217	0.0%
Buildings & Improvements	83,447,360	86,397,669	3,842,756	3,864,346	87,290,116	90,262,015	3.4%
Machinery & Equipment	49,452,488	50,613,156	10,425,093	10,664,334	59,877,581	61,277,490	2.3%
Furniture & Fixtures	-	-	23,220	23,220	23,220	23,220	0.0%
Leasehold Assets	13,011,850	22,021,979	15,727,900	15,832,241	28,739,750	37,854,220	31.7%
Accumulated Depreciation	(72,989,217)	(78,669,390)	(23,836,216)	(24,517,760)	(96,825,433)	(103,187,150)	6.6%
Total Capital Assets	\$ 107,845,107	\$ 113,740,794	\$ 6,294,245	\$ 5,988,073	\$ 114,139,352	\$ 119,728,867	4.9%

'Construction in Progress' decreased slightly in 2013 as the majority of the projects funded by the 2009 construction bonds remain open. These projects include a Juvenile Judicial Center in the County's Human Services Building; a Female Work Release Center at the site of the County's Male Work Release Center; and a new Judicial/Booking Center at the site of the old female work release center.

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, 2013, the County had \$135,491,410 of long-term debt outstanding. This was a decrease of \$33,045,279 from the previous year. Table A-7 details activity related to the long-term debt.

Table A-7				
County of Dauphin's				
2013 Statement of Long Term Debt and Capital Leases				
Type	Beginning Balance	Additions	Reductions	Ending Balance
Bonds & Notes Payable	\$ 145,851,500	\$ 15,905,000	\$ (57,765,000)	\$ 103,991,500
Compensated Absences	8,393,654	515,318	-	8,908,972
Estimated Workers Comp. Claims	1,995,525	-	(492,839)	1,502,686
Other Post-Employment Benefits	3,189,716	922,443	-	4,112,159
Capital Leases	9,106,294	9,114,469	(1,244,670)	16,976,093
Total Long Term Debt and Capital Leases	\$ 168,536,689	\$ 26,457,230	\$ (59,502,509)	\$ 135,491,410

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, 2013 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$104 million, well below the debt limit.

At year-end, the County had \$103,991,500 million in bonds and notes outstanding. This figure is down from 2012 as principal continues to be retired. The guaranteed debt on the Harrisburg Incinerator was also reduced when it was sold in December 2013. There were no new money issues in 2013 that would have added to the outstanding debt.

More detailed information about the County's long-term liabilities is presented in Note 8 and Note 12 to the financial statements.

Bond Rating

The County's bond rating through Standard & Poors is 'AA Stable Outlook' as of December 31, 2013. 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, 2013 and December 31, 2012 were as follows. Table A-8 also presents changes from 2012 to 2013.

Table A-8			
County of Dauphin's			
Revenues by Source, Governmental Funds			
Source	2013	2012	Changes from 2012 to 2013
Property Taxes	\$ 100,610,002	\$ 99,745,703	\$ 864,299
Hotel Taxes	9,725,114	9,074,534	650,580
Intergovernmental	121,467,341	123,054,965	(1,587,624)
Charges for Services	21,465,080	20,586,292	878,788
License and Permits	110,694	111,168	(474)
Court Costs and Fines	5,438,374	5,117,532	320,842
Interest and Rents	234,155	320,398	(86,243)
Appreciation Fair Market Value Investments	90,003	60,535	29,468
Miscellaneous Revenue	2,293,984	1,861,441	432,543
Transfers from Component Units	1,100,606	619,624	480,982
Proceeds from Sale of Fixed Assets	(36,738)	11,311	(48,049)
Capital Lease Proceeds	9,010,129	817,977	8,192,152
Bonds/Notes Proceeds	15,905,000	-	15,905,000
Swap Proceeds	-	505,000	(505,000)
Proceeds from Incinerator Settlement	7,045,600	-	7,045,600
Operating Transfers In	16,116,304	20,788,649	(4,672,345)
Total Revenues	\$ 310,575,648	\$ 282,675,129	\$ 27,900,519

Governmental fund revenues totaled \$310,575,648 for the year ended December 31, 2013. This is an increase of \$27.9 million from the revenue total in 2012.

The 'Intergovernmental' revenue category continues to drop as reductions in State and Federal funding due to budget constraints are again the main factor.

The 'Bonds/Notes Proceeds' line shows the \$15,905,000 proceeds from the refunding bonds Series of 2013 that settled in April 2013. Given that no such issues were settled in 2012, this category is the leading cause of the overall revenue increase for 2013.

The \$8.2 million increase in the 'Capital Lease Proceeds' line is due mostly to the Dauphin County Industrial Development Authority's purchase and subsequent lease back to the County of the building at 1100 Cameron Street in Harrisburg that houses several County affiliated departments.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2013 and December 31, 2012 were as follows. Table A-9 also presents changes from 2012 to 2013.

Table A-9 County of Dauphin's Expenditures by Function, Governmental Funds			
Function	2013	2012	Changes from 2012 to 2013
General Government	\$ 20,606,693	\$ 13,632,054	\$ 6,974,639
Judicial	59,453,828	58,345,058	1,108,770
Public Safety	39,311,668	43,495,804	(4,184,136)
Public Works	1,194,333	1,179,281	15,052
Human Services	105,885,655	107,793,163	(1,907,508)
Culture & Recreation	12,131,061	10,766,861	1,364,200
Conservation & Development	18,761,162	13,489,492	5,271,670
Debt Service Principal	43,660,909	7,571,138	36,089,771
Debt Service Interest	5,508,225	5,045,163	463,062
Bond Issuance Costs	184,383	-	184,383
Capital Projects	1,087,821	7,331,881	(6,244,060)
Payment to Refunded Bond Escrow Agent	14,955,000	-	14,955,000
Operating Transfers Out	18,785,481	21,591,143	(2,805,662)
Allowance for Incinerator Debt Payments	6,043,741	-	6,043,741
Loss on Guaranteed Debt Payments	-	17,139,378	(17,139,378)
Total Expenditures	\$ 347,569,960	\$ 307,380,416	\$ 40,189,544

Governmental fund expenditures totaled \$347,569,960 for the year ended December 31, 2013. This represents an increase of approximately \$40.1 million from 2012.

The 'General Government' category is showing a large increase in 2013 due to the \$8.2 million expensing of the 1100 Cameron Street lease purchase as noted in the preceding revenue section.

The \$1.1 million increase in the 'Judicial' category is due primarily to the addition of the new Judicial Center which opened in May 2013. The 'Public Safety' line is showing a large decrease due to the closing of the County's Juvenile Detention Center in December of 2012.

The 'Conservation & Development' line reflects expenses in the County's Gaming Fund, the Low Income Housing Fund, and the Economic Development Department which oversees the federal CDBG and HOME Programs. Increased spending of Gaming dollars was the primary cause of the increase in this area.

The large increase in the debt service categories is primarily due to the December 2013 payoff of the County's \$34.6 million note with PNC Bank. This note was part of the guaranteed Harrisburg Incinerator Debt that was paid off with the sale of the incinerator and the leasing of Harrisburg's parking assets.

The 'Payment to Refunded Bond Escrow Agent' line reflects those funds from the \$15,905,000 Series of 2013 refunding issue that were moved to the escrow account.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net position for proprietary funds at December 31, 2013.

Table A-10: 2013 Ending Fund Balances, Governmental Funds; Net Position, Proprietary Funds		
Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 37,498,166	\$ -
Children & Youth Fund	-	-
Low Income Housing Fund	1,011,232	-
Gaming Fund	17,956,511	-
Capital Projects Fund	5,076,246	-
Other Governmental Funds	4,737,248	-
Health Choices Fund	-	62,060
Human Services Building Fund	-	(333,583)
Other Enterprise Funds	-	3,167,001
Total	\$ 66,279,403	\$ 2,895,478

The County's governmental funds reported a combined fund balance of \$66,279,403 at December 31, 2013. Of that total, \$27,750,848 was unassigned in the General Fund and is available to meet the County's current and future needs. This unassigned portion is an increase of approximately \$16.0 million from the total at the end of 2012. The Proprietary Funds are showing a balance of \$2,895,478 at year-end, which is down slightly from the year before.

A detailed breakdown of ending fund balance for the \$4,737,248 in 'Other Governmental Funds' and the \$3,167,001 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 19, 2012 the Dauphin County Commissioners approved the 2013 General Fund Budget totaling \$179,840,854. It contained a drawdown of fund balance in the amount of \$13,586,946 to meet the initial budgeted expenditures. Throughout the year, budget amendments of \$1,423,597 were approved. The budget amendments resulted in a final General Fund budget for 2013 in the amount of \$181,264,451.

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at approximately 5.3%. Pennsylvania's average unemployment rate is 5.8% and the national unemployment rate is 6.1%.

Homeownership in Dauphin County is at 65.3% with the median value of owner-occupied housing units being \$157,400. There is currently an estimated 269,665 residents within Dauphin County. The estimated median household income is \$53,771.

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, Arcelor Mittal, 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 27 Mixed Income Rental Units Housing Development project called the Union Street Apartments will hopefully begin construction next year sometime. The expansion of two Rail Intermodal Centers (one in Harrisburg and one in Swatara Township) will help serve the expanding Creasant 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 18, 2013, the Board of Commissioners approved the \$173,858,077 General Fund Budget for 2014 maintaining the 6.876 millage rate for the tenth straight year. No budgeted drawdown on fund balance was necessary in order to cover the initial expenditure budget. No new positions were approved for this budget, and five full-time positions were eliminated saving over \$200,000. The approved 2014 budget was almost \$6,000,000 less than the 2013 budget.

On February 26, 2014, 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, 2014 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019. To date, \$4.5 million 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 one of these payments.

In April 2014, the County settled on the \$9,880,000 General Obligation Bonds Series of 2014 that refinanced a portion of the Series of 2009 bonds. This action resulted in a net present value savings of approximately \$542,000.

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 has 6 labor contracts with four separate unions that represent approximately 55% of all employees. In 2013 the County negotiated new contracts with the County Detectives Association and the Pennsylvania Social Services Union for successor agreements. Both contracts run from January 1, 2014 through December 31, 2017. Negotiations have begun with the Teamsters for contracts covering employees in the Court Appointed Professional employees, the Court Related Non-Professional employees and the employees at Dauphin County Prison. Each of these contracts is scheduled to expire on December 31, 2014. The final contract with AFSCME will expire on December 31, 2016.

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, 2013

Assets	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and Cash Equivalents	\$ 35,510,295	\$ 1,078,697	\$ 36,588,992	\$ 4,613,313
Investments	1,201,056	-	1,201,056	2,436,131
Inventory	-	-	-	24,062
Receivables:				
Accounts, Net of Allowance	11,208,535	1,682,394	12,890,929	1,287,626
Taxes	8,205,187	-	8,205,187	-
Interest and Dividends	-	-	-	3,716
Program Loans	3,971,818	-	3,971,818	85,863
Unearned Loans	4,267,422	-	4,267,422	-
Due From Other Governments	24,201,975	156,594	24,358,569	763,423
Due From Component Units	733,837	-	733,837	-
Investment in Direct Financing Leases, Current	-	-	-	839,396
Prepaid Expenses	1,144,200	-	1,144,200	353,652
Other Assets	94,264	113,167	207,431	-
Due From Related Party	-	-	-	111,527
Bond Discount	-	-	-	193,667
Loans Receivable, Net of Current Portion	-	-	-	177,598
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	6,731,201
Restricted Cash	1,397,699	-	1,397,699	17,171,888
Restricted Investments	-	-	-	7,324,238
Capital Assets, Not Being Depreciated	16,346,163	121,692	16,467,855	2,279,648
Capital Assets Being Depreciated, Net	97,394,631	5,866,381	103,261,012	36,275,776
Total Assets	205,677,082	9,018,925	214,696,007	80,672,725
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	2,090,234	66,097	2,156,331	564,547
Total Deferred Outflows of Resources	2,090,234	66,097	2,156,331	564,547
<u>Liabilities</u>				
Accounts Payable	6,632,167	424,139	7,056,306	1,849,676
Accrued Liabilities	3,341,845	139,439	3,481,284	2,469,865
Unearned Revenues	8,010,257	-	8,010,257	542,870
Due to Primary Government	-	-	-	733,837
Due to Other Governments	-	1,334,169	1,334,169	-
Funds Held in Escrow	558,790	-	558,790	-
Funds Held in Fiduciary Capacity	514,584	-	514,584	-
Security Deposits	-	-	-	10,590
Other Liabilities	3,107,215	-	3,107,215	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	1,211,705	398,886	1,610,591	7,927
General Obligation Debt	8,106,500	-	8,106,500	2,541,997
Notes Payable	-	-	-	260,751
Loans Payable	-	-	-	56,256
Line of Credit	-	-	-	29,767
Portion Due or payable after one year:				
Obligation Under Capital Lease	11,933,339	3,432,163	15,365,502	16,868
General Obligation Debt	95,885,000	-	95,885,000	58,948,455
Notes Payable	-	-	-	4,797,429
Loans Payable	-	-	-	1,687,510
Accrued Compensated Absences	8,448,224	460,748	8,908,972	-
Estimated Workers' Compensation Claims	1,502,686	-	1,502,686	-
Unfunded Other Postemployment Benefits	4,112,159	-	4,112,159	-
Total Liabilities	153,364,471	6,189,544	159,554,015	73,953,798
Net Position				
Net Investment in Capital Assets	5,955,867	2,223,121	8,178,988	(13,977,822)
Restricted for:				
Program Purposes	12,641,902	-	12,641,902	17,329,857
Debt Service	-	-	-	253,400
Capital Projects	5,076,246	-	5,076,246	-
Permanent Fund	1,144,439	-	1,144,439	-
Unrestricted	29,584,391	672,357	30,256,748	3,678,039
Total Net Position	\$ 54,402,845	\$ 2,895,478	\$ 57,298,323	\$ 7,283,474

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

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

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		Total	
						Governmental Activities	Business-type Activities		
Primary government:									
Governmental activities:									
General Government	\$ 24,284,573	\$ (10,193,715)	\$ 6,700,196	\$ 94,598	\$ -	\$ (7,296,064)	\$ -	\$ (7,296,064)	
Judicial	54,700,457	5,493,112	11,861,657	9,515,106	-	(38,816,806)	-	(38,816,806)	
Public Safety	38,621,432	1,877,487	5,619,650	2,252,880	-	(32,626,389)	-	(32,626,389)	
Public Works	1,544,044	2,465	-	1,020,925	-	(525,584)	-	(525,584)	
Human Services	104,780,861	1,419,117	2,243,607	93,124,678	-	(10,831,693)	-	(10,831,693)	
Culture and Recreation	11,709,200	523,973	225,749	1,140,022	-	(10,867,402)	-	(10,867,402)	
Conservation and Development Interest and Fiscal Charges on Long Term Debt	18,515,635	159,050	384,293	14,883,136	-	(3,407,256)	-	(3,407,256)	
	3,456,514	-	-	-	-	(3,456,514)	-	(3,456,514)	
Total government activities	257,612,716	(718,511)	27,035,152	122,031,345	-	(107,827,708)	-	(107,827,708)	
Business-type activities:									
Human Services - Health Choices Fund	67,323,365	2,826	67,407,409	-	-	-	81,218	81,218	
Public Works - Human Service Building	847,297	531,138	1,408,740	-	-	-	30,305	30,305	
Other Programs:									
Public Works - Solid Waste Fund	1,516,202	56,546	1,027,329	231,482	-	-	(313,937)	(313,937)	
Public Safety - Emergency 911	6,831,369	128,001	3,941,635	52,061	-	-	(2,965,674)	(2,965,674)	
Culture and Recreation - Fort Hunter	83,363	-	38,461	-	-	-	(44,902)	(44,902)	
Total Other Programs	8,430,934	184,547	5,007,425	283,543	-	-	(3,324,513)	(3,324,513)	
Total business-like activities	76,601,596	718,511	73,823,574	283,543	-	-	(3,212,990)	(3,212,990)	
Total Primary government	\$ 334,214,312	\$ -	\$ 100,858,726	\$ 122,314,888	\$ -	\$ (107,827,708)	\$ (3,212,990)	\$ (111,040,698)	
Component Units:									
Conservation District	\$ 472,142	\$ -	\$ 414,684	\$ 793,403	\$ -	-	-	-	\$ 735,945
General Authority	28,978,228	-	27,275,483	-	-	-	-	-	(1,702,745)
Mental Health/Mental Retardation Case Management Unit	10,354,566	-	209,018	10,354,333	-	-	-	-	208,785
Industrial Development Authority	10,008,559	-	694,667	10,418,916	-	-	-	-	1,105,024
Dauphin County Economic Development Corporation	3,101,218	-	330,312	3,990,876	-	-	-	-	1,219,970
Total Component Units	\$ 52,914,713	\$ -	\$ 28,924,164	\$ 25,557,528	\$ -	\$ -	\$ -	\$ -	1,566,979
General revenues:									
Taxes:									
Property taxes, levied for general purposes						100,484,797	-	100,484,797	-
Hotel taxes						9,725,114	-	9,725,114	-
In-lieu of taxes						1,772,152	-	1,772,152	-
Unrestricted investment income						170,979	6,887	177,866	250,971
Loss from asset disposal						(36,738)	-	(36,738)	-
Appreciation in Fair Market Value of Investments						90,003	-	90,003	-
Transfers from/(to) Primary Government						1,100,606	-	1,100,606	(1,100,606)
Transfers in/(out)						(2,669,177)	2,669,177	-	-
Total general revenues and transfers						110,637,736	2,676,064	113,313,800	(849,635)
Special Items (Note 33)									
Proceeds from Incinerator Settlement						7,045,600	-	7,045,600	-
Allowance for Incinerator Debt Payments						(6,043,741)	-	(6,043,741)	-
Sale of Hyatt						-	-	-	25,282,953
Total special items						1,001,859	-	1,001,859	25,282,953
Change in net position						3,811,887	(536,926)	3,274,961	26,000,297
Net position - beginning, restated (Note 1 and 35)						50,590,958	3,432,404	54,023,362	(18,716,823)
Net position - ending						\$ 54,402,845	\$ 2,895,478	\$ 57,298,323	\$ 7,283,474

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

<u>Assets</u>	<u>General</u>	Children and <u>Youth</u>	Low Income <u>Housing</u>	<u>Gaming</u>	<u>Capital Projects</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and Cash Equivalents	\$ 16,957,852	\$ 2,500	\$ 851,381	\$ 6,639,133	\$ 5,260,669	\$ 5,798,760	\$ 35,510,295
Investments	-	-	-	-	-	1,144,439	1,144,439
Receivables							
Accounts, net	10,473,629	363,980	26,176	-	-	344,750	11,208,535
Taxes, net	8,205,187	-	-	-	-	-	8,205,187
Loans	-	-	-	3,700,000	-	271,818	3,971,818
Unearned Loans	-	-	4,267,422	-	-	-	4,267,422
Due From Other Funds	10,780,809	-	-	-	-	-	10,780,809
Due From Other Governments	1,238,059	13,916,896	-	7,635,978	-	1,411,042	24,201,975
Due From Component Units	600,162	-	133,675	-	-	-	733,837
Prepaid Expenses	1,144,200	-	-	-	-	-	1,144,200
Other Assets	-	75,352	-	-	-	18,912	94,264
Restricted Assets							
Cash	1,397,699	-	-	-	-	-	1,397,699
Total Assets	\$ 50,797,597	\$ 14,358,728	\$ 5,278,654	\$ 17,975,111	\$ 5,260,669	\$ 8,989,721	\$ 102,660,480

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2013

<u>Liabilities and Fund Balances</u>	<u>General</u>	<u>Children and Youth</u>	<u>Low Income Housing</u>	<u>Gaming</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities							
Accounts Payable	\$ 2,925,235	\$ 2,313,220	\$ -	\$ 18,600	\$ 184,423	\$ 1,190,689	\$ 6,632,167
Accrued Liabilities	2,122,414	225,571	-	-	-	362,313	2,710,298
Unearned Revenues - Other	4,236	1,061,935	4,267,422	-	-	2,676,664	8,010,257
Due to Other Funds	-	10,758,002	-	-	-	22,807	10,780,809
Funds Held in Escrow	558,790	-	-	-	-	-	558,790
Funds Held in Fiduciary Capacity	514,584	-	-	-	-	-	514,584
Other Liabilities	1,130,598	-	-	-	-	-	1,130,598
Total Liabilities	7,255,857	14,358,728	4,267,422	18,600	184,423	4,252,473	30,337,503
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	6,043,574	-	-	-	-	-	6,043,574
Total Deferred Inflows of Resources	6,043,574	-	-	-	-	-	6,043,574
Fund Balances:							
Nonspendable	9,747,318	-	-	3,700,000	-	239,726	13,687,044
Restricted	-	-	1,011,232	8,277,587	5,076,246	4,497,522	18,862,587
Assigned	-	-	-	5,978,924	-	-	5,978,924
Unassigned	27,750,848	-	-	-	-	-	27,750,848
Total Fund Balances	37,498,166	-	1,011,232	17,956,511	5,076,246	4,737,248	66,279,403
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 50,797,597	\$ 14,358,728	\$ 5,278,654	\$ 17,975,111	\$ 5,260,669	\$ 8,989,721	\$ 102,660,480

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, 2013

Total fund balances for governmental funds \$ 66,279,403

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	498,551
Intangible Assets	527,118
Construction in progress - Infrastructure	155,468
Construction in progress	15,165,026
Infrastructure, net of \$7,100,812 accumulated depreciation	9,930,405
Buildings and improvements, net of \$45,349,482 accumulated depreciation	41,048,187
Machinery and Tools, net of \$15,855,240 accumulated depreciation	34,757,916
Leasehold assets, net of \$10,363,856 accumulated amortization	<u>11,658,123</u>

Total capital assets 113,740,794

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:

(1,502,686)

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.

6,043,574

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

Investments in derivative instruments 56,617

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, 2013 are:

Accrued interest on bonds	(631,547)
General obligation debt	(103,991,500)
Less: Deferred charge on refunding	2,090,234
Capital leases payable	(13,145,044)
Compensated absences	(8,448,224)
Unamortized premiums/discounts	(1,976,617)
Unfunded other postemployment benefits	(4,112,159)

(130,214,857)

Total net position of governmental activities \$ 54,402,845

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

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Children and Youth	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$ 100,610,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,610,002
Hotel Taxes	-	-	-	-	-	9,725,114	9,725,114
Intergovernmental	36,660,684	31,696,975	137,547	14,898,583	-	38,073,552	121,467,341
Charges for Services	18,793,280	692,847	330,312	-	-	1,648,641	21,465,080
License and Permits	110,694	-	-	-	-	-	110,694
Court Costs and Fines	4,328,725	-	-	-	-	1,109,649	5,438,374
Interest and Rents	145,426	-	1,880	30,153	12,580	44,116	234,155
Appreciation in Fair Market Value of Investments	-	-	-	-	-	90,003	90,003
Miscellaneous Revenue	-	-	-	-	799,781	1,494,203	2,293,984
Total Revenues	160,648,811	32,389,822	469,739	14,928,736	812,361	52,185,278	261,434,747
Expenditures							
Current:							
General Government	20,511,818	-	-	-	94,875	-	20,606,693
Judicial	51,429,107	-	-	677,309	37,928	7,309,484	59,453,828
Public Safety	38,734,444	-	-	-	-	577,224	39,311,668
Public Works	-	-	-	-	-	1,194,333	1,194,333
Human Services	27,426,473	41,269,356	-	-	-	37,189,826	105,885,655
Culture and Recreation	2,266,055	-	-	-	137,500	9,727,506	12,131,061
Conservation and Development	3,997,463	-	300,987	14,462,712	-	-	18,761,162
Debt Service							
Principle	43,528,159	-	-	-	-	132,750	43,660,909
Interest	5,484,701	-	-	-	-	23,524	5,508,225
Bond Issuance Costs	184,383	-	-	-	-	-	184,383
Capital Projects	-	-	-	-	1,087,821	-	1,087,821
Total Expenditures	193,562,603	41,269,356	300,987	15,140,021	1,358,124	56,154,647	307,785,738
Excess of Revenues Over (Under)							
Expenditures	(32,913,792)	(8,879,534)	168,752	(211,285)	(545,763)	(3,969,369)	(46,350,991)
Other Financing Sources (Uses)							
Transfer In	3,266,741	8,909,710	-	-	2,300	3,937,553	16,116,304
Transfer Out	(15,444,026)	(30,176)	-	(3,226,951)	-	(84,328)	(18,785,481)
Transfer from Component Unit	1,100,606	-	-	-	-	-	1,100,606
Proceeds (Loss) from Asset Disposal	4,451	-	-	-	-	(41,189)	(36,738)
Payment to Refunding Bond Escrow Agent	(14,955,000)	-	-	-	-	-	(14,955,000)
Proceeds of Refunding General Obligation Debt	15,905,000	-	-	-	-	-	15,905,000
Capital Lease Proceeds	9,010,129	-	-	-	-	-	9,010,129
Total Other Financing Sources (Uses)	(1,112,099)	8,879,534	-	(3,226,951)	2,300	3,812,036	8,354,820
Special Items							
Proceeds from Incinerator Settlement	7,045,600	-	-	-	-	-	7,045,600
Allowance for Incinerator Debt Payments	(6,043,741)	-	-	-	-	-	(6,043,741)
Total Special Items	1,001,859	-	-	-	-	-	1,001,859
Net change in fund balances	(33,024,032)	-	168,752	(3,438,236)	(543,463)	(157,333)	(36,994,312)
Fund Balances - Beginning of Year	70,522,198	-	842,480	21,394,747	5,619,709	4,894,581	103,273,715
Fund Balances - End of Year	\$ 37,498,166	\$ -	\$ 1,011,232	\$ 17,956,511	\$ 5,076,246	\$ 4,737,248	\$ 66,279,403

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, 2013

Net change in fund balances - total governmental funds \$ (36,994,312)

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 capital outlays (\$11,585,855) exceeded depreciation (\$5,690,168) and net book value of disposed fixed assets (\$0) in the current period. 5,895,687

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		(9,010,129)	
General Obligation Debt		(15,905,000)	
Repayments:			
General Obligation Debt		42,810,000	
Capital Leases		850,909	
Debt Defeased:			
General Obligation Debt		<u>14,955,000</u>	
Net adjustment			33,700,780

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	(471,553)	
Other postemployment benefits expense	(922,443)	
Investment gain from derivative instruments	1,353,427	
Amortization of debt premium/discount	549,166	
Amortization of deferred interest from refunding	101,686	
Accrued interest on long-term debt	<u>231,815</u>	
Combined adjustment		842,098

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 12/31/12 to 12/31/13. (125,205)

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. 492,839

Change in net position of governmental activities \$ 3,811,887

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

COUNTY OF DAUPHIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Health Choices Fund	Human Service Building	Other Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 189,540	\$ 512,723	\$ 376,434	\$ 1,078,697
Accounts Receivables	1,324,330	4,600	353,464	1,682,394
Due from Other Governments	-	-	156,594	156,594
Other Assets	-	1,386	111,781	113,167
Total current assets	1,513,870	518,709	998,273	3,030,852
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	-	121,692	121,692
Capital Assets, Being Depreciated (Net)	-	2,882,974	2,983,407	5,866,381
Total noncurrent assets	-	2,882,974	3,105,099	5,988,073
Total assets	1,513,870	3,401,683	4,103,372	9,018,925
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	-	66,097	-	66,097
Total Deferred Outflows of Resources	-	66,097	-	66,097
LIABILITIES				
Current liabilities:				
Accounts Payable	117,641	34,832	271,666	424,139
Accrued Liabilities	-	31,531	107,908	139,439
Due to Other Governments	1,334,169	-	-	1,334,169
Obligation Under Capital Lease	-	365,000	33,886	398,886
Total current liabilities	1,451,810	431,363	413,460	2,296,633
Noncurrent liabilities:				
Obligation Under Capital Lease	-	3,370,000	62,163	3,432,163
Accrued Compensated Absences	-	-	460,748	460,748
Total noncurrent liabilities	-	3,370,000	522,911	3,892,911
Total liabilities	1,451,810	3,801,363	936,371	6,189,544
NET POSITION				
Net Investment in Capital Assets	-	(785,929)	3,009,050	2,223,121
Unrestricted	62,060	452,346	157,951	672,357
Total net position	\$ 62,060	\$ (333,583)	\$ 3,167,001	\$ 2,895,478

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, 2013

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Total
Operating Revenues				
Charges for Services	\$ 67,407,409	\$ 1,408,740	\$ 5,007,425	\$ 73,823,574
Total Operating Revenues	<u>67,407,409</u>	<u>1,408,740</u>	<u>5,007,425</u>	<u>73,823,574</u>
Operating Expenses				
Personnel Services	229,839	-	5,095,462	5,325,301
Contracted Services	35,813	109,876	879,535	1,025,224
Supplies and Materials	622	4,135	42,772	47,529
Repairs and Maintenance	-	89,881	1,493,638	1,583,519
Utilities	448	168,090	376,022	544,560
Other Services and Charges	24,179	531,138	374,410	929,727
Claims Expense	67,035,290	-	-	67,035,290
Depreciation and Amortization	-	343,115	351,538	694,653
Total Operating Expenses	<u>67,326,191</u>	<u>1,246,235</u>	<u>8,613,377</u>	<u>77,185,803</u>
Operating Income (Loss)	<u>81,218</u>	<u>162,505</u>	<u>(3,605,952)</u>	<u>(3,362,229)</u>
Nonoperating Revenues (Expenses)				
Interest Income	2,006	481	4,400	6,887
Interest Expense	-	(132,200)	(2,104)	(134,304)
Grants	-	-	283,543	283,543
Total Nonoperating Revenues (Expenses)	<u>2,006</u>	<u>(131,719)</u>	<u>285,839</u>	<u>156,126</u>
Income (Loss) Before Operating Transfers	<u>83,224</u>	<u>30,786</u>	<u>(3,320,113)</u>	<u>(3,206,103)</u>
Transfers In	-	400,000	2,332,710	2,732,710
Transfers Out	(63,533)	-	-	(63,533)
Total Transfers In (Out)	<u>(63,533)</u>	<u>400,000</u>	<u>2,332,710</u>	<u>2,669,177</u>
Change In Net Position	19,691	430,786	(987,403)	(536,926)
Total Net Position - Beginning of Year	<u>42,369</u>	<u>(764,369)</u>	<u>4,154,404</u>	<u>3,432,404</u>
Total Net Position - End of Year	<u>\$ 62,060</u>	<u>\$ (333,583)</u>	<u>\$ 3,167,001</u>	<u>\$ 2,895,478</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, 2013

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Cash Flows From Operating Activities				
Receipts from Health Choices Services	\$ 66,083,079	\$ -	\$ -	\$ 66,083,079
Receipts from Recycling Services	-	-	5,576,053	5,576,053
Receipts from Recreational Activities	-	-	38,461	38,461
Receipts from Space and Parking Rentals	-	1,409,425	-	1,409,425
Payments to Employees	(229,839)	-	(5,043,261)	(5,273,100)
Payments to Suppliers	1,278,760	(909,188)	(3,030,308)	(2,660,736)
Payments for Claims	(67,035,290)	-	-	(67,035,290)
Internal Activity - Payments to other funds	(107,618)	-	(875,118)	(982,736)
Net Cash Provided by (Used in) Operating Activities	(10,908)	500,237	(3,334,173)	(2,844,844)
Cash Flow From Noncapital Financing Activities				
Operating Grants	-	-	283,543	283,543
Operating Transfers In (Out)	(63,533)	400,000	2,332,710	2,669,177
Net Cash Provided by (Used in) Noncapital Financing Activities	(63,533)	400,000	2,616,253	2,952,720
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets, Net of Disposals	-	-	(375,372)	(375,372)
Interest Paid	-	(132,200)	(2,104)	(134,304)
Increase in Capital Lease Obligations	-	-	104,340	104,340
Principal Payments on Capital Lease	-	(360,000)	(33,761)	(393,761)
Net Cash (Used in) Capital and Related Financing Activities	-	(492,200)	(306,897)	(799,097)
Cash Flows from Investing Activities				
Interest Income	2,006	481	4,400	6,887
Investments	-	22,345	293,213	315,558
Net Cash Provided by Investing Activities	2,006	22,826	297,613	322,445
Net Increase (Decrease) in Cash and Cash Equivalents	(72,435)	430,863	(727,204)	(368,776)
Cash and Cash Equivalents, Beginning of Year	261,975	81,860	1,103,638	1,447,473
Cash and Cash Equivalents, End of Year	\$ 189,540	\$ 512,723	\$ 376,434	\$ 1,078,697
Supplemental Disclosure of Noncash Transactions:				
Assets Acquired under Capital Lease	\$ -	\$ -	\$ 104,340	\$ 104,340

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Reconciliation of Operating income (loss) to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 81,218	\$ 162,505	\$ (3,605,952)	\$ (3,362,229)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	343,115	351,538	694,653
Change in assets and liabilities				
Accounts Receivable	(1,324,330)	1,671	607,089	(715,570)
Other Assets	96	(986)	(8,802)	(9,692)
Accounts Payable	1,339,726	(4,043)	144,871	1,480,554
Accrued Expenses	-	(2,025)	8,436	6,411
Accrued Vacation and Sick Pay	-	-	43,765	43,765
Due To/Due From Other Funds	(107,618)	-	(875,118)	(982,736)
Net Cash Provided by (Used In) Operating Activities	<u>\$ (10,908)</u>	<u>\$ 500,237</u>	<u>\$ (3,334,173)</u>	<u>\$ (2,844,844)</u>

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

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,972,361	\$ 9,134,427	\$ 12,106,788
Investments			
U.S. Government Securities	27,553,007	-	27,553,007
Corporate Bonds	25,163,555	-	25,163,555
Common Stocks	50,346,380	-	50,346,380
Equity Funds	141,263,411	-	141,263,411
Savings, CD's and Time Deposits	5,217,620	-	5,217,620
Municipal Obligations	109,764	-	109,764
Other	18,139,627	-	18,139,627
Total Investments	267,793,364	-	267,793,364
Interest and Dividends Receivable	402,997	-	402,997
Employee Contributions Receivable	197	-	197
Accounts Receivable	-	873	873
	\$ 271,168,919	\$ 9,135,300	\$ 280,304,219
LIABILITIES			
Accounts Payable	\$ 14,754	\$ 897,930	\$ 912,684
Benefits Payable	262,739	-	262,739
Funds Held in Escrow	-	5,588,587	5,588,587
Due To Other Governments	-	2,648,783	2,648,783
	277,493	9,135,300	9,412,793
NET POSITION			
Held in trust for pension benefits	\$ 270,891,426	\$ -	\$ 270,891,426

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, 2013

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,356,328
Employer	8,772,717
	13,129,045
Total Contributions	13,129,045
Investment Income:	
Net Appreciation in Fair Value of Investments	40,712,606
Interest	1,357,056
Dividends	2,213,600
Miscellaneous Revenue	14,016
	44,297,278
Less: Investment Expense	512,824
	43,784,454
Net Investment Income	43,784,454
Total Additions	56,913,499
Deductions:	
Benefits	12,644,784
Refunds of Contributions	641,774
Administrative Expenses	168,382
	13,454,940
Total Deductions	13,454,940
Net Increase	43,458,559
Net Position - Beginning of Year	227,432,867
Net Position - End of Year	\$ 270,891,426

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

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2013

<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	\$ 567,035	\$ 2,462,870	\$ 246,685	\$ 1,327,893	\$ 8,830	\$ 4,613,313
Investments	692,157	1,743,974	-	-	-	2,436,131
Inventory	-	24,062	-	-	-	24,062
Receivables:						
Accounts, Net of Allowance	10,143	319,302	948,966	7,882	1,333	1,287,626
Interest and Dividends	2,308	1,408	-	-	-	3,716
Loans, Current	-	-	-	85,863	-	85,863
Due from Other Governments	254,628	-	-	-	508,795	763,423
Investment in Direct Financing Leases, Current	-	676,594	-	162,802	-	839,396
Prepaid Expenses	2,717	251,531	99,404	-	-	353,652
Due from Related Party	-	-	-	24,519	87,008	111,527
Bond Discount	-	193,667	-	-	-	193,667
Loans Receivable, Net of Current Portion	-	-	-	177,598	-	177,598
Investment in Direct Financing Leases, net of Current Portion	-	4,650,000	-	2,081,201	-	6,731,201
Restricted Cash	-	3,284,522	-	9,222,225	4,665,141	17,171,888
Restricted Investments	-	7,324,238	-	-	-	7,324,238
Capital Assets, Not Being Depreciated	-	2,015,951	-	263,697	-	2,279,648
Capital Assets, Being Depreciated, Net	713,297	23,851,958	143,640	9,929,228	1,637,653	36,275,776
Total Assets	2,242,285	46,800,077	1,438,695	23,282,908	6,908,760	80,672,725
<u>Deferred Outflows of Resources</u>						
Deferred Charge on Refunding	-	564,547	-	-	-	564,547
Total Deferred Outflows of Resources	-	564,547	-	-	-	564,547
<u>Liabilities</u>						
Accounts Payable	17,554	989,572	82,421	208,564	551,565	1,849,676
Accrued Liabilities	-	1,697,093	720,249	-	52,523	2,469,865
Unearned Revenues - Other	46,963	491,102	4,805	-	-	542,870
Due to Primary Government	150,162	-	-	-	583,675	733,837
Security Deposits	-	-	-	10,590	-	10,590
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	7,927	-	-	-	7,927
General Obligation Debt	-	2,311,997	-	-	230,000	2,541,997
Notes Payable	-	-	-	260,751	-	260,751
Loans Payable	-	-	-	56,256	-	56,256
Line of Credit	-	-	-	29,767	-	29,767
Portion Due or payable after one year:						
Capital Lease Obligation	-	16,868	-	-	-	16,868
General Obligation Debt	-	55,233,455	-	-	3,715,000	58,948,455
Notes Payable	-	-	-	4,797,429	-	4,797,429
Loans Payable	-	-	-	1,687,510	-	1,687,510
Total Liabilities	214,679	60,748,014	807,475	7,050,867	5,132,763	73,953,798
<u>Net Position</u>						
Net Investment in Capital Assets	713,297	(20,362,394)	143,640	5,634,982	(107,347)	(13,977,822)
Restricted for:						
Program Purposes	535,055	3,042,954	487,580	9,235,337	4,028,931	17,329,857
Debt Service	-	253,400	-	-	-	253,400
Unrestricted	779,254	3,682,650	-	1,361,722	(2,145,587)	3,678,039
Total Net Position	\$ 2,027,606	\$ (13,383,390)	\$ 631,220	\$ 16,232,041	\$ 1,775,997	\$ 7,283,474

COUNTY OF DAUPHIN
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013

	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	\$ 472,142	\$ 414,684	\$ 793,403	\$ -	\$ 735,945	-	-	-	-	\$ 735,945
<u>General Authority</u>										
General Authority Operations	28,978,228	27,275,483	-	-	-	(1,702,745)	-	-	-	(1,702,745)
<u>Case Management Unit</u>										
Human Services	10,354,566	209,018	10,354,333	-	-	-	208,785	-	-	208,785
<u>Industrial Development Authority</u>										
Conservation and Development	10,008,559	694,667	10,418,916	-	-	-	-	1,105,024	-	1,105,024
<u>Dauphin County Economic Development Corporation</u>										
Tourism and Economic Development	3,101,218	330,312	3,990,876	-	-	-	-	-	1,219,970	1,219,970
Total Component Units	\$ 52,914,713	\$ 28,924,164	\$ 25,557,528	\$ -	\$ 735,945	\$ (1,702,745)	\$ 208,785	\$ 1,105,024	\$ 1,219,970	\$ 1,566,979
General revenues:										
Unrestricted investment earnings					7,468	175,852	-	44,620	23,031	250,971
Transfer from / (to) primary government					(625,606)	-	-	-	(475,000)	(1,100,606)
Total general revenues and transfers					(618,138)	175,852	-	44,620	(451,969)	(849,635)
Special Items (Note 33)										
Sale of Hyatt					-	25,282,953	-	-	-	25,282,953
Total special items					-	25,282,953	-	-	-	25,282,953
Change in net position					117,807	23,756,060	208,785	1,149,644	768,001	26,000,297
Net position - beginning, restated (Note 1 and 35)					1,909,799	(37,139,450)	422,435	15,082,397	1,007,996	(18,716,823)
Net position - ending					\$ 2,027,606	\$ (13,383,390)	\$ 631,220	\$ 16,232,041	\$ 1,775,997	\$ 7,283,474

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

The County has guaranteed the General Authority Revenue Bonds Series of 2011 (golf course debt). The proceeds were used to refund the Series of 2005 bonds and pay the issuance costs. Series of 2005 bonds were used to advance refund the 1993 Series Bonds which financed the construction of the golf course operated by the General Authority. The General Authority has agreed to pay the County 90% of the revenues net of operating expenses and debt service earned in connection with the golf course. The County has also guaranteed the General Authority's 1992 Series Bonds (lease debt) related to the long-term lease of the human services building and the General Authority's 2009 Series Bonds, Series C (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): The CMU provides 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 MH/ID program, plans and coordinates services for clients with direct service providers and monitors the progress of clients within the Dauphin County system. The MH/ID Program approves the CMU administrator and board member appointments. The County has the ability to dissolve the CMU. Revenues are primarily from contracts with the County.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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 31 Members
Fiscal Year	June 30, 2013	December 31, 2013
Current Assets	\$ 3,364,479	\$ 812,703
Total Assets	\$ 31,460,199	\$ 916,821
Net Position/Fund Balance	\$ 28,095,720	\$ 584,914
Operating Revenues	\$ 7,073,392	\$ 2,847,828
Operating Income (Loss)	\$ (14,758,415)	\$ 91,065
Net Income (Loss)	\$ (1,165,552)	\$ 92,664
Dauphin County Contribution to Operations	\$ 412,140	\$ 316,991
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
DECEMBER 31, 2013

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
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental funds:

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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>
Buildings and Improvements	40
Machinery and Equipment	3-20
Infrastructure	40
Leasehold Assets	5-20

6. Allowance for Doubtful Accounts

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

7. Compensated Absences

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

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net 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
DECEMBER 31, 2013

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 government-wide and enterprise fund 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. The County deems revenues received within 365 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

10. Interfund Transactions

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

11. Net 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
DECEMBER 31, 2013

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.

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
DECEMBER 31, 2013

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 financial 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. As 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. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", and GASB Statement No. 66, "*Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*".

The adoption of GASB 65 resulted in the reclassification, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, as well as the restatement of net position (see Note 35). The adoption of the other statements had no effect on previously reported amounts.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles

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

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

In January 2013, the GASB issued Statement No. 69, "*Government Combinations and Disposals of Government Operations*". The County is required to adopt statement No. 69 for its calendar year 2014 financial statements.

In April 2013 the GASB issued Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*". The County is required to adopt Statement No. 70 for its calendar year 2014.

In November 2013, the GASB issued Statement No. 71, "*Pension Transition Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". The County is required to adopt Statement No. 71 for its calendar year 2015 financial statements.

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

I. Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

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

Capital Assets

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

Conduit Debt Issues

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

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the General Authority considers all highly liquid investments 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 General Authority accounts for its leases with various agencies as direct financing leases.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County General Authority (Continued)

Capital Assets

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

Inventory

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

Bond Discount

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

Restricted Assets

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County General Authority (Continued)

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

Adoption of Governmental Accounting Standards Board (GASB Statements)

The Authority has adopted GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This Statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. As a result of implementation of this Statement, reclassifications have been made on the balance sheet. In addition, beginning net position has been reduced to eliminate debt issuance costs from assets. Debt issuance costs previously were expensed over the life of the related debt. Under GASB Statement No. 65, debt issuance costs, excluding bond insurance, are fully expensed in the year of issuance.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County General Authority (Continued)

Adoption of Governmental Accounting Standards Board (GASB Statements) (Continued)

	Dauphin County General Authority
Net Position, originally stated	\$ (36,219,131)
Implementation of GASB 65	(920,319)
Net Position, restated	\$ (37,139,450)

The Authority has adopted GASB Statement No. 69, "Government Combinations and Disposals of Government Operations." The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals from government operations. As a result of implementation of this statement, the gain from the sale of the Hyatt Regency Pittsburgh International Airport Hotel (Hyatt) is report as a special item in the statement of revenues, expenses, and changes in net position.

Special Item

A special item is a transaction or other event, within the control of management, which is either unusual or infrequent in occurrence.

Case Management Unit

Basis of Presentation

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

Revenue Recognition

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Case Management Unit (Continued)

Revenue Recognition (Continued)

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

Use of Estimates

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

Capital Assets

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Case Management Unit (Continued)

Income Taxes

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

Compensated Absences

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

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

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

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, 2013 consist of cash held in bank accounts.

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants. Restricted assets also consist of cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses as well as security deposits for the property management fund. At September 30, 2013, the restricted cash balance was \$9,222,225.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Capital Assets

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

Use of Estimates

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

Long-Term Obligations

Long-term debt and other obligations are reported as noncurrent liabilities.

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
DECEMBER 31, 2013

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 FASB No. 13.

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 Authority that are restricted for project or other purposes.
- c. *Unrestricted Net Position* – This category represents net position of the Authority, 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
DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County Economic Development Corporation ("DCEDC")

Basis of Accounting

DCEDC's financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Revenues are recognized when the related goods or services are delivered.

Cash

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

Restricted Assets

Restricted assets represent cash balances from hotel tax and grant program distributions received from Dauphin County. These distributions are restricted for the purpose of promoting tourism and regional development and for the CDBG, Home and Section 108 programs. At December 31, 2013 the restricted cash balance was \$4,665,141.

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:

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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.

Use of Estimates

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

Income Taxes

DCEDC is tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files Form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose could be subject to federal income taxes, however management believes that there is no tax liability as of December 31, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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.
- (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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2: BUDGETARY DATA (CONTINUED)

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.

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2013 were as follows:

Governmental Funds

Fort Hunter Permanent Fund

Fixed Income Mutual Funds - Bonds	\$ 561,380
Fixed Income Mutual Funds - Stocks	583,059
Total Permanent Fund	<u>1,144,439</u>

Total Governmental Funds	<u>1,144,439</u>
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Investment Derivatives	<u>56,617</u>
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Total Governmental Activities	<u>1,201,056</u>
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Fiduciary Funds

Retirement Fund

U.S. Government Securities	27,553,007
Corporate Bonds	25,163,555
Common Stocks	50,346,380
Equity Funds	141,263,411
Savings, CD's and Time Deposits	5,217,620
Municipal Obligations	109,764
Other	18,139,627
Total Retirement Fund	<u>267,793,364</u>

Total Fiduciary Funds	<u>267,793,364</u>
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Total Investments	<u>\$ 268,994,420</u>
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COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2013, 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	\$ 561,380	\$ -	\$ -	\$ 561,380	\$ -
Investment Derivatives	56,617	-	-	114,236	(57,619)
Total	\$ 617,997	\$ -	\$ -	\$ 675,616	\$ (57,619)

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

As of December 31, 2013, the County had the following debt investments and maturities within its retirement plan accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 19,912,423	\$ 2,035,314	\$ 14,542,412	\$ 3,334,697	\$ -
U.S. Government Agencies	7,640,584	3,657	508,034	4,491,773	2,637,120
Corporate Bonds	25,163,555	1,134,113	15,436,029	4,822,259	3,771,154
Municipal Obligations	109,764	-	109,764	-	-
Total	\$ 52,826,326	\$ 3,173,084	\$ 30,596,239	\$ 12,648,729	\$ 6,408,274

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

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

The County is invested in two forward-starting fixed payor swaps with notional amounts totaling \$34,735,000. At December 31, 2013, the swaps had a total fair value of \$56,617. See Note 9 for more detail on the terms of each swap.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2013, 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	65%
Fixed Income Mutual Funds	Aaa	5%
Fixed Income Mutual Funds	Aa	4%
Fixed Income Mutual Funds	A	13%
Fixed Income Mutual Funds	Baa	13%

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

Investment Type	Credit Quality Rating	% of Investment Type
U.S. Government Agencies	GOV	100%
Corporate Bonds	Aa1	3%
Corporate Bonds	Aa2	6%
Corporate Bonds	Aa3	4%
Corporate Bonds	Aaa	2%
Corporate Bonds	A1	18%
Corporate Bonds	A2	14%
Corporate Bonds	A3	12%
Corporate Bonds	Baa1	12%
Corporate Bonds	Baa2	10%
Corporate Bonds	Baa3	6%
Corporate Bonds	Not Rated	13%
Municipal Obligations	Aa3	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, 2013, \$49,520,924 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2013.

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

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

At December 31, 2013, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

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

As of December 31, 2013, the Conservation District's cash balance was \$480,717, and its bank balance was \$493,358. Of this bank balance, \$243,358 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 \$86,318 were not subject to custodial credit risk, as they were invested in a state investment pool.

In addition, at December 31, 2013, the Conservation District held \$692,157 certificates of deposit which are classified as investments on the financial statements. Of the investments balance, \$265,640 are in fixed interest rate certificates of deposit which are subject to FDIC coverage, and therefore \$15,640 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured.

As of December 31, 2013, the District had the following debt investments and maturities that are classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 86,318	\$ 86,318	\$ -	\$ -	\$ -

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

Credit risk. As of December 31, 2013 all of the District's investments in the state investment pool were rated AAAm by Standard and Poors.

Dauphin County General AuthorityDeposits and Investments

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County General Authority (Continued)

Deposits and Investments (Continued)

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

Deposits

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The General Authority does not have a deposit policy for custodial credit risk. At December 31, 2013, the book balance of the Authority's unrestricted deposits was \$2,462,870 and the bank balance was \$2,477,546. Of the unrestricted bank balance, \$1,250,000 was covered by federal depository insurance, and \$1,227,546 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2013, the book balance of the Authority's restricted deposits was \$3,284,522 and the bank balance was \$3,287,331. Of the restricted bank balance, \$38,325 was covered by federal depository insurance, and \$3,249,006 was collateralized under Act 72.

Investments

Total General Authority investments reported on the balance sheet at December 31, 2013 are as follows:

	Fair Value
Unrestricted	
Money market funds	\$ 1,742,289
U.S. Government obligations	1,685
	<u>\$ 1,743,974</u>
Restricted	
Money market funds	<u>\$ 7,324,238</u>

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, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Credit Risk. The Authority does not have a formal policy that would limit investment choices with regard to credit risk. The Authority's investments had the following level of exposure to credit risk as of December 31, 2013:

	<u>Fair Value</u>	<u>Rating</u>
Unrestricted		
Money market funds	\$ 1,742,289	Unrated
U.S. Government obligations	1,685	AA+
Restricted		
Money market funds	\$ 7,324,238	Unrated

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Unrestricted				
Money market funds	\$ 1,742,289	\$ 1,742,289	\$ -	\$ -
U.S. Government obligations	1,685	-	-	1,685
	<u>\$ 1,743,974</u>	<u>\$ 1,742,289</u>	<u>\$ -</u>	<u>\$ 1,685</u>
Restricted				
Money market funds	<u>\$ 7,324,238</u>	<u>\$ 7,324,328</u>	<u>\$ -</u>	<u>\$ -</u>

Case Management UnitCash Concentrations

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, CMU will not be able to recover the value of its deposits that are in the possession of an outside party. As of June 30, 2013, CMU's cash balance was \$246,685 and its bank balance was \$278,430. Of the bank balance for June 30, 2013, \$27,730 of the CMU's deposits was exposed to custodial credit risk.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the 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, 2013, the IDA’s cash balance was \$10,550,118, and its bank balance was \$10,992,141. At September 30, 2013, \$9,989,164 of the IDA’s deposits were 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, 2013, the DCEDC’s cash balance was \$4,673,971, and its bank balance was \$4,828,173. At December 31, 2013 \$3,790,344 of the DCEDC’s deposits 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.

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:

	Cash, Investments and <u>Accrued Interest</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 558,790
Amounts held in fiduciary capacity District Attorney’s Office	514,584
Amounts Reserved for Workers’ Compensation Liabilities	<u>324,325</u>
Total General Fund	<u>1,397,699</u>
Total Governmental Funds	<u>\$ 1,397,699</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 balance at December 31, 2013, was \$324,325 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 \$120,000 deposit with a third-party administrator to facilitate claim processing. This amount is recorded in the General Fund.

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are discounted at 3.5% for workers' compensation. Accrued workers' compensation self-insurance liabilities at December 31, 2013, are summarized as follows:

<u>Governmental Activities</u>
<u>\$ 1,502,686</u>

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2013 and 2012.

<u>2013</u>			
January 1, 2013, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2013, <u>Liability</u>
<u>\$1,995,525</u>	<u>\$(412,650)</u>	<u>\$(80,189)</u>	<u>\$1,502,686</u>
<u>2012</u>			
January 1, 2012, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2012, <u>Liability</u>
<u>\$2,626,959</u>	<u>\$(524,933)</u>	<u>\$(106,501)</u>	<u>\$1,995,525</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5: RISK MANAGEMENT (CONTINUED)

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 Management

Case Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. CMU is liable for all claims up to an aggregate of \$1,652,205 or \$85,000 per individual for any one plan year. Once the deductible has been met, all future stop loss reimbursements for that contract year are payable. CMU purchased stop loss insurance to cover all claims incurred in excess of these deductible points. As of June 30, 2013, CMU has recorded a liability for claims incurred. No settlements exceeded insurance coverage for each of the past three years. The claims liability is included in accrued expenses on the financial statements.

Balance as of June 30, 2012	\$	153,476
Add: Incurred claims relating to:		
Current year		1,784,549
		1,938,025
Less: Payment of claims relating to:		
Prior years		153,476
Current year		1,590,308
		1,743,784
Balance as of June 30, 2013	\$	194,241

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 2013. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ -	\$ -	\$ 498,551
Intangible Assets	401,838	125,280	-	527,118
Construction in Progress - Infrastructure	96,568	58,900	-	155,468
Construction in Progress	16,894,452	1,081,032	(2,810,458)	15,165,026
Total Capital Assets, Not Being Depreciated	17,891,409	1,265,212	(2,810,458)	16,346,163
Capital Assets, Being Depreciated				
Infrastructure	17,031,217	-	-	17,031,217
Buildings and Improvements	83,447,360	2,950,309	-	86,397,669
Machinery and Equipment	49,452,488	1,170,663	(9,995)	50,613,156
Leasehold Assets	13,011,850	9,010,129	-	22,021,979
Total Capital Assets, Being Depreciated	162,942,915	13,131,101	(9,995)	176,064,021
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(6,689,736)	(411,076)	-	(7,100,812)
Buildings and Improvements	(44,002,194)	(1,347,288)	-	(45,349,482)
Machinery and Equipment	(12,699,784)	(3,165,451)	9,995	(15,855,240)
Leasehold Assets	(9,597,503)	(766,353)	-	(10,363,856)
Total Accumulated Depreciation and Amortization	(72,989,217)	(5,690,168)	9,995	(78,669,390)
Total Capital Assets, Being Depreciated, Net	89,953,698	7,440,933	-	97,394,631
Governmental Activities Capital Assets, Net	\$ 107,845,107	\$ 8,706,145	\$ (2,810,458)	\$ 113,740,794
<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	111,492	10,200	-	121,692
Capital Assets, Being Depreciated				
Buildings and Improvements	3,842,756	21,590	-	3,864,346
Machinery and Equipment	10,425,093	239,241	-	10,664,334
Furniture and Fixtures	23,220	-	-	23,220
Leasehold Assets	15,727,900	104,341	-	15,832,241
Total Capital Assets, Being Depreciated	30,018,969	365,172	-	30,384,141
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(2,071,651)	(93,253)	-	(2,164,904)
Machinery and Equipment	(9,338,804)	(189,664)	-	(9,528,468)
Furniture and Fixtures	(23,456)	-	-	(23,456)
Leasehold Assets	(12,402,305)	(398,627)	-	(12,800,932)
Total Accumulated Depreciation and Amortization	(23,836,216)	(681,544)	-	(24,517,760)
Total Capital Assets, Being Depreciated, Net	6,182,753	(316,372)	-	5,866,381
Business-Type Activities Capital Assets, Net	\$ 6,294,245	\$ (306,172)	\$ -	\$ 5,988,073

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities:</u>	
General Government	\$ 870,736
Judiciary	1,052,295
Conservation and Development	11,903
Human Services	450,583
Culture and Recreation	86,276
Public Safety	2,807,299
Public Works	<u>411,076</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 5,690,168</u>
<u>Business-Type Activities:</u>	
Public Works	\$ 105,537
Public Safety	191,901
Human Services	330,006
Culture and Recreation	<u>54,100</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 681,544</u>

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,200,553	20-40 years
Machinery and Equipment	187,892	3-6 years
Leasehold Assets	15,241	4 years
	<u>1,513,781</u>	
Less: Accumulated Amortization and Depreciation	<u>800,484</u>	
	<u>\$ 713,297</u>	

Depreciation expense for the year ended December 31, 2013 was \$41,551.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Changes in Capital Assets of the General Authority at December 31, 2013, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,028,786	\$ -	\$ (12,835)	\$ 2,015,951
Construction in progress	159,048	-	(159,048)	-
	<hr/>			<hr/>
Total capital assets, not being depreciated	2,187,834	-	(171,883)	2,015,951
	<hr/>			<hr/>
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	96,531,784	31,221	(52,941,752)	43,621,253
Building improvements	365,333	14,609	-	379,942
Golf course equipment	1,080,833	55,174	-	1,136,007
Other equipment	1,655,040	-	(1,570,215)	84,825
	<hr/>			<hr/>
Total capital assets, being depreciated	105,376,087	101,004	(54,511,967)	50,965,124
	<hr/>			<hr/>
Less accumulated depreciation and amortization for:				
Land improvements	(3,293,759)	(200,371)	-	(3,494,130)
Buildings	(42,486,027)	(3,189,706)	23,326,153	(22,349,580)
Building improvements	(296,098)	(13,116)	-	(309,214)
Golf course equipment	(820,795)	(65,814)	-	(886,609)
Other equipment	(999,398)	(124,141)	1,049,906	(73,633)
	<hr/>			<hr/>
Total accumulated depreciation and amortization	(47,896,077)	(3,593,148)	24,376,059	(27,113,166)
	<hr/>			<hr/>
Capital assets, being depreciated, net	57,480,010	(3,492,144)	(30,135,908)	23,851,958
	<hr/>			<hr/>
Capital assets, net	\$ 59,667,844	\$ (3,492,144)	\$(30,307,791)	\$ 25,867,909
	<hr/>			<hr/>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,229,002	\$ 37,621	\$ -	\$ 1,266,623
Leasehold Improvements	99,750	-	-	99,750
Total Capital Assets, Being Depreciated	<u>1,328,752</u>	<u>37,621</u>	<u>-</u>	<u>1,366,373</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	1,021,003	105,705	-	1,126,708
Leasehold Improvements	86,050	9,975	-	96,025
Total Accumulated Depreciation	<u>1,107,053</u>	<u>115,680</u>	<u>-</u>	<u>1,222,733</u>
Total Capital Assets, net	<u>\$ 221,699</u>	<u>\$ (78,059)</u>	<u>\$ -</u>	<u>\$ 143,640</u>

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
Capital assets, not being Depreciated:				
Construction in progress	\$ 1,625,809	\$ -	\$ (1,625,809)	\$ -
Land	263,697	-	-	263,697
Total capital assets, not Depreciated	1,889,506	-	(1,625,809)	263,697
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building improvements	1,518,257	408,441	-	1,926,698
Office furniture and equipment	14,521	-	-	14,521
Equipment - Solar farm phase I	4,829,816	-	-	4,829,816
Equipment –Solar farm phase II	-	3,833,323	-	3,833,323
Total capital assets, being depreciated	6,836,948	4,241,764	-	11,078,712
Less accumulated depreciation for:				
Buildings held for lease	(88,942)	(11,859)	-	(100,801)
Building improvements	(515,406)	(101,302)	-	(616,708)
Office furniture and equipment	(9,302)	(1,840)	-	(11,142)
Equipment – Solar farm phase I	(201,705)	(193,193)	-	(394,898)
Equipment – Solar farm phase II	-	(25,935)	-	(25,935)
Total accumulated depreciation	(815,355)	(334,129)	-	(1,149,484)
Total capital assets, being depreciated, net	6,021,593	3,907,635	-	9,929,228
Total capital assets, net	\$ 7,911,099	\$3,907,635	\$ (1,625,809)	\$ 10,192,925

Depreciation expense was \$334,129 for the year ended September 30, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
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	(377,917)	(53,041)	-	(430,958)
Total accumulated depreciation	(405,855)	(53,041)	-	(458,896)
Total capital assets, being depreciated, net	1,690,694	(53,041)	-	1,637,653
Total capital assets, net	\$ 1,690,694	\$ (53,041)	\$ -	\$ 1,637,653

Depreciation expense was \$53,041 for the year ended December 31, 2013.

NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2013:

Pinnacle Health Systems	\$ 178,285,000
Pinnacle Health Systems	97,330,000
Pinnacle Health Systems	128,210,000
Tel Hai Retirement Community	21,000,000
Tel Hai Retirement Community	29,000,000
United Church of Christ Homes, Inc	27,024,339
	<u>\$ 480,849,339</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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
DECEMBER 31, 2013

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 Loan.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 145,851,500	\$ 15,905,000	\$ 57,765,000	\$ 103,991,500	\$ 8,106,500
Total bonds and notes payable	<u>145,851,500</u>	<u>15,905,000</u>	<u>57,765,000</u>	<u>103,991,500</u>	<u>8,106,500</u>
Other liabilities:					
Compensated absences	7,976,671	471,553	-	8,448,224	-
Estimated workers compensation claims	1,995,525	-	492,839	1,502,686	-
Other postemployment benefits	<u>3,189,716</u>	<u>922,443</u>	<u>-</u>	<u>4,112,159</u>	<u>-</u>
Total other liabilities	<u>13,161,912</u>	<u>1,393,996</u>	<u>492,839</u>	<u>14,063,069</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 159,013,412</u>	<u>\$ 17,298,996</u>	<u>\$ 58,257,839</u>	<u>\$ 118,054,569</u>	<u>\$ 8,106,500</u>
Business-Type Activities:					
Other liabilities:					
Compensated absences	\$ 416,983	\$ 43,765	\$ -	\$ 460,748	\$ -
Total other liabilities	<u>416,983</u>	<u>43,765</u>	<u>-</u>	<u>460,748</u>	<u>-</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 416,983</u>	<u>\$ 43,765</u>	<u>\$ -</u>	<u>\$ 460,748</u>	<u>\$ -</u>

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

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2014	\$ 8,106,500	\$ 4,094,496	\$ 12,200,996
2015	8,205,000	3,768,605	11,973,605
2016	8,455,000	3,509,767	11,964,767
2017	8,745,000	3,218,143	11,963,143
2018	9,085,000	2,878,945	11,963,945
2019-2023	51,070,000	8,848,193	59,918,193
2024-2028	9,535,000	798,955	10,333,955
2029	790,000	32,589	822,589
	<u>\$103,991,500</u>	<u>\$ 27,149,693</u>	<u>131,141,193</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2013</u>
2004	\$ 39,760,000	General Obligation Bonds, Series 2004 and General Obligation Notes, Series C and D issued for defeasing General Obligation Bonds, Series of 1998, 1999 Series A of 2003 and to partially refund the Second Series of 2001 and to pay the cost of issuance related to the bond issue at a variable interest rate from 2.40%-5.40%. (Final Maturity in 2024).	\$ 370,000
2005	\$ 33,990,000	General Obligation Bonds, Series of B and C of 2005 issued to currently refund General Obligation Bonds, Series A of 2000; to advance refund General Obligation Bonds, Second Series of 2001; and to advance refund General Obligation Bonds, Series of 2002 at a variable interest rate from 2.65%-5.00%. (Final Maturity in 2024)	21,445,000
2006	\$ 16,450,000	General Obligation Bonds, Series of 2006 issued to fund the costs of the emergency communications project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.55%-5.00%. (Final Maturity 2023)	15,630,000
2009	\$ 21,965,000	General Obligation Bonds, Series of 2009 issued to fund the following projects: the Energy Project, the Work Release Center Project, the Juvenile Court Project and the Emergency Vehicle Storage Building Project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.000%-4.125%. (Final Maturity 2029)	18,755,000
2010	\$ 23,380,000	General Obligation Bonds, Series B and D of 2010 issued to currently refund General Obligation Notes, Series A and B of 2004 and General Obligation Bonds, Series of 2008 and to pay the cost of issuance related to the bond issue at a variable interest rate from 1.00%-5.00%. (Final Maturity, Series B – 2014; Series D – 2023)	17,255,000
2010	\$ 34,746,500	Federally Taxable Bond Anticipation Note issued to pay on the Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, issued by the Harrisburg Authority. The Note bears interest equal to the LIBOR rate or the Base Rate plus 25 basis points, not exceeding the maximum rate. The County received an extension on the note during 2012. (Final Maturity 2014)	61,500
2011	\$ 15,655,000	General Obligation Bonds, Series of 2011 issued to currently refund General Obligation Bond, Series A of 2002 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.40%-5.00%. (Final Maturity 2024)	14,570,000
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)	<u>15,905,000</u>
			<u>\$ 103,991,500</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

In April 2013, the County issued \$15,905,000 in General Obligation Bonds, Series of 2013. The County transferred \$14,955,000 to a Refunding Bond Escrow agent to be used to advance refund the General Obligation Bonds, Series C of 2004 and to advance refund the General Obligation Bonds, Series D of 2004. In addition, the County paid \$184,383 in bond issuance costs. The bonds mature on March 1, 2024 and carry an interest rate between 0.654% and 3.617%. As a result of the transaction, the County recognized a deferred charge on refunding in the amount of \$836,273. The deferred charge is being amortized over the shorter of the life of the refunded or refunding debt. The balance at December 31, 2013 is \$747,293.

These refunding transactions resulted in an estimated cash flow savings of \$1,129,787 for the County and an estimated economic gain of \$1,101,692.

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, 2013, the principal amount outstanding relative to defeased debt was \$42,500,000.

Component Units - Long-term Debt

Dauphin County General Authority

Long-term debt outstanding at December 31, 2013, is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):

Series A of 1998	\$ 26,305,000
Series C of 1998-Capital Appreciation Bonds	15,212,221

Dauphin County Guaranteed Lease Revenue Bonds (Building Bonds):

Series C of 2009	3,735,000
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Lease Revenue Bonds (100 Chestnut Street):

Series D of 2009	1,580,000
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Dauphin County Guaranteed Lease Revenue Bonds (Dauphin Highlands):

Series A and B of 2011	10,713,231
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Capital Lease Payable (Dauphin Highlands)

24,795

\$ 57,570,247

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

Current portion of capital lease obligation	\$ 7,927
Current portion of long-term debt	2,311,997
Long-term debt, net of current portion	55,233,455
Capital lease payable, net of current portion	16,868
	<u>\$ 57,570,247</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)

Long-term liability activity for the General Authority for the year ended December 31, 2013, was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$113,738,075	\$1,011,584	\$(57,179,412)	\$57,570,247	\$2,319,924

Each of the General Authority's financing programs is described below. The General Authority has complied with the significant covenants contained in its debt agreements for the year ended December 31, 2013 except as described in Note 33.

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

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

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

The Current Interest Bonds bear interest and mature as follows:

Series A

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	6.00%	\$ 1,385,000	\$ 1,578,300	\$ 2,963,300
2015	6.00%	1,465,000	1,495,200	2,960,200
2016	6.00%	1,555,000	1,407,300	2,962,300
2017	6.00%	1,650,000	1,314,000	2,964,000
2018	6.00%	1,745,000	1,215,000	2,960,000
2019-2023	6.00%	10,440,000	4,371,900	14,811,900
2024-2025	6.00%	8,065,000	819,000	8,884,000
		<u>\$ 26,305,000</u>	<u>\$ 12,200,700</u>	<u>\$ 38,505,700</u>

Series B

There was no balance remaining on the Series B bonds at December 31, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$ 936,263	\$ 883,737
January 1, 2025	293,857	1,820,000	966,147	853,853
July 1, 2025	283,920	1,820,000	995,030	824,970
January 2, 2026	274,310	1,820,000	1,022,931	797,069
July 1, 2026	265,047	1,820,000	1,049,885	770,115
January 1, 2027	256,074	1,820,000	1,075,929	744,071
July 1, 2027	247,411	1,820,000	1,101,082	718,918
January 1, 2028	3,310,677	25,205,000	15,585,512	9,619,488
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$22,732,779</u>	<u>\$15,212,221</u>

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

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

On July 1, 1998, the General Authority issued Hotel and Conference Center Revenue Bonds, Series 1998 in the principal amount of \$64,500,000. The bond proceeds were used to provide funds to design, construct, and equip the Hyatt, to capitalize interest through the construction period, to fund a debt service reserve, to fund an operating reserve, and to pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy. The Series of 1998 bonds were redeemed with the sale of the Hyatt on November 21, 2013. As part of the Hyatt sale, the majority bondholder signed a Consent Agreement accepting a reduced purchase price in its beneficial ownership of the Series of 1998 bonds.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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)

On November 21, 2001, the General Authority issued \$5,620,000 Dauphin County Guaranteed Lease Revenue Refunding Bonds – Series A of 2001 and \$4,750,000 Dauphin County Guaranteed Lease Revenue Bonds, Series B of 2001. The proceeds of Series A of 2001 were used to defease the County Building Bonds Series of 1997. At December 31, 2013, 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 General Authority issued \$4,865,000 Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009. The proceeds of Series C of 2009 were used to currently refund Series B of 2001 and to pay the costs of issuance associated with issuing the bonds. The balance outstanding on the Series B of 2001 bonds at December 31, 2013 is zero.

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

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2.50%	\$ 365,000	\$ 126,125	\$ 491,125
2015	3.00%	375,000	117,000	492,000
2016	3.00%	385,000	105,750	490,750
2017	3.20%	400,000	94,200	494,200
2018	3.40%	415,000	81,400	496,400
2019-2022	3.55%-3.88%	1,795,000	173,628	1,968,628
		<u>\$ 3,735,000</u>	<u>\$ 698,103</u>	<u>\$ 4,433,103</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 the 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. As a result, the liability for those bonds has been removed from the General Authority. The balance outstanding on the defeased Series A bonds on December 31, 2013 is \$1,580,000. The Series B bonds matured in 2006 and were paid in full.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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)

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 General Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The General Authority used the Series D bond proceeds to currently refund the 2003 Bonds Payable, Series A. As of December 31, 2013, the Series A and Series B of 2003 bonds had a zero balance.

The bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2.30%	\$ 300,000	\$ 46,375	\$ 346,375
2015	2.70%	305,000	39,475	344,475
2016	3.00%	315,000	31,240	346,240
2017	3.20%	325,000	21,790	346,790
2018	3.40%	335,000	11,390	346,390
		\$1,580,000	\$ 150,270	\$1,730,270

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

On January 6, 2005, the General Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds 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, 2013, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$10,000,000 and \$7,287,307, respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

On September 30, 2011, the Authority issued Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 (Series A of 2011) and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011 (Series B of 2011), in the principal amounts of \$8,796,927 and \$2,355,154, respectively. The bonds are insured by a municipal bond guarantee insurance policy. The Authority used the proceeds of Series A 2011 to currently refund the Series A of 2005 and pay the cost of issuance. The net proceeds of Series B of 2011 were used to advance refund the Series B of 2005 and pay issuance costs. As a result, the liability for those bonds has been removed from the Authority. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series B of 2005, at December 31, 2013.

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, 2013 was 1.915%. Dauphin County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2011 Revenue Refunding Bonds. Using the interest rate in effect at December 31, 2013, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 97,129	\$ 167,186	\$ 264,315
2015	109,448	165,210	274,658
2016	8,427,657	135,911	8,563,568
	<u>\$ 8,634,234</u>	<u>\$ 468,307</u>	<u>\$ 9,102,541</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, 2013 was 1.915%. Dauphin County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series B of 2011 Bonds. Using the interest rate in effect at December 31, 2013, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 164,868	\$ 39,248	\$ 204,116
2015	185,777	35,893	221,670
2016	1,728,352	27,028	1,755,380
	<u>\$ 2,078,997</u>	<u>\$ 102,169</u>	<u>\$ 2,181,166</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

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

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 56,858	\$ 1,406	3.63%	2014
9,669	42	3.63%	2015
<u>\$ 66,527</u>	<u>\$ 1,448</u>		

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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>
\$ 39,627	\$ 28,494	4.40%	2014
41,438	26,683	4.40%	2015
43,332	24,789	4.40%	2016
45,312	22,809	4.40%	2017
47,383	20,738	4.40%	2018
271,448	69,159	4.40%	2019 to 2023
165,893	10,089	4.40%	2024 to 2026
<u>\$ 654,433</u>	<u>\$ 202,761</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>
\$ 17,016	\$ 15,238	4.83%	2014
17,854	14,399	4.83%	2015
18,734	13,519	4.83%	2016
19,658	12,595	4.83%	2017
20,627	11,626	4.83%	2018
119,428	41,837	4.83%	2019 to 2023
110,442	10,506	4.83%	2024 to 2027
<u>\$ 323,759</u>	<u>\$ 119,720</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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>
\$ 36,987	\$ 34,062	4.83%	2014
38,837	32,211	4.83%	2015
40,780	30,268	4.83%	2016
42,820	28,228	4.83%	2017
44,962	26,086	4.83%	2018
260,885	94,355	4.83%	2019 to 2023
247,881	24,471	4.83%	2024 to 2027
<u>\$ 713,152</u>	<u>\$ 269,681</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
DECEMBER 31, 2013

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>
\$ 56,256	\$ 90,275	5.65%	2014
64,957	94,895	5.65%	2015
68,520	91,332	5.65%	2016
72,807	87,045	5.65%	2017
77,089	82,763	5.65%	2018
<u>1,404,137</u>	<u>169,398</u>	5.65%	2019-2023
<u>\$1,743,766</u>	<u>\$ 615,708</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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)\$318,850 Guaranteed Mortgage Revenue Series of 2010 (Continued)

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

Principal	Interest	Interest Rate	Maturity Date
\$ 12,314	\$ 9,887	3.40%	2014
12,742	9,459	3.40%	2015
13,161	9,040	3.40%	2016
13,642	8,559	3.40%	2017
12,566	12,289	3.40% / 7.00%	2018
67,607	69,939	7.00%	2019 to 2023
95,812	41,734	7.00%	2024 to 2028
62,014	6,759	7.00%	2029 to 2031
<u>\$ 289,858</u>	<u>\$ 167,666</u>		

\$2,550,000 Guaranteed Note, Series of 2012, due in semi-annual installments of \$15,264 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.

Principal	Interest	Interest Rate	Maturity Date
\$ 87,788	\$ 95,377	3.80%	2014
91,231	91,935	3.80%	2015
94,568	88,598	3.80%	2016
98,517	84,649	3.80%	2017
102,381	80,785	3.80%	2018
575,148	379,615	3.80% / Variable	2019 to 2023
697,086	575,639	Variable	2024 to 2028
769,019	187,257	Variable	2029 to 2033
<u>\$ 2,515,738</u>	<u>\$ 1,583,855</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$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.

Principal	Interest	Interest Rate	Maturity Date
\$ 10,161	\$ 12,631	4.25%	2014
10,607	12,184	4.25%	2015
11,041	11,751	4.25%	2016
11,559	11,233	4.25%	2017
12,067	25,318	4.25% / Variable	2018
68,741	127,675	Variable	2019 to 2023
85,230	81,118	Variable	2024 to 2028
89,033	23,983	Variable	2029 to 2033
<u>\$ 298,439</u>	<u>\$ 305,893</u>		

\$196,274 Guaranteed Lease Revenue Note, Series of 2013, due in annual installments through December 1, 2032 plus interest at 2.06%.

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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)\$196,274 Guaranteed Lease Revenue Note, Series of 2013 (Continued)

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

Principal	Interest	Interest Rate	Maturity Date
\$ -	\$ 5,103	2.60%	2014
8,119	5,103	2.60%	2015
8,330	4,892	2.60%	2016
8,547	4,675	2.60%	2017
8,769	4,453	2.60%	2018
47,385	18,725	2.60%	2019 to 2023
53,874	12,237	2.60%	2024 to 2028
61,250	4,859	2.60%	2029 to 2033
<u>\$ 196,274</u>	<u>\$ 60,047</u>		

The following is a summary of long-term debt for the year ended September 30, 2013:

	Balance October 1, 2012 (as restated, see Note 35)	Additions	Deletions	Balance September 30, 2013	Due Within One Year
Guaranteed lease revenue notes:					
Series of 2004	\$ 121,454	\$ -	\$ (54,927)	\$ 66,527	\$ 56,858
Series of 2006	692,328	-	(37,895)	654,433	39,627
Series of 2007	748,377	-	(35,225)	713,152	36,987
Series of 2007(A)	339,975	-	(16,216)	323,759	17,016
Series of 2010	301,758	-	(11,900)	289,858	12,314
Series of 2013	-	196,274	-	196,274	-
Subtotal	2,203,892	196,274	(156,163)	2,244,003	162,802
2010 Commercial Term Loan	1,801,926		(58,160)	1,743,766	56,256
2012 Guaranteed Note	-	2,550,000	(34,262)	2,515,738	87,788
2012 Guaranteed Mortgage Revenue Note	-	305,000	(6,561)	298,439	10,161
Total	<u>\$ 4,005,818</u>	<u>\$3,051,274</u>	<u>\$ (255,146)</u>	<u>\$6,801,946</u>	<u>\$ 317,007</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

The following is a summary of long-term debt for the year ended December 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2004 Guaranteed Parking Revenue Note	\$ 1,815,000	\$ -	\$ (70,000)	\$ 1,745,000	\$ 70,000
Section 108 Note Payable	<u>2,360,000</u>	<u>-</u>	<u>(160,000)</u>	<u>2,200,000</u>	<u>160,000</u>
	<u>\$ 4,175,000</u>	<u>\$ -</u>	<u>\$ (230,000)</u>	<u>\$ 3,945,000</u>	<u>\$ 230,000</u>

Long-term debt at December 31, 2013, consisted of the following:

Note payable of \$2,200,000 to a bank, payable in variable annual installments plus interest not to exceed 10%, initial principal payment due 2006, final payment due December 2030. Interest rate at December 31, 2012 was 1.6678%.

\$ 1,745,000

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

2,200,000

3,945,000

Less current portion
Long-term debt

(230,000)

\$ 3,715,000

Maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 230,000	\$ 149,339	\$ 379,339
2015	235,000	140,060	375,060
2016	240,000	130,665	370,665
2017	252,000	121,155	373,155
2018	257,000	110,704	367,704
2019 to 2023	1,340,000	390,067	1,730,067
2024 to 2028	1,096,000	113,610	1,209,610
2029 to 2030	295,000	7,672	302,672
	<u>\$ 3,945,000</u>	<u>\$ 1,163,272</u>	<u>\$ 5,108,272</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 9: INTEREST RATE SWAPS

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

At December 31, 2013, the County has the following derivative instruments outstanding:

	Notional Amount	Fair Value		Change in Fair Value	
		Classification	Fair Value at December 31, 2013 Amount	Classification	Amount
Governmental Activities					
Investment Derivatives:					
A 2015 Forward-Starting Fixed Payer Swap	\$ 20,330,000	Investment	\$ (57,619)	Interest Expense	\$ 754,492
B 2016 Forward-Starting Fixed Payer Swap	\$ 14,405,000	Investment	114,236	Interest Expense	598,935
Total Investment Derivatives			<u>\$ 56,617</u>		<u>\$ 1,353,427</u>

Terms of the Investment Derivatives. The terms, fair values, and credit ratings of the investment derivatives as of December 31, 2013 were as follows.

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Swap Termination Date	Counterparty	Counterparty Credit Rating
<u>Fixed Payer Forward Starting Swaps:</u>							
A Portion of Series 2005 B and 2005 C / 2015 Bonds	\$ 20,330,000	5/15/2015	notional balance * fixed rate of 2.252%	notional balance * 70% of 3-Month LIBOR	11/15/2024	RBC	Aa3/AA-/AA
B 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
	<u>\$ 34,735,000</u>						

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

Credit risk. As of December 31, 2013, the County was not exposed to credit risk for the investment derivative with a negative fair value. However, for the investment derivative with a positive fair value, the County is exposed to credit risk in the amount of the derivative's fair value. The County executes its derivative instruments 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
DECEMBER 31, 2013

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 2015 and 2016 pay-fixed swaps. 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 2015 Bonds and 2016 Bonds do not settle due to unforeseen events.

NOTE 10: DIRECT FINANCING LEASES

Component Unit - Direct Financing LeasesDauphin County General Authority

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

The General Authority's 100 Chestnut Street Bond Fund leasing operation consists of leasing an office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the Chestnut Street Revenue Bonds. The Chestnut Street Revenue Bonds were originally advance refunded in 2003 through the issuance of Lease Revenue Bonds, Series A and B of 2003. In November 2009, the General Authority refunded the Lease Revenue Bonds, Series A of 2003 through the issuance of 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:

<u>Years Ending December 31,</u>	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
2014	\$ 491,125	\$ 346,375	\$ 837,500
2015	492,000	344,475	836,475
2016	490,750	346,240	836,990
2017	494,200	346,790	840,990
2018	496,400	346,390	842,790
2019-2022	1,968,628	-	1,968,628
	<u>\$ 4,433,103</u>	<u>\$ 1,730,270</u>	<u>\$ 6,163,373</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
Total Minimum Lease			
Payments to be Received	\$ 4,433,103	\$ 1,730,270	\$ 6,163,373
Less: Unearned Income	698,103	138,676	836,779
	<u>\$ 3,735,000</u>	<u>\$ 1,591,594</u>	<u>\$ 5,326,594</u>
Current Portion	\$ 365,000	\$ 311,594	\$ 676,594
Noncurrent Portion	3,370,000	1,280,000	4,650,000
	<u>\$ 3,735,000</u>	<u>\$ 1,591,594</u>	<u>\$ 5,326,594</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 amount of the lease outstanding at September 30, 2013 is \$66,527.

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, 2013 is \$654,433.

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, 2013 is \$323,759.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013 is \$713,152.

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, 2013 is \$289,858.

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. 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, 2013 is \$196,274.

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

Years Ending <u>September 30,</u>	
2014	\$ 256,991
2015	216,556
2016	206,845
2017	206,845
2018	209,500
2019 – 2023	1,060,770
2024 – 2028	772,937
2029 – 2033	134,882
	\$ 3,065,326

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 10: DIRECT FINANCING LEASES (CONTINUED)

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

The net investment in direct financing lease consists of the following at September 30, 2013:

Total Minimum Lease Payments to be Received	\$ 3,065,326
Less: Unearned Interest Income	<u>(821,323)</u>
	<u>\$ 2,244,003</u>
Current Portion	\$ 162,802
Noncurrent Portion	<u>2,081,201</u>
	<u>\$ 2,244,003</u>

NOTE 11: CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in capital lease obligations for the year ended December 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Capital Leases	\$ 4,985,824	\$ 9,010,129	\$ (850,909)	\$ 13,145,044	\$ 1,211,705
Total Capital Lease Obligations	<u>\$ 4,985,824</u>	<u>\$ 9,010,129</u>	<u>\$ (850,909)</u>	<u>\$ 13,145,044</u>	<u>\$ 1,211,705</u>
<u>Business-Type Activities</u>					
Capital Leases					
Human Services Building	\$ 4,095,000	\$ -	\$ (360,000)	\$ 3,735,000	\$ 365,000
911 EMA	<u>25,470</u>	<u>104,340</u>	<u>(33,761)</u>	<u>96,049</u>	<u>33,886</u>
Total Capital Lease Obligations	<u>\$ 4,120,470</u>	<u>\$ 104,340</u>	<u>\$ (393,761)</u>	<u>\$ 3,831,049</u>	<u>\$ 398,886</u>

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for as an Enterprise Fund bearing interest at rates from 1.00% to 3.875% and for the Chestnut Street Building that is accounted for in the Governmental Activities bearing interest rates from 1.00% to 3.40%, both of which were refunded in 2009. As a result of the refunding, the Human Service Building Fund recognized a loss of \$124,319 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2013 is \$66,097. 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, 2013 is \$25,307 and is included in deferred interest from refunding on the Statement of Net Position.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 11: CAPITAL LEASE OBLIGATIONS (CONTINUED)

The County also has five 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 3.46% to 4.89%. The County has also entered into capital lease agreements for computer equipment, office and other equipment, and a security system which are accounted for in the Governmental Activities. Also, the County has entered into capital lease agreements for computer equipment in the 911 EMA Fund that is accounted for as an Enterprise Fund.

In 2013, the County entered into four new capital leases three of which were in Governmental Activities, with the remaining capital lease being split between Governmental and Business Type Activities. Three leases were for IT Equipment in the amounts of \$641,655, \$66,016, and \$141,519 (\$37,179 governmental and \$104,340 business-type activities). The other lease was for property located at 1100 South Cameron Street, City of Harrisburg, Dauphin County, in the amount of \$8,265,279.

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, 2013:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>911 EMA Fund</u>
2014	\$ 1,644,309	\$ 491,126	\$ 36,753
2015	1,496,411	492,001	36,753
2016	1,432,046	490,751	27,565
2017	1,228,513	494,201	-
2018	1,104,671	496,401	-
2019-2023	3,791,191	1,968,630	-
2024-2028	3,824,108	-	-
2029-2032	2,999,501	-	-
Total Minimum Lease Payments	17,520,750	4,433,110	101,071
Less: Amount Representing Interest	4,375,706	698,110	5,022
Total Present Value of Net Minimum Lease Payments	13,145,044	3,735,000	96,049
Less: Amounts Due within One Year	1,211,705	365,000	33,886
	\$ 11,933,339	\$ 3,370,000	\$ 62,163

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 11: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Component Unit- Capital Lease ObligationDauphin County General Authority

In 2009, Dauphin Highlands purchased golf carts under a long-term lease agreement that is classified as a capital lease. As of December 31, 2013, the Authority includes these golf carts at a cost of \$159,800, with accumulated depreciation of \$104,631.

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, 2013, the General Authority includes this equipment at a cost of \$40,174, with accumulated depreciation of \$11,478.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2013 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2014	\$ 8,971
2015	8,971
2016	8,971
Total minimum lease payments	26,913
Less amount representing interest	(2,118)
Present value of future minimum lease payments	\$ 24,795

NOTE 12: LINE OF CREDIT

Component Unit – Line of CreditCase Management Unit

At June 30, 2013, 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, 2013. There were \$1,980,000 in borrowings on the line and \$2,200,000 in repayments for the year ended June 30, 2013. The principle balance on the line as of June 30, 2013 was \$0.

Dauphin County Industrial Development Authority

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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:

Nonspendable

Prepaid items	\$ 1,144,200	
PCHIPC Settlement	8,603,118	
Gaming loan	3,700,000	
Liquid fuels loan	239,726	\$ 13,687,044

Restricted

Low income housing	1,011,232	
Gaming	8,277,587	
Capital projects	5,076,246	
Fort Hunter trust fund	1,144,439	
State grant	436,433	
Liquid fuels	934,321	
Domestic relations	1,227,836	
Hazardous materials	171,998	
Aging	150,858	
Drug act forfeited - state	194,164	
Drug act forfeited - federal	237,473	18,862,587

Assigned

Gaming		5,978,924
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Unassigned

Available for any purpose		<u>27,750,848</u>
		<u>\$ 66,279,403</u>

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

Fiduciary Funds

Future payments of members' benefits		<u>\$ 270,891,426</u>
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COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 13: FUND BALANCES / NET POSITION (CONTINUED)

Component Units-Reserved 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	\$ 3,931,505
State of the County event	28,883
HOME Investment Partnerships Program	1,344
Team PA Calling Program	67,199
	<u>\$ 4,028,931</u>

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2013:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 10,780,809	\$ -
Special Revenue Funds		
Children and Youth Families Fund	-	10,758,002
Weatherization Fund	-	22,807
Total Special Revenue Funds	-	10,780,809
Total Governmental Funds	<u>10,780,809</u>	<u>10,780,809</u>
	<u>\$ 10,780,809</u>	<u>\$ 10,780,809</u>

Component Unit - Interfund Receivables and Payables

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

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	\$ 150,162	\$ 150,162
Dauphin County Economic Development Corporation	<u>\$ 583,675</u>	<u>\$ 583,675</u>
Total	<u>\$ 733,837</u>	<u>\$ 733,837</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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	\$ 3,266,741	\$ 15,444,026
Special Revenue Funds		
Mental Health/Intellectual Disabilities Fund	908,694	5,945
Children and Youth Families Fund	8,909,710	30,176
Domestic Relations	1,983,221	-
Weatherization Program Fund	197,219	-
State Grants Fund	164	-
Human Services Development Fund	52,507	3,555
Aging Fund	95,000	20,995
Drug and Alcohol Fund	233,467	53,833
Hazardous Materials Fund	452,884	-
Liquid Fuels Fund	2,465	-
ARRA Fund	11,932	-
Gaming Fund	-	3,226,951
Total Special Revenue Funds	<u>12,847,263</u>	<u>3,341,455</u>
Capital Projects Fund	<u>2,300</u>	<u>-</u>
Total Governmental Funds	<u>16,116,304</u>	<u>18,785,481</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	63,533
Human Service Building	400,000	-
Emergency 911	1,808,286	-
Solid Waste	<u>524,424</u>	<u>-</u>
Total Proprietary Funds	<u>2,732,710</u>	<u>63,533</u>
	<u>\$ 18,849,014</u>	<u>\$ 18,849,014</u>

Component Unit - Interfund Operating Transfers

	<u>Transfers from Component Units</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	\$ 625,606	\$ 625,606
Dauphin County Economic Development Corporation	<u>475,000</u>	<u>475,000</u>
Total	<u>\$ 1,100,606</u>	<u>\$ 1,100,606</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 2013 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2013 and expected to be collected within the first sixty (60) days of 2014 are recognized as revenue in 2013. 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 2013 was 6.876 mills, for general purposes. In addition, a special tax of .35 mills was approved for the County Library System.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

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

	County Building Bond Fund	100 Chestnut Street Fund	Total Nonmajor Enterprise Funds
CONDENSED BALANCE SHEET			
ASSETS			
Current assets	\$ 365,000	\$ 325,470	\$ 690,470
Noncurrent investment in direct financing lease	3,370,000	1,280,000	4,650,000
Restricted assets	66,922	1,004,052	1,070,974
Total assets	<u>\$ 3,801,922</u>	<u>\$ 2,609,522</u>	<u>\$ 6,411,444</u>
LIABILITIES			
Current liabilities	\$ 447,675	\$ 731,322	\$ 1,178,997
Noncurrent liabilities	3,370,000	1,280,000	4,650,000
Total liabilities	<u>3,817,675</u>	<u>2,011,322</u>	<u>5,828,997</u>
NET POSITION			
Restricted	-	598,200	598,200
Unrestricted	(15,753)	-	(15,753)
Total net position	<u>(15,753)</u>	<u>598,200</u>	<u>582,447</u>
Total liabilities and net position	<u>\$ 3,801,922</u>	<u>\$ 2,609,522</u>	<u>\$ 6,411,444</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 <u>Bond Fund</u>	100 Chestnut Street <u>Fund</u>	Total Nonmajor Enterprise Funds
Operating revenues	\$ 154,232	\$ 296,919	\$ 451,151
Operating expenses	(152,207)	(296,565)	(448,772)
Operating Income	2,025	354	2,379
Net Position:			
Beginning of year	(17,778)	597,846	580,068
End of year	<u>\$ (15,753)</u>	<u>\$ 598,200</u>	<u>\$ 582,447</u>

CONDENSED
STATEMENT OF CASH
FLOWSNet cash provided by
(used in):

Operating activities	\$ 492,193	\$ 343,720	\$ 835,913
Investing activities	7	29,630	29,637
Capital and related financing	-	(50,800)	(50,800)
Noncapital financing activities	(492,200)	(295,000)	(787,200)
Net increase	-	27,550	27,550
Cash and cash equivalents –beginning	-	15,287	15,287
Cash and cash equivalents – ending	<u>\$ -</u>	<u>\$ 42,837</u>	<u>\$ 42,837</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 18: LEGAL COMPLIANCE

Net Position Deficit

For the year ended December 31, 2013, the following funds had a deficit net position balance:

Enterprise Funds:	
Human Service Building Fund	\$ 333,583

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, 2013, total expenditures exceeded appropriations by \$34,991,044 due to the payment being made on the 2010 Note in the amount of \$34,685,000 that was not previously budgeted for in the General Fund. The payment was made on behalf of the County in December 2013, and the transaction was offset by the reduction in the Incinerator Receivable.

Component Unit – Net Position DeficitDauphin County General Authority

The following funds of the General Authority had negative net position as of December 31, 2013:

<u>Fund</u>	<u>Amount</u>
Dauphin Highlands Golf Course	\$ 8,931,470
County Building Bonds	15,753
Riverfront Office Center	12,573,941

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

NOTE 19: EMPLOYEES RETIREMENT PLAN

Plan Description

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

At December 31, 2013, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	1,052
Terminated Employees Entitled to Benefits but not yet Receiving Them	204
Active Plan Participants	1,488
Total Membership	2,744

Employees are required to contribute a portion of their salaries (5% of earnings in 2013) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

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

Investments

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

Funding Status and Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 83.5 percent funded. The actuarial accrued liability for benefits was \$296.7 million, and the actuarial value of assets was \$247.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$49.0 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 83.5%. The covered payroll was \$74.7 million, and the ratio of the UAAL to the covered payroll was 65.6%.

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2013. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually; (b) projected salary increases of 4.5% per year, and (c) an inflation rate of 3.00%. The actuarial value of assets equals the market value of assets adjusted for unrecognized gains and losses from prior years. Gains and losses are determined by calculating the expected asset return based on Plan assumptions and subtracting the actual Plan return. Gains and losses are phased in 20% per year over a 5-year period. The actuarial value of assets is adjusted, if necessary, to fall within a corridor of 80%-120% of market value of assets.

<u>Year Ended</u> <u>December 31,</u>	<u>Annual Required Contribution</u> <u>(ARC)</u>	<u>Interest on Net Pension Asset</u>	<u>ARC Adjustment</u>	<u>Pension Cost</u>	<u>County Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Change in Net Pension Asset</u>	<u>Net Pension Asset</u>
2013	\$8,772,717	\$ (1,374)	\$ (2,170)	\$ 8,773,513	\$ 8,772,717	99.99%	\$ 796	\$ (17,529)
2012	8,493,038	(1,439)	(2,304)	8,493,903	8,493,038	99.99%	865	(18,325)
2011	10,293,492	(1,507)	(2,409)	10,294,394	10,293,492	99.99%	902	(19,190)

Legally Required Reserves

At December 31, 2013, the County has a balance of \$62,417,170 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, 2013. Since these accumulations represent the present value as of December 31, 2013 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$47,506,366 in the County Annuity Reserve Account as of December 31, 2013. 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 member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

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

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$105,124,429 as of December 31, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 OPEB are: Shaffner, Court Related Teamster, Court AFSME, Probation Officers, Prison Guards, PSSU, CIT, and Captains and Lieutenants. The Plan does not issue a publicly available financial report.

Funding Policy. The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does require contributions from some retirees. Retiree contributions depend upon the terms of the various union contracts. The County funds the Plan on a pay-as-you-go basis. For 2013, the County contributed \$1,000,947 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	\$ 1,980,284
Interest on net OPEB obligation	127,589
Adjustment to annual required contribution	<u>(184,483)</u>
Annual OPEB cost (expense)	1,923,390
Estimated contributions made	<u>(1,000,947)</u>
Increase in net OPEB obligation	922,443
Net OPEB obligation – beginning of year	<u>3,189,716</u>
Net OPEB obligation – end of year	<u>\$ 4,112,159</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2013 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2013	\$ 1,923,390	52.04%	\$4,112,159
12/31/2012	1,763,323	60.20%	\$3,189,716
12/31/2011	1,779,734	48.30%	2,487,970

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 20: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress. As of January 1, 2013 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$17,085,944 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,085,944. The covered payroll (annual payroll of active employees covered by the plan) was \$75,886,904, and the ratio of the UAAL to the covered payroll was 22.5%.

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, 2013, 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 6.1% initially, and declines rapidly 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
1/1/2013	\$ -	\$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%
1/1/2009	\$ -	\$11,290,422	\$11,290,422	0.00%	\$ 71,264,760	15.8%

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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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

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

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

NOTE 22: LEASES

Operating Leases

The County leases office space under several operating leases with expiration dates through 2032.

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

2014	\$ 1,626,828
2015	1,445,311
2016	1,026,884
2017	722,838
2018	690,693
2019 – 2023	2,054,035
2024 – 2028	255,086
2029 – 2033	<u>97,263</u>
Total minimum payments required	<u>\$ 7,918,938</u>

Total rental expense for these leases during 2013 approximated \$2,463,562.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 22: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$705,588 for the fiscal year ended June 30, 2013. The lease agreement was terminated and then renewed for a 11 year period ending in 2023. 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 \$45,484 – \$69,632 and are payable monthly.

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

Year ending June 30,	Amount
2014	\$ 528,081
2015	538,435
2016	548,983
2017	559,732
2018	570,417
2019-2023	2,730,293
2024-2028	603,432
2029-2033	307,509
	<u>\$6,386,882</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. Minimum rental payments at December 31, 2013, are as follows:

2014	<u>\$32,692</u>
Total	<u>\$32,692</u>

Rental expense totaled \$32,692 for the year ended December 31, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 23: RELATED PARTY TRANSACTIONS

Component Units - Related Party Transactions

Dauphin County General Authority

The General Authority is a component unit of Dauphin County. The General Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the General Authority for 2013 were \$553,196.

The County has been paying rent in excess of the lease requirement to the General Authority since 2000. The total amount of these overpayments is \$414,558 at December 31, 2013 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.

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. Revenue from the County was \$9,263,962 in 2013, representing 94.0% of total operating revenue.

See Notes 8 and 10 for additional information concerning long-term debt transactions and direct financing leases with the County.

The IDA shares management, support staff and office space, and performs various administrative and program functions in conjunction with the Dauphin County Department of Community and Economic Development (DCDCED) which is an internal department of the County and the Dauphin County Economic Development Corporation (DCEDC), a non-profit corporation created by the County to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. DCEDC leases office space from the IDA under a year to year operating lease. As of September 30, 2013, IDA has earned \$24,519 in lease payments that is recorded as Due from Related Party. During they year, the IDA made transfers to DCEDC in the amount of \$85,632 to account for the parking rental income for the Market Square Garage received as part of the total rent paid by tenants within the Veteran's Building.

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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 23: RELATED PARTY TRANSACTIONS (CONTINUED)

Component Units - Related Party Transactions (Continued)Case Management Unit

The Case Management Unit is a component unit of the County. 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 \$2,290,626 in 2013, representing 53% of total revenue.

The County guarantees DCEDC's long-term debt.

At December 31, 2013 due from related party was comprised of the following pass-through items:

Dauphin County:	
2% Hotel Tax Distribution	\$ 14,244
1% Hotel Tax Distribution	71,264
Dauphin County Industrial Development Authority:	
Gamin Funds Distribution	1,500
	<u>\$87,008</u>

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

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

The IDA acts as property management for the Market Square Plaza Parking owned by DCEDC. In this capacity, the IDA collects parking rent fees and remits such fees to the DCEDC on a periodic basis. Parking fees for the year ended December 31, 2013 were \$149,035.

During 2013, DCEDC had transfers from the DCIDA in the amount of \$100,000 for services provided.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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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, 2013.
- B. In 2007, the County entered into contracts for the Prison Projects. The contracts' value approximated \$3,250,000 of which \$2,857,219 has been expended as of December 31, 2013.
- C. In 2009, the County entered into a contract for a Night Court / Central Court Project. The contract value approximated \$6,313,407 of which \$5,960,613 has been expended at December 31, 2013.
- D. In 2009, the County entered into a contract for a Female Work Release Center Project. The contract value approximated \$5,613,840 of which \$5,571,247 has been expended at December 31, 2013.

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 General Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course. The Administrative Fund provided \$140,700 of working capital advances during 2013 to the Dauphin Highlands Golf Course. As of December 31, 2013, \$78,000 had been repaid to the Administrative Fund.

If the General Authority fails to generate sufficient revenues to pay debt service on the Series A of 2011 and the Series B of 2011, or ceases revenue generating operations, or if other monies set aside for such purposes are insufficient, the County will be required to pay principal and interest on such bonds when due pursuant to the County Bond Guarantee Agreement among the County, the Authority, and the trustee for the bonds. The Dauphin Highlands Golf Course has incurred substantial accumulated losses, which have resulted in cash flow difficulties. During the year ended December 31, 2013, the General 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 DCED review, DCED is questioning CMU's expenditures of approximately \$150,000 of an ARRA grant they received, for noncompliance with the grant requirements. CMU is contesting these findings and proceedings could take over a year to resolve. This amount has not been accrued in the financial statements as of June 30, 2013 as management believes they will receive a favorable outcome.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 24: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Units – Commitments and Contingencies (Continued)

Dauphin County Industrial Development Authority (“IDA”)

The IDA has contractual commitments at September 30, 2013, of \$14,108,017, of which \$8,724,293 had been drawn 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 Fees

Dauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the General Authority. For the year ended December 31, 2013, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	278,880
100 Chestnut Street	41,868
Dauphin Highlands Golf Course	24,600
Pittsburgh Hyatt Hotel & Conference Center	156,410
Bond issuance fees	22,500
Total Administrative Fees	<u>\$544,258</u>

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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 26: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES (CONTINUED)

The next 1% hotel tax revenue may be distributed at the discretion of the County Commissioners, to be used solely for tourism and regional promotion purposes. DCEDC is the County's sole recipient and administrator of this 1% Hotel Tax revenue. These funds are required to be kept in an account separate from other funds received by DCEDC. DCEDC had transfers in from Dauphin County of \$1,908,948 for the year ended December 31, 2013.

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 deferred until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2013 for these loans totaled \$4,267,422. These outstanding deferred loans have been recorded as receivables at December 31, 2013, and unearned revenues totaling \$4,267,422 have been recorded to offset the deferred loans.

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, 2013 is \$271,818.

Year	Principal	Interest	Total Due
2014	\$ 32,092	\$ 4,417	\$ 36,509
2015	32,613	3,896	36,509
2016	33,143	3,366	36,509
2017	33,682	2,827	36,509
2018	34,229	2,280	36,509
2019-2021	106,059	3,465	109,524
	<u>\$ 271,818</u>	<u>\$ 20,251</u>	<u>\$ 292,069</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 28: LOANS RECEIVABLE (CONTINUED)

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

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

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

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, 2013 is \$3,700,000.

Year	Principal	Interest	Total Due
2014	\$ -	\$ 65,915	\$ 65,915
2015	-	18,500	18,500
2016	-	18,500	18,500
2017	-	18,500	18,500
2018	-	18,500	18,500
2019	<u>3,700,000</u>	<u>18,500</u>	<u>3,718,500</u>
	<u>\$ 3,700,000</u>	<u>\$ 158,415</u>	<u>\$ 3,858,415</u>

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 IDA for 60 consecutive months beginning on May 1, 2007. In February 2009 this loan agreement was amended, requiring Tuscano Pizza & Grill to make monthly principal and interest payments of \$1,007 for 84 consecutive months beginning on March 1, 2009 on the remaining balance of \$76,187. The new loan agreement carries a fixed interest rate of 3.0%. The amount outstanding on the loan as of September 30, 2013 is \$45,404 which is fully reserved on the financial statements.

On December 19, 2008 the IDA entered into a new loan agreement with Andrew M. Hartwick (Trooper and Max's) in the amount of \$20,000 at a fixed interest rate of 3.0%. The agreement required Andrew M. Hartwick to make monthly principal and interest payments of \$360 to the IDA for 60 consecutive months beginning on February 1, 2009. The amount outstanding on the loan as of September 30, 2013 is \$1,429.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 28: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)

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

In July 2008, the IDA entered in to a loan agreement with Trinity Harvest in the amount of \$50,000 at a fixed interest rate of 3.0%. The agreement required Trinity Harvest to make monthly principal and interest payments of \$898 to the IDA for 60 consecutive months beginning on October 1, 2008. The amount outstanding on the loan as of September 30, 2013 is \$33,345 which is fully reserved on the financial statements.

On May 8, 2009 the IDA entered into a loan agreement with 39 Ventures, LP (Arooga's) in the amount of \$200,000 at a fixed interest rate of 4.5%. The agreement required 39 Ventures, LP to make monthly principal and interest payments of \$3,729 to the IDA for 60 consecutive months beginning on June 1, 2009. The amount outstanding on the loan as of September 30, 2013 is \$29,332.

During the fiscal year ended, September 30, 2008 Dauphin County transferred the collection and rights of 7 loans receivable previously recorded as assets on the Dauphin County Financial statements to the IDA. The principle balance of the loans receivable at the time of transfer was \$92,172. Two of the loan balances were paid off during the year ended September 30, 2010. One of the loan balances was paid off during the year ended September 30, 2011. Three of the loan balances were written off during the year ended September 30, 2011. The principle balance outstanding for the remaining loan as of September 30, 2013 is \$7,121.

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 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, 2013 is \$59,256.

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, 2013 is \$13,157.

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, 2013 is \$43,689.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 28: LOANS RECEIVABLE (CONTINUED)

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

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, 2013 is \$109,477.

Loans Receivable at September 30, 2013 is as follows:

Displayed as:	
Current Portion	\$ 85,863
Noncurrent Portion	177,598
	\$ 263,461

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, 2013, the amount owed to the DCEDC is \$2,315,056. As a result of the developer filing for bankruptcy, the balance has been determined to be uncollectible and has been fully reserved in DCEDC’s financial statements.

NOTE 29: ECONOMIC DEPENDENCY

Component Units - Economic DependencyCase 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.

COUNTY OF DAUPHIN
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NOTE 30: LITIGATION

Component Unit – LitigationDauphin County General Authority

The General Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2013. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

NOTE 31: MANAGEMENT'S PLAN

Component Unit – Management's PlanDauphin County Economic Development Corporation ("DCEDC")

The DCEDC has a deficit unrestricted net position balance in the amount of \$2,145,587 at December 31, 2013. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$2,200,000. 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.

NOTE 32: GUARANTEED DEBT

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.

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.

Dauphin County has 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.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 32: GUARANTEED DEBT (CONTINUED)

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 County entered into a Reimbursement Agreement with AGM so that the County has a legal right to seek reimbursement from AGM for any guarantee payments the County makes as a result of a failure of AGM to make a guarantee payment.

In accordance with a guarantee 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.

NOTE 33: SPECIAL ITEM

Proceeds from Incinerator Settlement / Allowance for Incinerator Debt Payments

During 2009, the County made the initial payment on the Harrisburg Incinerator Debt after defaults by the Harrisburg Authority (the "Authority") and the City of Harrisburg (the "City"). The County is the second guarantor on a portion of the facility's debt. The County paid a total of \$51,885,878 from 2009 through 2012 as a result of these defaults. The amount is comprised of \$17,139,378 of debt payments made by the County General Fund on behalf of the Authority and the City and a \$34,746,500 payment that was made by the County with the issuance of the 2010 Note. In 2012, the County recorded a loss and an allowance for uncollectible incinerator debt payments for \$17,139,878, therefore resulting in a net receivable due in the amount of \$34,746,500 at December 31, 2012. In 2013, the County also made guaranteed debt payments in the amount of \$5,470,290 on behalf of the City pertaining to the incinerator debt and interest payments on the 2010 Note in the amount of \$511,951. In December 2013 an agreement was signed to settle the incinerator debt. As a result of the settlement, the County received a partial payment of \$41,730,600 and used it to reduce the receivable in the amount of \$34,685,000 and \$7,045,600 was recorded as revenue. Therefore, the gross receivable due at December 31, 2013 is \$23,183,119. In addition, the gross receivable was also reduced by \$1,625,437 due to interest payments on the 2010 Note which were included in the receivable, and are uncollectible based on the settlement agreement. In 2012, an allowance of \$17,139,378 was recorded for the receivable. Subsequent to the settlement, an additional allowance was recorded in the amount of \$4,418,304 and was included in the allowance for incinerator debt payments in the financial statements at December 31, 2013. As a result of the transactions above, the receivable is fully reserved at December 31, 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
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NOTE 33: SPECIAL ITEM (CONTINUED)

Component Unit – Special Item – Sale of the Hyatt

Dauphin County General Authority

During the year ended December 31, 2013, the Authority entered into an agreement for the sale of the Pittsburgh Hyatt Hotel and Conference (Hyatt) center in accordance with the Authority's strategic plan.

On November 21, 2013, final settlement took place, and ownership of the Pittsburgh Hyatt Hotel and Conference Center was transferred and the related Pittsburgh Hotel Conference Center Revenue Bonds – Series of 1998 were released, canceled, and/or discharged. The Termination and Transition Agreement which governed the transaction included a provision whereby the obligation to perform a final accounting audit of the Hyatt operations was waived. Because the related bonds have been fully defeased and the obligation to generate audited financial statements of operations waived, it was determined that the expected costs associated with the operations audit would not justify the results and, accordingly, none was requested.

At times during the years ended December 31, 2004 through December 31, 2013, The Hyatt borrowed funds from the Bond Redemption and Improvement account and the Bond Reserve Fund and did not replenish the related funds.

The sale of the Hyatt and subsequent extinguishment of the Pittsburgh Hyatt Hotel and Conference Center Revenue Bonds – Series of 1998 resulted in a gain on sale of approximately \$8.9 million and a gain on extinguishment of debt of approximately \$6.5 million. In conjunction with the sale, Allegheny County, The School District of West Allegheny, and the Township of Findlay collectively waived the right to collect prior and current PILOT payments due from the Authority with respect to the Hyatt. This waiver resulted in a gain to the Authority of approximately \$9.9 million. These three gains are shown in total as a special item in the Authority.

NOTE 34: 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 expired June 30, 2013. A new agreement was agreed upon and is in effect from July 1, 2013 to June 30, 2016.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

The following restatement of the governmental type activities net position was necessary to properly reflect the adoption of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

Net Position, Beginning Balance of Year as Previously Stated	\$ 51,488,509
Expense of Bond Issuance Costs due to the adoption of GASB Statement No. 65	<u>(897,551)</u>
Net Position, Beginning Balance of Year as Restated	<u>\$ 50,590,958</u>

Component Unit – Restatement of Net Position / Change in Accounting Principle

Dauphin County Industrial Development Authority ("IDA")

The following restatement of net position was necessary to properly reflect the adoption of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

Net Position, Beginning of Year as Previously Stated	\$15,105,975
Expense of Bond Issuance Costs due to the adoption of GASB 65	<u>(23,578)</u>
Net Position, Beginning of Year as Restated	<u>\$15,082,397</u>

On December 1, 2010, the IDA issued Guaranteed Lease Revenue Note, Series of 2010 in the amount of \$318,850. 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. As the transaction results in a direct financing lease with the County, the beginning balances of Investment in Direct Financing Leases and Notes Payable have been restated by \$301,758, the balance at October 1, 2012.

Dauphin County Economic Development Corporation ("DCEDC")

The following restatement of net position was necessary to properly reflect the adoption of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", and to correct an understatement of revenue in the prior year due to grant revenue not being accrued properly.

Net Position, Beginning Balance of Year as Previously Stated	\$ 990,304
Expense of Bond Issuance Costs due to the adoption of GASB Statement No. 65	(27,792)
Correction of Prior Year Revenue	<u>45,484</u>
Net Position, Beginning Balance of Year as Restated	<u>\$1,007,996</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 36: SUBSEQUENT EVENTS

- A. On February 26, 2014 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, 2014 debt payment.
- B. In March of 2014, the County issued Series of 2014 General Obligation Bonds in the principal amount of \$9,880,000 to advance refund a portion of the outstanding Series of 2009 General Obligation Bonds and pay costs related to issuance of the Bonds.
- C. In March of 2014 the County entered into a partnership with the Pennsylvania Department of Transportation and received a loan in the amount of \$4,272,723. During March of 2014, the funds were transferred to the Dauphin County Industrial Development Authority for the creation of the Dauphin County Infrastructure Bank.

Component Unit – Subsequent Events

Dauphin County Industrial Development Authority (“IDA”)

In December 2013, the Authority entered into a Guaranteed Lease Revenue Note, Series of 2013 for the 1100 South Cameron Street Project. Proceeds of the Note were in the amount of \$8,330,000 and were used for the purchase of the property and to pay costs and expenses of issuing the Note. Under a lease agreement dated December 17, 2013 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. Debt service payments are due semi-annually, commencing on June 1, 2014. The Note matures on December 1, 2033 and carries an interest rate between 3.00% and 4.85%.

In March of 2014, through a partnership between the Pennsylvania Department of Transportation and Dauphin County, the County received a loan in the amount of \$4,272,723, which was transferred to the IDA. The Dauphin County Infrastructure Bank was approved for creation in June of 2013 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 will be secured by pledges of liquid fuels revenue for public applicants, or letters of credit for private applicants.

REQUIRED
SUPPLEMENTARY
INFORMATION

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

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2013	\$ 8,772,717	100%
2012	\$ 8,493,038	100%
2011	\$ 10,293,492	100%
2010	\$ 10,118,006	100%
2009	\$ 7,732,226	100%
2008	\$ 3,377,905	100%

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

Valuation date	December 31, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of projected payroll
Asset valuation method	^ Market value adjusted for unrecognized gains and losses from prior years
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at:	3.00%
Cost-of-living adjustments	None

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 247,708,651	\$ 296,712,682	\$ 49,004,031	83.5%	\$ 74,667,283	65.6%
12/31/2012	\$ 221,525,154	\$ 282,867,937	\$ 61,342,783	78.3%	\$ 75,886,904	80.8%
12/31/2011	\$ 202,614,901	\$ 267,245,263	\$ 64,630,362	75.8%	\$ 75,828,648	85.2%
12/31/2010	\$ 190,544,004	\$ 254,614,559	\$ 64,070,555	74.8%	\$ 75,798,908	84.5%
12/31/2009	\$ 181,680,257	\$ 243,319,733	\$ 61,639,476	74.7%	\$ 77,592,072	79.4%
12/31/2008	\$ 180,822,261	\$ 224,855,097	\$ 44,032,836	80.4%	\$ 71,264,760	61.8%

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)
1/1/2013	\$ -	\$ 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%
1/1/2009	-	11,290,422	11,290,422	0%	71,264,760	15.8%

COUNTY OF DAUPHIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 100,785,000	\$ 100,785,000	\$ 100,610,002	\$ (174,998)
Intergovernmental	39,541,287	40,150,337	36,660,684	(3,489,653)
Charges for Services	18,022,742	18,349,778	18,793,280	443,502
License and Permits	70,600	70,600	110,694	40,094
Court Costs and Fines	4,264,628	4,628,196	4,328,725	(299,471)
Interest and Rents	136,250	136,250	145,426	9,176
Total Revenues	162,820,507	164,120,161	160,648,811	(3,471,350)
Expenditures				
Current:				
General Government	13,980,214	13,898,678	20,511,818	(6,613,140)
Judicial	53,204,426	53,786,997	51,429,107	2,357,890
Public Safety	39,803,803	40,222,628	38,734,444	1,488,184
Human Services	30,777,115	30,776,019	27,426,473	3,349,546
Culture and Recreation	2,162,645	2,329,534	2,266,055	63,479
Conservation and Development	4,195,872	4,401,922	3,997,463	404,459
Debt Service:				
Principle	8,267,608	8,310,471	43,528,159	(35,217,688)
Interest	4,845,310	4,845,310	5,484,701	(639,391)
Bond Issuance Costs	-	-	184,383	(184,383)
Total Expenditures	157,236,993	158,571,559	193,562,603	(34,991,044)
Excess of Revenues Over (Under) Expenditures	5,583,514	5,548,602	(32,913,792)	(38,462,394)
Other Financing Sources (Uses)				
Operating Transfer In	3,429,401	3,553,344	3,266,741	(286,603)
Operating Transfer (Out)	(22,603,861)	(22,692,892)	(15,444,026)	7,248,866
Transfer from Component Unit	-	-	1,100,606	1,100,606
Gain from Sale of Fixed Assets	4,000	4,000	4,451	451
Capital Lease Proceeds	-	-	9,010,129	9,010,129
Payment to Bond Escrow Agent	-	-	(14,955,000)	(14,955,000)
Proceeds of General Obligation Debt	-	-	15,905,000	15,905,000
Total Other Financing Sources (Uses)	(19,170,460)	(19,135,548)	(1,112,099)	18,023,449
Special Items				
Proceeds from Incinerator Settlement	-	-	7,045,600	7,045,600
Allowance for Incinerator Debt Payments	-	-	(6,043,741)	6,043,741
Total Special Items	-	-	1,001,859	13,089,341
Net Change in Fund Balances	(13,586,946)	(13,586,946)	(33,024,032)	(19,437,086)
Fund Balances - January 1	13,586,946	13,586,946	70,522,198	56,935,252
Fund Balances - December 31	\$ -	\$ -	\$ 37,498,166	\$ 37,498,166

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 5,798,760	\$ -	\$ 5,798,760
Investments	-	1,144,439	1,144,439
Receivables:			
Accounts	344,750	-	344,750
Loans	271,818	-	271,818
Due From Other Governments	1,411,042	-	1,411,042
Other Assets	18,912	-	18,912
Total Assets	\$ 7,845,282	\$ 1,144,439	\$ 8,989,721
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts Payable	\$ 1,190,689	\$ -	\$ 1,190,689
Accrued Liabilities	362,313	-	362,313
Unearned Revenues	2,676,664	-	2,676,664
Due to Other Funds	22,807	-	22,807
Total Liabilities	4,252,473	-	4,252,473
Fund Balances			
Nonspendable	239,726	-	239,726
Restricted	3,353,083	1,144,439	4,497,522
Total Fund Balances	3,592,809	1,144,439	4,737,248
Total Liabilities and Fund Balances			
	\$ 7,845,282	\$ 1,144,439	\$ 8,989,721

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
Revenues			
Hotel Taxes	\$ 9,725,114	\$ -	\$ 9,725,114
Intergovernmental	38,073,552	-	38,073,552
Charges for Services	1,648,641	-	1,648,641
Court Costs and Fines and Fees	1,109,649	-	1,109,649
Interest and Rent	20,133	23,983	44,116
Appreciation in Fair Market Value of Investments	-	90,003	90,003
Miscellaneous Revenue	1,465,577	28,626	1,494,203
	52,042,666	142,612	52,185,278
 Total Revenues			
Expenditures			
Current:			
Judicial	7,309,484	-	7,309,484
Public Safety	577,224	-	577,224
Public Works	1,194,333	-	1,194,333
Human Services	37,189,826	-	37,189,826
Culture and Recreation	9,727,506	-	9,727,506
Debt Service			
Principle	132,750	-	132,750
Interest	23,524	-	23,524
	56,154,647	-	56,154,647
 Total Expenditures			
Excess of Revenues Over (Under)			
Expenditures	(4,111,981)	142,612	(3,969,369)
Other Financing Sources (Uses)			
Transfers In	3,937,553	-	3,937,553
Transfers Out	(84,328)	-	(84,328)
Loss on Asset Disposal	(41,189)	-	(41,189)
	3,812,036	-	3,812,036
 Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(299,945)	142,612	(157,333)
Fund Balances - Beginning of Year	3,892,754	1,001,827	4,894,581
Fund Balances - End of Year	\$ 3,592,809	\$ 1,144,439	\$ 4,737,248

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	MH/ID	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatheri- zation Program	Hazard Material Emergency Response	Human Services Development Fund
<u>Assets</u>							
Cash and Cash Equivalents	\$ 1,313,166	\$ 433,124	\$ 921,781	\$ 393,488	\$ 74	\$ 193,347	\$ 14,399
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts	196,545	46,105	-	10,000	47,329	353	-
Loans	-	-	271,818	-	-	-	-
Due From Other Governments	46,015	-	-	920,746	175,331	-	-
Other Assets	-	-	-	-	1,600	-	-
Total Assets	\$ 1,555,726	\$ 479,229	\$ 1,193,599	\$ 1,324,234	\$ 224,334	\$ 193,700	\$ 14,399
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 522,140	\$ 39,469	\$ 19,552	\$ 4,825	\$ 10,462	\$ 21,702	\$ 9,400
Accrued Liabilities	63,870	3,327	-	91,573	99,700	-	-
Unearned Revenues	969,716	-	-	-	91,365	-	4,999
Due to Other Funds	-	-	-	-	22,807	-	-
Total Liabilities	1,555,726	42,796	19,552	96,398	224,334	21,702	14,399
<u>Fund Balances</u>							
Nonspendable	-	-	239,726	-	-	-	-
Restricted	-	436,433	934,321	1,227,836	-	171,998	-
Total Fund Balances	-	436,433	1,174,047	1,227,836	-	171,998	-
Total Liabilities and Fund Balances	\$ 1,555,726	\$ 479,229	\$ 1,193,599	\$ 1,324,234	\$ 224,334	\$ 193,700	\$ 14,399

COUNTY OF DAUPHIN
 COMBINED BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2013

	Aging Fund	Drug and Alcohol Fund	Drug Act- Forfeited State Property	Drug Act- Forfeited Federal Property	Hotel Tax Fund	ARRA Fund	Total
<u>Assets</u>							
Cash and Cash Equivalents	\$ 944,589	\$ 764,633	\$ 220,650	\$ 236,473	\$ 363,036	\$ -	\$ 5,798,760
Receivables:							
Accounts	26,953	17,300	165	-	-	-	344,750
Loans	-	-	-	-	-	-	271,818
Due From Other Governments	68,146	200,804	-	-	-	-	1,411,042
Other Assets	15,024	-	1,288	1,000	-	-	18,912
Total Assets	\$ 1,054,712	\$ 982,737	\$ 222,103	\$ 237,473	\$ 363,036	\$ -	\$ 7,845,282
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 131,873	\$ 42,565	\$ 26,496	\$ -	\$ 362,205	\$ -	\$ 1,190,689
Accrued Liabilities	83,290	18,279	1,443	-	831	-	362,313
Unearned Revenues	688,691	921,893	-	-	-	-	2,676,664
Due to Other Funds	-	-	-	-	-	-	22,807
Total Liabilities	903,854	982,737	27,939	-	363,036	-	4,252,473
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	239,726
Restricted	150,858	-	194,164	237,473	-	-	3,353,083
Total Fund Balances	150,858	-	194,164	237,473	-	-	3,592,809
Total Liabilities and Fund Balances	\$ 1,054,712	\$ 982,737	\$ 222,103	\$ 237,473	\$ 363,036	\$ -	\$ 7,845,282

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	MH/ID	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatheri- zation Program	Hazard Material Emergency Response	Human Services Development Fund
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	23,352,538	-	1,013,495	4,080,043	518,035	-	246,854
Charges for Services	1,072,014	-	-	63,110	152,387	55,164	-
Court Costs and Fines and Fees	-	608,752	-	-	-	-	-
Interest and Rent	4,494	907	7,430	-	-	162	133
Miscellaneous Revenue	-	600	-	-	-	-	23,684
Total Revenues	24,429,046	610,259	1,020,925	4,143,153	670,422	55,326	270,671
Expenditures							
Current:							
Judicial	-	485,328	-	6,177,984	-	-	-
Public Safety	-	-	-	-	-	577,224	-
Public Works	-	-	1,194,333	-	-	-	-
Human Services	25,175,521	-	-	-	860,339	-	319,623
Culture and Recreation	-	-	-	-	-	-	-
Debt Service							
Principle	132,750	-	-	-	-	-	-
Interest	23,524	-	-	-	-	-	-
Total Expenditures	25,331,795	485,328	1,194,333	6,177,984	860,339	577,224	319,623
Excess of Revenues Over (Under)							
Expenditures	(902,749)	124,931	(173,408)	(2,034,831)	(189,917)	(521,898)	(48,952)
Other Financing Sources (Uses)							
Transfers In	908,694	164	2,465	1,983,221	197,219	452,884	52,507
Transfers Out	(5,945)	-	-	-	-	-	(3,555)
Loss on Asset Disposal	-	-	-	-	(41,189)	-	-
Total Other Financing Sources	902,749	164	2,465	1,983,221	156,030	452,884	48,952
Net Change in Fund Balances	-	125,095	(170,943)	(51,610)	(33,887)	(69,014)	-
Fund Balances - Beginning of Year	-	311,338	1,344,990	1,279,446	33,887	241,012	-
Fund Balances - End of Year	\$ -	\$ 436,433	\$ 1,174,047	\$ 1,227,836	-	\$ 171,998	\$ -

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Aging Fund	Drug and Alcohol Fund	Drug Act- Forfeited State Fund	Drug Act- Forfeited Federal Fund	Hotel Tax Fund	ARRA Fund	Totals
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,725,114	\$ -	\$ 9,725,114
Intergovernmental	5,525,342	3,335,895	-	-	-	1,350	38,073,552
Charges for Services	59,437	246,529	-	-	-	-	1,648,641
Court Costs and Fines and Fees	-	-	497,988	2,909	-	-	1,109,649
Interest and Rent	1,804	1,729	514	568	2,392	-	20,133
Miscellaneous Revenue	1,441,293	-	-	-	-	-	1,465,577
Total Revenues	7,027,876	3,584,153	498,502	3,477	9,727,506	1,350	52,042,666
Expenditures							
Current:							
Judicial	-	-	539,219	105,603	-	1,350	7,309,484
Public Safety	-	-	-	-	-	-	577,224
Public Works	-	-	-	-	-	-	1,194,333
Human Services	7,058,624	3,763,787	-	-	-	11,932	37,189,826
Culture and Recreation	-	-	-	-	9,727,506	-	9,727,506
Debt Service							
Principle	-	-	-	-	-	-	132,750
Interest	-	-	-	-	-	-	23,524
Total Expenditures	7,058,624	3,763,787	539,219	105,603	9,727,506	13,282	56,154,647
Excess of Revenues Over (Under)							
Expenditures	(30,748)	(179,634)	(40,717)	(102,126)	-	(11,932)	(4,111,981)
Other Financing Sources (Uses)							
Transfers In	95,000	233,467	-	-	-	11,932	3,937,553
Transfers Out	(20,995)	(53,833)	-	-	-	-	(84,328)
Loss on Asset Disposal	-	-	-	-	-	-	(41,189)
Total Other Financing Sources	74,005	179,634	-	-	-	11,932	3,812,036
Net Change in Fund Balances	43,257	-	(40,717)	(102,126)	-	-	(299,945)
Fund Balances - Beginning of Year	107,601	-	234,881	339,599	-	-	3,892,754
Fund Balances - End of Year	\$ 150,858	\$ -	\$ 194,164	\$ 237,473	\$ -	\$ -	\$ 3,592,809

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2013

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 347,143	\$ 10,899	\$ 18,392	\$ 376,434
Accounts Receivables	64,423	289,041	-	353,464
Due from Other Governments	98,625	57,969	-	156,594
Other Assets	100,000	11,781	-	111,781
Total current assets	610,191	369,690	18,392	998,273
Noncurrent Assets:				
Capital Assets, Not Being Depreciated	-	10,200	111,492	121,692
Capital Assets, Being Depreciated, (Net)	1,621,917	973,903	387,587	2,983,407
Total noncurrent assets	1,621,917	984,103	499,079	3,105,099
Total assets	2,232,108	1,353,793	517,471	4,103,372
LIABILITIES				
Current liabilities:				
Accounts Payable	198,346	73,320	-	271,666
Accrued Liabilities	7,931	99,977	-	107,908
Obligation Under Capital Lease	-	33,886	-	33,886
Total current liabilities	206,277	207,183	-	413,460
Noncurrent liabilities:				
Accrued Compensated Absences	16,798	443,950	-	460,748
Obligation Under Capital Lease	-	62,163	-	62,163
Total noncurrent liabilities	16,798	506,113	-	522,911
Total liabilities	223,075	713,296	-	936,371
NET POSITION				
Net Investment in Capital Assets	1,621,917	888,054	499,079	3,009,050
Unrestricted	387,116	(247,557)	18,392	157,951
Total net position	\$ 2,009,033	\$ 640,497	\$ 517,471	\$ 3,167,001

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Operating Revenues				
Charges for Services	\$ 1,027,329	\$ 3,941,635	\$ 38,461	\$ 5,007,425
Total Operating Revenues	<u>1,027,329</u>	<u>3,941,635</u>	<u>38,461</u>	<u>5,007,425</u>
Operating Expenses				
Personnel Services	380,073	4,715,389	-	5,095,462
Contracted Services	867,285	12,250	-	879,535
Supplies and Materials	3,247	39,525	-	42,772
Repairs and Maintenance	45,798	1,447,840	-	1,493,638
Utilities	18,775	347,569	9,678	376,022
Other Services and Charges	152,033	202,792	19,585	374,410
Depreciation and Amortization	105,537	191,901	54,100	351,538
Total Operating Expenses	<u>1,572,748</u>	<u>6,957,266</u>	<u>83,363</u>	<u>8,613,377</u>
Operating Loss	<u>(545,419)</u>	<u>(3,015,631)</u>	<u>(44,902)</u>	<u>(3,605,952)</u>
Nonoperating Revenues (Expenses)				
Interest Income	154	4,246	-	4,400
Interest Expense	-	(2,104)	-	(2,104)
Grants	231,482	52,061	-	283,543
Total Nonoperating Revenues	<u>231,636</u>	<u>54,203</u>	<u>-</u>	<u>285,839</u>
Loss Before Operating Transfers In	<u>(313,783)</u>	<u>(2,961,428)</u>	<u>(44,902)</u>	<u>(3,320,113)</u>
Transfers In	<u>524,424</u>	<u>1,808,286</u>	<u>-</u>	<u>2,332,710</u>
Total Transfers In	<u>524,424</u>	<u>1,808,286</u>	<u>-</u>	<u>2,332,710</u>
Changes in Net Position	210,641	(1,153,142)	(44,902)	(987,403)
Total Net Position - Beginning of Year	<u>1,798,392</u>	<u>1,793,639</u>	<u>562,373</u>	<u>4,154,404</u>
Total Net Position - End of Year	<u>\$ 2,009,033</u>	<u>\$ 640,497</u>	<u>\$ 517,471</u>	<u>\$ 3,167,001</u>

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Cash Flows From Operating Activities				
Receipts from Recycling Services	\$ 1,066,150	\$ 4,509,903	\$ -	\$ 5,576,053
Receipts from Recreational Activities	-	-	38,461	38,461
Payments to Employees	(373,338)	(4,669,923)	-	(5,043,261)
Payments to Suppliers	(1,000,749)	(2,000,296)	(29,263)	(3,030,308)
Internal Activity - Payments to other funds	-	(875,118)	-	(875,118)
Net Cash Provided by (Used In) Operating Activities	(307,937)	(3,035,434)	9,198	(3,334,173)
Cash Flow From Noncapital Financing Activities				
Operating Transfers In	524,424	1,808,286	-	2,332,710
Operating Grants	231,482	52,061	-	283,543
Net Cash Provided by Noncapital Financing Activities	755,906	1,860,347	-	2,616,253
Cash Flows from Capital and Related Financing Activities				
Interest Paid	-	(2,104)	-	(2,104)
Purchase of Capital Assets, net of Disposals	(219,207)	(134,575)	(21,590)	(375,372)
Increase in Capital Lease Obligation	-	104,340	-	104,340
Principal Payments on Capital Lease	-	(33,761)	-	(33,761)
Net Cash Used in Capital and Related Financing Activities	(219,207)	(66,100)	(21,590)	(306,897)
Cash Flows from Investing Activities				
Interest Income	154	4,246	-	4,400
Investments	25,376	267,837	-	293,213
Net Cash Provided by Investing Activities	25,530	272,083	-	297,613
Net Increase (Decrease) in Cash and Cash Equivalents	254,292	(969,104)	(12,392)	(727,204)
Cash and Cash Equivalents, Beginning of Year	92,851	980,003	30,784	1,103,638
Cash and Cash Equivalents, End of Year	\$ 347,143	\$ 10,899	\$ 18,392	\$ 376,434
Supplemental Disclosure of Noncash Transactions:				
Assets Acquired under Capital Lease	-	104,340	-	104,340

COUNTY OF DAUPHIN
 STATEMENT OF CASH FLOWS (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Reconciliation of Operating loss to net cash provided (used) by operating activities				
Operating Loss	\$ (545,419)	\$ (3,015,631)	\$ (44,902)	\$ (3,605,952)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities				
Depreciation and Amortization Expense	105,537	191,901	54,100	351,538
Change in assets and liabilities				
Accounts Receivable	38,821	568,268	-	607,089
Other Assets	164	(8,966)	-	(8,802)
Accounts Payable	86,225	58,646	-	144,871
Accrued Expenses	2,085	6,351	-	8,436
Accrued Vacation and Sick Pay	4,650	39,115	-	43,765
Due To/Due From Other Funds	-	(875,118)	-	(875,118)
Net Cash Provided by (Used In) Operating Activities	<u>\$ (307,937)</u>	<u>\$ (3,035,434)</u>	<u>\$ 9,198</u>	<u>\$ (3,334,173)</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2013

	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
<u>Assets</u>															
Cash and Cash Equivalents	\$ 2,963,120	\$ 576,579	\$ 478,124	\$ 11,372	\$ 77,662	\$ 1,401,945	\$ 978,127	\$ 1,912,976	\$ 32,512	\$ 257,339	\$ 4,798	17,500	\$ 367,875	\$ 54,498	\$ 9,134,427
Accounts Receivable	873	-	-	-	-	-	-	-	-	-	-	-	-	-	873
Total Assets	\$ 2,963,993	\$ 576,579	\$ 478,124	\$ 11,372	\$ 77,662	\$ 1,401,945	\$ 978,127	\$ 1,912,976	\$ 32,512	\$ 257,339	\$ 4,798	\$ 17,500	\$ 367,875	\$ 54,498	\$ 9,135,300
<u>Liabilities</u>															
Accounts Payable	\$ 897,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 897,930
Funds Held in Escrow	2,066,063	576,579	478,124	-	77,662	-	-	1,912,976	32,512	-	4,798	17,500	367,875	54,498	5,588,587
Due To Other Governments	-	-	-	11,372	-	1,401,945	978,127	-	-	257,339	-	-	-	-	2,648,783
Total Liabilities	\$ 2,963,993	\$ 576,579	\$ 478,124	\$ 11,372	\$ 77,662	\$ 1,401,945	\$ 978,127	\$ 1,912,976	\$ 32,512	\$ 257,339	\$ 4,798	\$ 17,500	\$ 367,875	\$ 54,498	\$ 9,135,300

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government				
Commissioners - Governing Body				
Personal Services	\$ 765,137	\$ 765,137	\$ 1,231,546	\$ (466,409)
Supplies and Services	2,057,219	2,066,769	2,173,192	(106,423)
	<u>2,822,356</u>	<u>2,831,906</u>	<u>3,404,738</u>	<u>(572,832)</u>
Finance				
Personal Services	314,840	314,840	311,265	3,575
Supplies and Services	14,977	14,977	13,510	1,467
	<u>329,817</u>	<u>329,817</u>	<u>324,775</u>	<u>5,042</u>
Risk Management				
Personal Services	12,700	12,700	50	12,650
Supplies and Services	-	-	103	(103)
	<u>12,700</u>	<u>12,700</u>	<u>153</u>	<u>12,547</u>
Purchasing				
Personal Services	363,279	363,279	353,525	9,754
Supplies and Services	499,718	499,718	428,744	70,974
	<u>862,997</u>	<u>862,997</u>	<u>782,269</u>	<u>80,728</u>
Voter's Registration				
Personal Services	421,588	421,588	449,096	(27,508)
Supplies and Services	704,850	734,187	674,930	59,257
	<u>1,126,438</u>	<u>1,155,775</u>	<u>1,124,026</u>	<u>31,749</u>
Tax Assessment				
Personal Services	1,449,605	1,449,605	1,426,201	23,404
Supplies and Services	1,557,408	1,586,490	1,368,917	217,573
	<u>3,007,013</u>	<u>3,036,095</u>	<u>2,795,118</u>	<u>240,977</u>
Treasurer				
Personal Services	319,378	318,278	296,787	21,491
Supplies and Services	20,995	24,691	23,472	1,219
	<u>340,373</u>	<u>342,969</u>	<u>320,259</u>	<u>22,710</u>
Tax Collectors				
Personal Services	188,388	188,388	182,350	6,038
Supplies and Services	64,500	64,500	55,901	8,599
	<u>252,888</u>	<u>252,888</u>	<u>238,251</u>	<u>14,637</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Personnel				
Personal Services	786,330	786,330	1,510,683	(724,353)
Supplies and Services	897,905	897,905	51,461	846,444
	<u>1,684,235</u>	<u>1,684,235</u>	<u>1,562,144</u>	<u>122,091</u>
Controller				
Personal Services	993,084	993,084	965,571	27,513
Supplies and Services	250,319	250,319	231,814	18,505
	<u>1,243,403</u>	<u>1,243,403</u>	<u>1,197,385</u>	<u>46,018</u>
Solicitor				
Personal Services	444,891	444,891	383,699	61,192
Supplies and Services	125,016	125,016	55,650	69,366
	<u>569,907</u>	<u>569,907</u>	<u>439,349</u>	<u>130,558</u>
Public Defender				
Personal Services	2,877,247	2,877,247	2,849,130	28,117
Supplies and Services	820,186	810,682	780,473	30,209
	<u>3,697,433</u>	<u>3,687,929</u>	<u>3,629,603</u>	<u>58,326</u>
Recorder of Deeds				
Personal Services	498,366	498,366	464,142	34,224
Supplies and Services	642,065	643,230	553,185	90,045
	<u>1,140,431</u>	<u>1,141,596</u>	<u>1,017,327</u>	<u>124,269</u>
Facilities Management				
Personal Services	3,235,293	3,184,423	2,995,022	189,401
Supplies and Services	2,898,925	2,983,436	2,851,631	131,805
Capital Outlay	-	35,070	8,285,218	(8,250,148)
	<u>6,134,218</u>	<u>6,202,929</u>	<u>14,131,871</u>	<u>(7,928,942)</u>
Data Processing				
Personal Services	2,055,611	1,994,979	1,927,114	67,865
Supplies and Services	1,118,816	1,210,151	1,057,116	153,035
Capital Outlay	391,595	360,892	103,195	257,697
	<u>3,566,022</u>	<u>3,566,022</u>	<u>3,087,425</u>	<u>478,597</u>
Veterans' Affairs				
Personal Services	134,662	134,662	133,522	1,140
Supplies and Services	127,221	124,703	109,109	15,594
	<u>261,883</u>	<u>259,365</u>	<u>242,631</u>	<u>16,734</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Gasoline Center				
Supplies and Services	<u>28,100</u>	<u>28,100</u>	<u>24,440</u>	<u>3,660</u>
	<u>28,100</u>	<u>28,100</u>	<u>24,440</u>	<u>3,660</u>
Less: Indirect Cost Reimbursement	<u>(13,100,000)</u>	<u>(13,309,955)</u>	<u>(13,809,946)</u>	<u>499,991</u>
Total General Government	<u>\$ 13,980,214</u>	<u>\$ 13,898,678</u>	<u>\$ 20,511,818</u>	<u>\$ (6,613,140)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Judicial Courts				
Personal Services	\$ 2,280,917	\$ 2,280,917	\$ 2,160,382	\$ 120,535
Supplies and Services	<u>3,520,720</u>	<u>3,690,125</u>	<u>3,770,161</u>	<u>(80,036)</u>
	<u>5,801,637</u>	<u>5,971,042</u>	<u>5,930,543</u>	<u>40,499</u>
Court Reporters				
Personal Services	1,360,994	1,360,994	1,326,812	34,182
Supplies and Services	<u>57,960</u>	<u>57,960</u>	<u>33,302</u>	<u>24,658</u>
	<u>1,418,954</u>	<u>1,418,954</u>	<u>1,360,114</u>	<u>58,840</u>
Judicial Center				
Personal Services	1,170,787	1,147,287	851,015	296,272
Supplies and Services	<u>37,500</u>	<u>61,000</u>	<u>74,420</u>	<u>(13,420)</u>
	<u>1,208,287</u>	<u>1,208,287</u>	<u>925,435</u>	<u>282,852</u>
District Justices				
Personal Services	4,479,969	4,479,969	4,297,608	182,361
Supplies and Services	1,669,430	1,630,154	1,727,989	(97,835)
Capital Outlay	<u>171,424</u>	<u>171,424</u>	<u>-</u>	<u>171,424</u>
	<u>6,320,823</u>	<u>6,281,547</u>	<u>6,025,597</u>	<u>255,950</u>
Law Library				
Personal Services	97,796	97,796	86,940	10,856
Supplies and Services	<u>374,641</u>	<u>373,683</u>	<u>348,512</u>	<u>25,171</u>
	<u>472,437</u>	<u>471,479</u>	<u>435,452</u>	<u>36,027</u>
Night Court				
Personal Services	253,615	253,615	237,558	16,057
Supplies and Services	<u>35,000</u>	<u>33,200</u>	<u>13,179</u>	<u>20,021</u>
	<u>288,615</u>	<u>286,815</u>	<u>250,737</u>	<u>36,078</u>
Clerk of Courts				
Personal Services	1,321,825	1,321,825	1,287,097	34,728
Supplies and Services	<u>365,102</u>	<u>367,977</u>	<u>424,777</u>	<u>(56,800)</u>
	<u>1,686,927</u>	<u>1,689,802</u>	<u>1,711,874</u>	<u>(22,072)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Coroner				
Personal Services	564,697	564,697	560,079	4,618
Supplies and Services	523,852	517,408	528,294	(10,886)
	<u>1,088,549</u>	<u>1,082,105</u>	<u>1,088,373</u>	<u>(6,268)</u>
District Attorney				
Personal Services	3,541,439	3,497,555	3,259,465	238,090
Supplies and Services	1,215,936	1,401,670	1,181,499	220,171
	<u>4,757,375</u>	<u>4,899,225</u>	<u>4,440,964</u>	<u>458,261</u>
Criminal Investigation				
Personal Services	1,467,728	1,441,271	1,346,163	95,108
Supplies and Services	612,120	681,678	503,289	178,389
Capital Outlay	1,000	27,457	26,457	1,000
	<u>2,080,848</u>	<u>2,150,406</u>	<u>1,875,909</u>	<u>274,497</u>
Prothonotary				
Personal Services	985,578	985,578	970,093	15,485
Supplies and Services	357,447	369,091	338,322	30,769
Capital Outlay	24,515	22,580	-	22,580
	<u>1,367,540</u>	<u>1,377,249</u>	<u>1,308,415</u>	<u>68,834</u>
Registrar of Wills				
Personal Services	450,886	450,886	449,687	1,199
Supplies and Services	303,704	346,074	313,822	32,252
Capital Outlay	-	-	12,123	(12,123)
	<u>754,590</u>	<u>796,960</u>	<u>775,632</u>	<u>21,328</u>
Sheriff				
Personal Services	3,280,242	3,278,192	3,193,935	84,257
Supplies and Services	716,875	716,918	689,134	27,784
Capital Outlay	-	17,850	12,000	5,850
	<u>3,997,117</u>	<u>4,012,960</u>	<u>3,895,069</u>	<u>117,891</u>
Cost & Fines				
Personal Services	223,007	223,007	220,171	2,836
Supplies and Services	28,061	27,863	26,922	941
	<u>251,068</u>	<u>250,870</u>	<u>247,093</u>	<u>3,777</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	11,780,067	11,779,617	11,433,912	345,705
Supplies and Services	1,333,922	1,379,056	1,720,723	(341,667)
Capital Outlay	22,103	22,103	-	22,103
	<u>13,136,092</u>	<u>13,180,776</u>	<u>13,154,635</u>	<u>26,141</u>
Juvenile Probation				
Personal Services	5,850,184	5,846,574	5,364,399	482,175
Supplies and Services	1,292,171	1,219,759	1,100,063	119,696
Capital Outlay	-	42,901	42,901	-
	<u>7,142,355</u>	<u>7,109,234</u>	<u>6,507,363</u>	<u>601,871</u>
Victim Witness				
Personal Services	5,100	5,100	5,300	(200)
Supplies and Services	738,109	766,183	830,478	(64,295)
	<u>743,209</u>	<u>771,283</u>	<u>835,778</u>	<u>(64,495)</u>
Pretrial				
Supplies and Services	527,003	527,003	496,164	30,839
	<u>527,003</u>	<u>527,003</u>	<u>496,164</u>	<u>30,839</u>
RO County Records Improvement				
Supplies and Services	139,000	279,000	24,109	254,891
Capital Outlay	22,000	22,000	139,851	(117,851)
	<u>161,000</u>	<u>301,000</u>	<u>163,960</u>	<u>137,040</u>
Total Judicial	<u>\$ 53,204,426</u>	<u>\$ 53,786,997</u>	<u>\$ 51,429,107</u>	<u>\$ 2,357,890</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 28,656,124	\$ 28,624,894	\$ 26,372,714	\$ 2,252,180
Supplies and Services	8,720,709	8,978,743	8,367,447	611,296
Capital Outlay	-	151,574	867,521	(715,947)
	<u>37,376,833</u>	<u>37,755,211</u>	<u>35,607,682</u>	<u>2,147,529</u>
Emergency Services				
Personal Services	696,199	696,199	651,515	44,684
Supplies and Services	1,725,771	1,771,218	2,475,247	(704,029)
Capital Outlay	5,000	-	-	-
	<u>2,426,970</u>	<u>2,467,417</u>	<u>3,126,762</u>	<u>(659,345)</u>
Total Public Safety	<u>\$ 39,803,803</u>	<u>\$ 40,222,628</u>	<u>\$ 38,734,444</u>	<u>\$ 1,488,184</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 341,613	\$ 341,613	\$ 373,329	\$ (31,716)
Supplies and Services	30,435,502	30,434,406	27,053,144	3,381,262
Total Human Services	<u>\$ 30,777,115</u>	<u>\$ 30,776,019</u>	<u>\$ 27,426,473</u>	<u>\$ 3,349,546</u>
Culture and Recreation				
Parks				
Personal Services	\$ 1,237,750	\$ 1,240,640	\$ 1,196,576	\$ 44,064
Supplies and Services	924,895	1,088,894	1,069,479	19,415
Total Culture and Recreation	<u>\$ 2,162,645</u>	<u>\$ 2,329,534</u>	<u>\$ 2,266,055</u>	<u>\$ 63,479</u>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 261,113	\$ 261,113	\$ 255,922	\$ 5,191
Supplies and Services	246,338	246,973	247,497	(524)
Total Cooperative Extension	<u>507,451</u>	<u>508,086</u>	<u>503,419</u>	<u>4,667</u>
Conservation Programs				
Personal Services	1,042,714	1,042,714	1,035,021	7,693
Supplies and Services	648,587	656,156	602,502	53,654
Capital Outlay	-	-	125,280	(125,280)
Total Conservation Programs	<u>1,691,301</u>	<u>1,698,870</u>	<u>1,762,803</u>	<u>(63,933)</u>
Economic Development				
Personal Services	385,592	385,592	371,494	14,098
Supplies and Services	1,611,528	1,809,374	1,359,747	449,627
Total Economic Development	<u>1,997,120</u>	<u>2,194,966</u>	<u>1,731,241</u>	<u>463,725</u>
Total Conservation and Development	<u>\$ 4,195,872</u>	<u>\$ 4,401,922</u>	<u>\$ 3,997,463</u>	<u>\$ 404,459</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive
	Original	Final		(Negative)
Debt Service				
Principal	\$ 8,267,608	\$ 8,310,471	\$ 43,528,159	\$ (35,217,688)
Interest	4,845,310	4,845,310	5,484,701	(639,391)
Bond Issuance Costs	-	-	184,383	(184,383)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Debt Service	<u>\$ 13,112,918</u>	<u>\$ 13,155,781</u>	<u>\$ 49,197,243</u>	<u>\$ (36,041,462)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 1,983,221	\$ 1,983,221	\$ 1,983,221	\$ -
MH/ID Fund	882,700	882,700	884,144	(1,444)
Office of Aging Fund	90,000	90,000	45,000	45,000
Drug and Alcohol Fund	207,871	207,871	231,877	(24,006)
Children, Youth, and Families Fund	9,200,000	9,200,000	8,847,767	352,233
Human Services Development Fund	40,000	40,000	52,507	(12,507)
Hazardous Materials Response Fund	-	41,737	452,884	(411,147)
Weatherization	30,000	30,000	197,219	(167,219)
Liquid Fuels	-	-	2,465	(2,465)
ARRA	-	-	11,932	(11,932)
911 - EMA Communications Fund	1,808,286	1,808,286	1,808,286	-
Solid Waste	93,588	93,588	524,424	(430,836)
Capital Projects Fund	-	2,300	2,300	-
Human Service Building Fund	400,000	400,000	400,000	-
General Fund	268,195	313,189	-	313,189
Debt Service	7,600,000	7,600,000	-	7,600,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Interfund Transfers	<u>\$ 22,603,861</u>	<u>\$ 22,692,892</u>	<u>\$ 15,444,026</u>	<u>\$ 7,248,866</u>