



Zelenkofske Axelrod LLC

A Certified Public Accounting and Auditing Firm

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2005

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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF DAUPHIN as of and for the year ended December 31, 2005, which collectively comprise the COUNTY OF DAUPHIN's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the COUNTY OF DAUPHIN. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units' financial statements for the Dauphin County Industrial Development Authority, the Dauphin County General Authority, and the Dauphin County Economic Development Corporation which represent 99.16 percent and 77.17 percent, respectively of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregately discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, in 2005 the COUNTY OF DAUPHIN adopted the provisions of Governmental Accounting Standards Board's Statement No. 40, "*Deposit and Investment Risk Disclosures*" and Statement No. 42 "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*".

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Commissioners
County of Dauphin
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The financial statements referred to above include the financial data of the Dauphin County General Authority whose financial statements include an uncertainty pertaining to the technical default of the trust indenture with respect to the Hotel and Conference Center Revenue Bonds Series of 1998 (Hyatt Hotel Project) as described in Note 25.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2006, 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 18 and page 121 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 non-major fund financial statements on pages 123 through 142 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These items have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
October 11, 2006

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, 2005. 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, 2005.

Financial Highlights

- Dauphin County's 2004 property tax rate of 5.778 mills was raised 19.0% to 6.876 for 2005. This action increased tax revenue for 2005 by approximately \$12,500,000.
- Dauphin County's Standard & Poors 'AA' rating was upgraded from a 'Negative' outlook to a 'Stable' outlook in June of 2005.
- In June 2005, the County refinanced its G.O. Series of 2000, the Series A of 2000, and the 2001 Second Series G.O. resulting in a combined present value savings of over \$1 million.
- In September 2005, the County entered into a Basis Swap agreement with the Royal Bank of Canada. This swap is tied to the \$14.8 million Series D of 2004 and is expected to save approximately \$500,000 throughout the remaining life of this debt issue.
- In December 2005, the County's Series E of 2000 G.O. was refinanced generating approximately \$180,000 in savings.
- At December 31, 2005 the General Fund's unreserved balance was \$28,321,033. This is up from the \$10,831,264 unreserved balance at the end of 2004.
- The County's total net assets increased by \$11,527,898 in 2005. Unrestricted net assets at year-end were \$9,841,822.

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 Spring Creek long term care facility.
 - 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 related to one another.

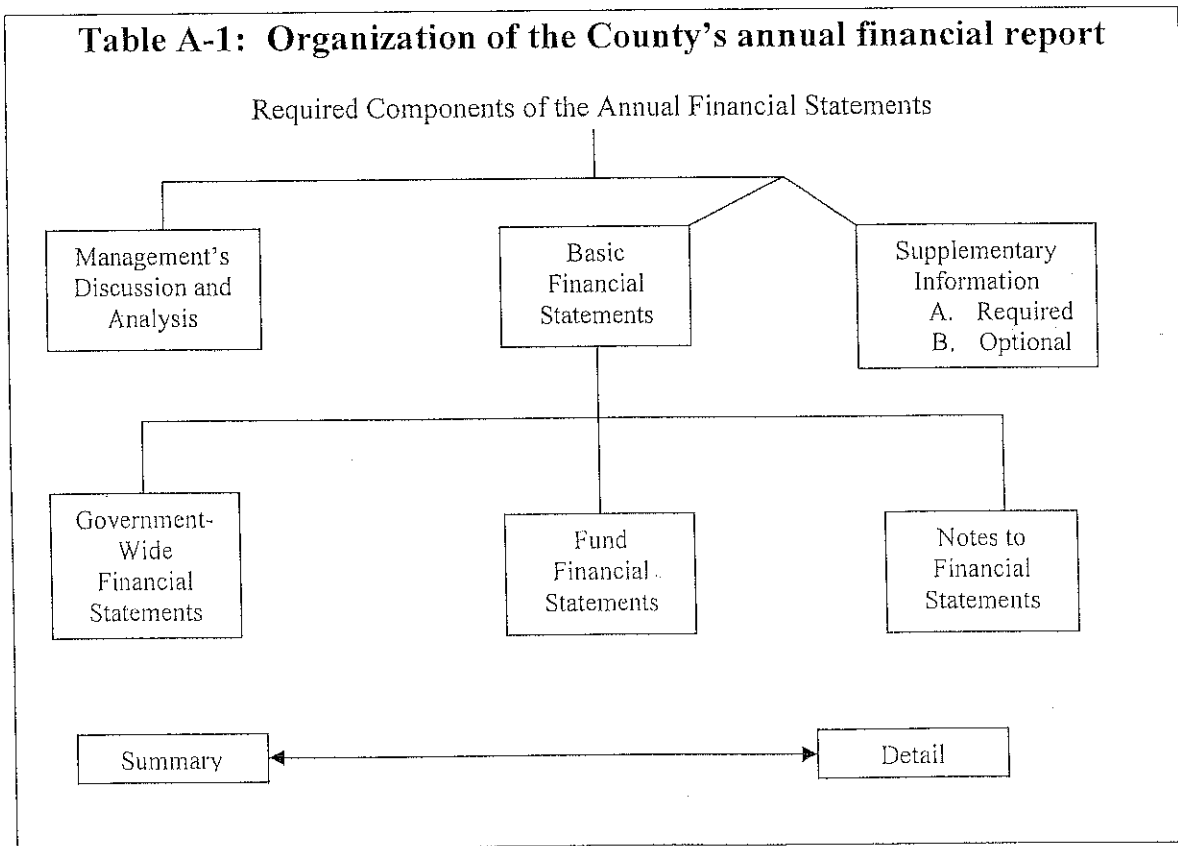


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

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 Spring Creek long-term care facility	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 assets - 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 assets -Statement of revenues, expenses and changes in net assets -Statement of cash flows 	<ul style="list-style-type: none"> - Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

Government-wide Financial Statements

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

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

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

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

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has five discretely presented component units including the Conservation District; the General Authority; MH/MR 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 Spring Creek long-term care facility and the EMA 911 Communications system charge a fee to customers to help cover the costs of services.

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

- Proprietary Funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.

- Fiduciary Funds are funds for which the County is the trustee or fiduciary. These include the Employee Retirement Fund and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Implementation of GASB No. 34

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

Government-Wide Financial Statements

Net Assets

Dauphin County's total assets were \$161,490,827 at December 31, 2005. Of this amount, \$85,472,825 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. The County adopted the provisions of GASB 34 related to infrastructure on the prospective basis. For the year ended December 31, 2005, the County did not capitalize any major construction and improvements to its infrastructure assets.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Total Percentage Change
	2004	2005	2004	2005	2004	2005	
Current & Other Assets	\$ 48,132,017	\$ 67,308,043	\$ 8,887,717	\$ 8,709,959	\$ 57,019,734	\$ 76,018,002	33.3%
Capital Assets	52,804,883	50,627,048	36,088,676	34,845,777	88,893,559	85,472,825	-3.8%
Total Assets	100,936,900	117,935,091	44,976,393	43,555,736	145,913,293	161,490,827	10.7%
Long-Term Debt Outstanding	\$ 94,399,946	\$ 92,480,287	\$ 36,924,030	\$ 34,656,206	\$ 131,323,976	\$ 127,136,493	-3.2%
Other Liabilities	19,388,578	25,858,465	4,743,571	6,510,803	24,132,149	32,369,268	34.1%
Total Liabilities	113,788,524	118,338,752	41,667,601	41,167,009	155,456,125	159,505,761	2.6%
Net Assets:							
Invested in Cap. Assets, Net of Related Debt	(23,897,812)	(19,030,093)	1,436,384	1,272,716	(22,461,428)	(17,757,377)	20.9%
Restricted	9,539,487	9,900,621	-	-	9,539,487	9,900,621	3.8%
Unrestricted	1,506,701	8,725,811	1,872,408	1,116,011	3,379,109	9,841,822	191.3%
Total Net Assets	\$ (12,851,624)	\$ (403,661)	\$ 3,308,792	\$ 2,388,727	\$ (9,542,832)	\$ 1,985,066	120.8%

The following statement of activities represents changes in net assets for the year ended December 31, 2005. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	2004	2005	2004	2005	2004	2005	
Revenues							
Program Revenues							
Charges for Services	\$ 23,447,022	\$ 24,179,515	\$ 66,009,926	\$ 76,587,424	\$ 89,456,948	\$ 100,766,939	12.6%
Operating Grants & Contributions	121,508,841	126,856,871	1,769,496	108,504	123,278,337	126,965,375	3.0%
General Revenues							
Property Taxes	73,989,085	89,268,753	-	-	73,989,085	89,268,753	20.7%
Hotel Taxes	4,360,659	4,673,459	-	-	4,360,659	4,673,459	7.2%
In Lieu of Taxes	1,401,076	1,454,353	-	-	1,401,076	1,454,353	3.8%
Unrestricted Investment Earnings	608,031	1,534,161	62,331	62,900	670,362	1,597,061	138.2%
Proceeds/Loss on Asset Disposal	(18,293)	(1,028,199)	-	(609)	(18,293)	(1,028,808)	-5524.1%
Option Sale Premium Proceeds	2,603,500	-	-	-	2,603,500	-	-100.0%
Rent Recoupment	-	635,707	-	-	-	635,707	100.0%
Gain on Escrow Restructuring	88,910	-	-	-	88,910	-	-100.0%
(Depreciation)/Appreciation in Fair Market Value of Investments	32,588	9,629	-	-	32,588	9,629	-70.5%
Transfers From Component Units	438,776	487,111	-	-	438,776	487,111	11.0%
Transfers	(10,797,807)	(8,431,175)	10,797,807	8,431,175	-	-	0.0%
Total Revenues	217,662,388	239,640,185	78,639,560	85,189,394	296,301,948	324,829,579	9.6%
Program Expenses							
General Government	10,195,191	11,289,800	-	-	10,195,191	11,289,800	10.7%
Judicial	39,513,212	41,517,538	-	-	39,513,212	41,517,538	5.1%
Public Safety	30,678,553	32,544,320	-	-	30,678,553	32,544,320	6.1%
Public Works	424,835	424,029	1,795,318	1,934,247	2,220,153	2,358,276	6.2%
Human Services	119,095,534	122,438,536	35,533,386	46,636,325	154,628,920	169,074,861	9.3%
Culture & Recreation	5,413,559	5,736,188	-	-	5,413,559	5,736,188	6.0%
Conservation & Development	4,930,995	5,636,611	-	-	4,930,995	5,636,611	14.3%
Interest on Long Term Debt	2,224,207	4,386,942	-	-	2,224,207	4,386,942	97.2%
Patient Care	-	-	34,051,556	31,614,031	34,051,556	31,614,031	-7.2%
Other Programs	-	-	6,363,614	5,924,856	6,363,614	5,924,856	-6.9%
Total Program Expenses	212,476,086	223,973,964	77,743,874	86,109,459	290,219,960	310,083,423	6.8%
Change in Net Assets	5,186,302	15,666,221	895,686	(920,065)	6,081,988	14,746,156	142.5%
Net Assets - Beginning	(18,037,926)	(16,069,882)	2,413,106	3,308,792	(15,624,820)	(12,761,090)	18.3%
Net Assets - Ending	\$ (12,851,624)	\$ (403,661)	\$ 3,308,792	\$ 2,388,727	\$ (9,542,832)	\$ 1,985,066	120.8%

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 2005, general property taxes brought in \$89,268,753. Table A-5 depicts the net program expenses for the year ended December 31, 2005.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 11,289,800	\$ 5,989,064
Judicial	41,517,538	24,660,296
Public Safety	32,544,320	23,676,740
Public Works	2,358,276	(108,837)
Human Services	169,074,861	7,253,117
Culture & Recreation	5,736,188	5,503,390
Conservation & Development	5,636,611	2,009,899
Interest on Long Term Debt	4,386,942	4,386,942
Patient Care	31,614,031	6,961,053
Other Programs	5,924,856	2,019,445
Total	\$ 310,083,423	\$ 82,351,109

The County relied on property taxes and other general revenues to fund 26.6% of its governmental and business-type activities in 2005.

The property tax is based on the assessed value of real property. The County's 2005 millage rate of 6.876 is up 19.0% over 2004's rate of 5.778, but is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 53% of general government spending with the remainder coming from grants and fees for specific services. Around 59% 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 more than 72% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison. Property taxes and other general revenues covered approximately 36% of conservation and development expenditures, with the remainder coming primarily from grant revenues.

Public Works didn't require any tax dollars to fund its governmental and business-type activities in 2005. This area of the County's operations includes the management of a parking garage and the maintenance and replacement of county bridges.

Program expenditures for Culture & Recreation and Interest on Long Term Debt were almost 100% funded by property taxes and other general revenues, while Human Services expenses required only 4.3% from property taxes and other general revenues, with most of the remainder being picked up by state and federal grants.

The Patient Care program expense covers the operations of the County's long-term care facility, Spring Creek. In 2005, property taxes and other general revenues covered 22.0% of its operations with the remainder coming from Medicaid, resident fees, and other government assistance programs.

The Other program expenses cover the emergency management and solid waste operations of the County. Property taxes and other general revenues covered 34% of these operations, with the remainder coming from 911 user fees and grant revenues.

Capital Assets

The County's investment in capital assets at December 31, 2005, net of accumulated depreciation, was \$85,472,825. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2005.

Table A-6
County of Dauphin's
Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Total Percentage Change
	2004	2005	2004	2005	2004	2005	
Construction in Progress	\$ 13,297,588	\$ 13,958,064	\$ 1,139,395	\$ 1,566,115	\$ 14,436,983	\$ 15,524,179	7.5%
Infrastructure -							
Construction in Progress	298,479	298,479	-	-	298,479	298,479	0.0%
Land	226,212	226,212	189,669	189,669	415,881	415,881	0.0%
Land Improvements	-	-	187,594	179,700	187,594	179,700	-4.2%
Buildings & Improvements	72,370,745	65,460,685	29,659,005	30,268,214	102,029,750	95,728,899	-6.2%
Machinery & Equipment	6,632,178	6,921,934	20,791,394	20,868,426	27,423,572	27,790,360	1.3%
Furniture & Fixtures	-	-	534,576	65,346	534,576	65,346	-87.8%
Leasehold Assets	7,855,435	8,316,455	15,713,787	15,713,787	23,569,222	24,030,242	2.0%
Accumulated Depreciation	(47,875,754)	(44,554,781)	(32,126,744)	(34,005,480)	(80,002,498)	(78,560,261)	1.8%
Total Capital Assets	\$ 52,804,883	\$ 50,627,048	\$ 36,088,676	\$ 34,845,777	\$ 88,893,559	\$ 85,472,825	-3.8%

The Construction in Progress figures under governmental activities relate primarily to the downtown renovations to the courthouse. These renovations were completed in 2004; however, final payments to contractors have continued into 2006 causing a delay moving this asset to the Buildings & Improvements category.

Other detailed information about the County's capital assets can be found in Note 7, Notes to Financial Statements.

Debt Administration

Long Term Debt:

At December 31, 2005, the County had \$118,943,378 of long-term debt outstanding. This was an increase of \$244,170 from the previous year. Table A-7 details activity related to the long-term debt.

Type	Beginning Balance	Additions	Reductions	Ending Balance
Bonds & Notes Payable	\$ 109,507,254	\$ 39,305,000	\$ (39,441,685)	\$ 109,370,569
Compensated Absences	6,920,993	524,200	-	7,445,193
Estimated Workers Comp. Claims	2,270,961	-	(143,345)	2,127,616
Total Long Term Debt	\$ 118,699,208	\$ 39,829,200	\$ (39,585,030)	\$ 118,943,378

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, 2005 was over \$800 million, and the total debt outstanding was approximately \$118.9 million, well below the debt limit.

At year-end, the County had \$109,370,569 million in bonds and notes outstanding – a slight decrease over last year – as shown in Table A-7. More detailed information about the County's long-term liabilities is presented in Note 9 to the financial statements.

Bond Rating

The County's current bond rating through Standard & Poors is 'AA Stable Outlook'. This rating was revised upward from a 'Negative Outlook' in June of 2005. The current combined net non-electoral and net lease rental debt limit is just over \$1.1 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, 2005 and December 31, 2004, were as follows. Table A-8 also presents changes from 2004 to 2005.

Source	2005	2004	Changes from 2004 to 2005
Property Taxes	\$ 89,302,293	\$ 73,897,976	\$ 15,404,317
Hotel Taxes	4,673,459	4,360,659	312,800
Intergovernmental	126,274,488	122,426,341	3,848,147
Charges for Services	19,535,542	18,955,578	579,964
License and Permits	56,989	64,718	(7,729)
Court Costs and Fines	4,543,961	4,434,229	109,732
Interest and Rents	1,986,415	893,256	1,093,159
(Deprec.)/Apprec. in Fair Market Value Inv.	9,629	32,588	(22,959)
Miscellaneous Revenue	2,263,212	190,848	2,072,364
Transfers from Component Units	487,111	438,776	48,335
Proceeds from Sale of Fixed Assets	516,848	6,002	510,846
Capital Lease Proceeds	461,021	523,090	(62,069)
Bonds/Notes Proceeds	25,895,000	36,640,000	(10,745,000)
Option Sale Premium Proceeds	-	2,603,500	(2,603,500)
Gain on Escrow Restructuring	-	88,910	(88,910)
Net Premium on Bonds Issued	1,121,260	509,061	612,199
Operating Transfers In	14,261,147	26,147,128	(11,885,981)
Total Revenues	\$ 291,388,375	\$ 292,212,660	\$ (824,285)

Governmental fund revenues totaled \$291,388,375 for the year ended December 31, 2005. This is a decrease of \$824,285 from 2004 despite a substantial increase in tax revenue resulting from the 19% tax increase for 2005. This decrease has two main contributing factors. First, debt activity was down in 2005 causing a reduction of over \$10 million in the 'Bonds/Notes Proceeds' category. There were no new debt issues in 2005 and the refinancing activity was not as great as in the previous year.

'Operating Transfers In' were also down significantly in 2005 as noted above. Cash flow, which was vastly improved in 2005, influences the accounting entries in this category. Good cash flow requires less support from the General Fund. Consequently, the offsetting 'Operating Transfers Out' figure is down on the expense side as noted in Table A-9.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2005, and December 31, 2004, were as follows. Table A-9 also presents changes from 2004 to 2005.

Function	2005	2004	Changes from 2004 to 2005
General Government	\$ 8,864,916	\$ 15,203,538	\$ (6,338,622)
Judicial	43,110,529	36,450,192	6,660,337
Public Safety	32,341,866	28,697,319	3,644,547
Public Works	414,836	415,306	(470)
Human Services	122,216,024	118,425,900	3,790,124
Culture & Recreation	5,713,302	5,068,805	644,497
Conservation & Development	5,692,076	4,757,208	934,868
Debt Service Principle	1,444,519	3,424,955	(1,980,436)
Debt Service Interest	3,815,095	1,618,649	2,196,446
Capital Projects	672,183	2,448,148	(1,775,965)
Payment to Refunded Bond Escrow Agent	26,584,475	36,353,566	(9,769,091)
Operating Transfers Out	22,750,538	36,944,935	(14,194,397)
Total Expenditures	\$ 273,620,359	\$ 289,808,521	\$ (16,188,162)

Governmental fund expenditures totaled \$273,620,359 for the year ended December 31, 2005. This represents a decrease of \$16,188,162 from what was spent in 2004.

2005 marked the first year of a change in the accounting for indirect costs. These costs were charged to every county department in 2005 regardless of their ability to receive state or federal reimbursement. This change accounted for the large decrease in General Government categorical spending and for the large increases in Judicial and Public Safety expenditures.

The Capital Projects categorical spending continued to drop in 2005 as the renovations to the courthouse were being wrapped up. The total cost of these renovations is expected to be approximately \$13.5 million.

The Payment to Refunded Bond Escrow Agent was down due to a reduction in debt refinancings from 2004 to 2005, and the 'Operating Transfers Out' category shows a decrease as explained in the revenue section on the previous page.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net assets for proprietary funds at December 31, 2005.

Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 28,600,885	\$ -
Mental Health/Mental Retardation Fund	-	-
Children & Youth Fund	-	-
Other Governmental Funds	11,288,084	-
County Home Fund	-	861,533
Health Choices Fund	-	30,924
Human Services Building Fund	-	(4,065,418)
Other Enterprise Funds	-	5,561,688
Total	\$ 39,888,969	\$ 2,388,727

The County's governmental funds reported a combined fund balance of \$40,004,771 at December 31, 2005. Of the total, \$28,716,687 was unreserved in the General Fund and is available to meet the County's current and future needs. This unreserved portion is up significantly from the \$10.8 million balance at the end of 2004. The Proprietary Funds are showing a balance of \$2,388,727 at year-end.

A detailed breakdown of ending fund balance for the \$11,288,084 million in 'Other Governmental Funds' can be found on pages 123 and 125 through 126 in the Other Supplementary Information section of the financial statements.

A detailed breakdown of ending fund balance for the \$5,561,688 million in 'Other Enterprise Funds' can be found on page 129 in the Other Supplementary Information section of the financial statements.

Budgetary Highlights

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

On December 15, 2004 the Dauphin County Commissioners approved the 2005 General Fund Budget in the amount of \$107,892,309. There was no budgeted draw down of fund balance necessary to meet the initial budgeted expenditures for 2005. Throughout the year, budget amendments in the amount of \$1,026,141 were approved. The budget amendments resulted in a final General Fund budget for 2005 in the amount of \$107,918,450.

Total revenue came in over \$12 million above budget. Taxes made up approximately \$10,600,000 of this total due to the tax increase levied at the beginning of the year. Interest income came in over half a million dollars above the budgeted amount due to rising interest rates and a sound investment policy implemented by the County Commissioners.

Expenditures for the year came in well under budget for all General Fund categories with the exception of the subsidy to the Spring Creek Nursing Home. The actual subsidy to the home came in over \$2,000,000 above the \$4.1 million budget. This overrun was more than made up in all of the other General Fund departments for the year.

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at 3.6%, which is one of the lowest of Pennsylvania's 67 counties. This rate is less than Pennsylvania's average rate of 4.6% and the national rate of 4.6%.

Homeownership in Dauphin County is at 65.4% with the median home value being \$116,760.00. There are currently an estimated 253,995 residents in Dauphin County, which represents a reasonable population growth rate of approximately 0.9%. The estimated average household income is \$53,316.00.

With Dauphin County being listed as the 5th fastest growing hi-tech region in the nation, there are many family-sustaining job opportunities. The County is also home to many other great companies such as the Hershey Company, HE&R, Milton S. Hershey/Penn State University Medical Center, Harman Stove Company, Phoenix Development Corporation, etc.

The Southcentral Region of Pennsylvania 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.

To support these growth patterns, new economic development projects continue to evolve such as the expansion of TecPort, The Hershey Center for Applied Research and Advanced Communications, which is new \$29 million development project along the New Baldwin Corridor. There is also a proposal for a regional rail service between Harrisburg and Lancaster. This project, CorridorOne, is currently in the engineering phases. These developments, coupled with other recent developments such as High Point Commons, WITF's new offices and the new terminal at Harrisburg International Airport, will provide economic vitality for Dauphin County for years to come.

Next Year's Budget

In December 2005, the Board of Commissioners passed a \$121,875,973 General Fund Budget for 2006 maintaining the 6.876 millage rate.

In June of 2006, the Commissioners voted to sell the Spring Creek Nursing Home to a private entity. This action is expected to save millions of dollars annually since an operating subsidy will no longer be required from the General Fund.

The County has 10 labor contracts (2 at Spring Creek) with five separate unions that represent approximately 63% of all employees. 3 contracts expired in 2005. Of these three, the Teamsters contract at the Prison is still under negotiation as of December 2006. The other two contracts that have expired are for the Spring Creek Nursing Home which is being sold. Three other labor contracts expire 12/31/06, and are in active negotiation. Salary increases for the recently settled contracts and the remaining non-union employees have been limited to slightly less than 4% annually.

In July 2006, the County floated \$16,450,000 General Obligation Bonds to fund the first phase of the \$34,000,000 upgrade to the emergency communications radio system. The second phase of the financing is scheduled for October of 2007. A 'Floating-to-Fixed Rate Swap' has already been placed with Deutsche Bank on this \$16,700,000 second phase of the financing. This action took place in June of 2006.

In August 2006, the County entered into Constant Maturity Swap agreements on its \$13,960,000 2004D Notes and the \$16,450,000 2006 EMA Radio Project bonds. The counterparty on both of these swaps is the Royal Bank of Canada. The projected benefit of these swaps is almost \$1 million over the remaining life of these two issues.

Contacting the County's Financial Management

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

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

COUNTY OF DAUPHIN
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 43,401,588	\$ 2,848,042	\$ 46,249,630	\$ 5,524,633
Investments	782,809	-	782,809	1,076,774
Inventory	-	35,253	35,253	86,710
Receivables:				
Accounts	1,171,442	3,618,373	4,789,815	1,189,422
Taxes	6,450,447	-	6,450,447	-
External Parties	21,146	-	21,146	-
Interest and Dividends	49,073	-	49,073	15,365
Internal Balances	(177,662)	177,662	-	-
Due From Other Governments	10,013,498	-	10,013,498	693,895
Due From Component Units	126,956	-	126,956	-
Notes and Loans Receivable	-	-	-	333,333,840
Investment in Direct Financing Leases	-	-	-	12,554,808
Prepaid Expenses	-	-	-	200,525
Other Assets	1,345,737	4,994	1,350,731	6,194,502
Advance to Related Party	-	-	-	231,136
Deferred Issuance Costs on Bonds, Net	-	296,542	296,542	-
Deferred Loss on Bonds	-	1,460,351	1,460,351	-
Deferred Interest from Refunding	2,116,114	-	2,116,114	-
Restricted Cash	2,006,666	268,742	2,275,408	2,678,588
Restricted Investments	-	-	-	89,164,520
Restricted Accrued Interest Income	229	-	229	699,207
Capital Assets, Net	50,627,048	34,845,777	85,472,825	84,489,309
Total Assets	\$ 117,935,091	\$ 43,555,736	\$ 161,490,827	\$ 538,133,234
<u>Liabilities</u>				
Accounts Payable	\$ 7,562,345	\$ 1,404,468	\$ 8,966,813	\$ 1,921,135
Accrued Liabilities	3,460,476	989,957	4,450,433	10,372,363
Deferred Revenues	6,954,151	-	6,954,151	764,253
Due to Other Governments	-	-	-	25,559
Due to Primary Government	-	-	-	125,706
Funds Held in Escrow	1,350,156	-	1,350,156	-
Funds Held in Fiduciary Capacity	376,887	-	376,887	-
Payable From Restricted Assets	-	268,742	268,742	213,831
Bond Premium	-	1,089,456	1,089,456	-
Other Liabilities	2,681,230	-	2,681,230	(896,295)
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	758,220	1,037,112	1,795,332	-
General Obligation Debt	2,715,000	1,721,068	4,436,068	6,508,256
Accrued Compensated Absences	-	-	-	20,784
Portion Due or payable after one year:				
Obligation Under Capital Lease	4,205,797	8,423,386	12,629,183	-
General Obligation Debt	81,380,000	23,554,501	104,934,501	530,332,161
Accrued Compensated Absences	6,377,479	1,067,714	7,445,193	-
Estimated Workers' Compensation Claims	517,011	1,610,605	2,127,616	-
Total Liabilities	118,338,752	41,167,009	159,505,761	\$ 549,387,753
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	(19,030,093)	1,272,716	(17,757,377)	(28,555,323)
Restricted for:				
Debt Service	24,554	-	24,554	9,989,215
Workers Compensation	255,298	-	255,298	-
Program Purposes	7,925,177	-	7,925,177	5,677,105
Restricted Contributions/Fees	912,783	-	912,783	-
Permanent Fund	782,809	-	782,809	-
Unrestricted	8,725,811	1,116,011	9,841,822	1,634,484
Total Net Assets (Deficit)	\$ (403,661)	\$ 2,388,727	\$ 1,985,066	\$ (11,254,519)

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

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Units
	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 18,842,237	\$ (7,642,437)	\$ 9,500	\$ -	\$ (5,969,064)	\$ -	\$ (5,969,064)
Judicial	37,956,796	3,540,752	8,474,787	-	(24,660,296)	-	(24,660,296)
Public Safety	31,869,477	955,843	1,097,262	-	(23,676,740)	-	(23,676,740)
Public Works	420,618	3,411	958,224	-	534,195	-	534,195
Human Services	121,466,383	970,133	112,671,171	-	(7,245,442)	-	(7,245,442)
Culture and Recreation	5,474,083	282,105	189,754	-	(5,503,390)	-	(5,503,390)
Conservation and Development	3,591,105	229,539	3,997,173	-	(2,009,899)	-	(2,009,899)
Interest and Fiscal Charges on Long Term Debt	4,386,842	-	-	-	(4,386,842)	-	(4,386,842)
Total government activities	225,739,631	(1,764,667)	136,856,871	-	(72,937,578)	-	(72,937,578)
Business-type activities:							
Patient Care - County Home	30,468,454	1,145,577	24,632,976	-	(6,961,053)	16,961,053	(6,961,053)
Human Services - Health Choices Fund	46,613,699	82,326	46,828,650	16,854	-	9,179	9,179
Public Works - Human Service Building	1,470,846	463,401	1,506,869	-	(425,368)	(425,368)	(425,368)
Other Programs:							
Public Works - Solid Waste Fund	804,922	41,910	698,181	-	(66,901)	(66,901)	(66,901)
Culture and Recreation - Fort Hunter	110,249	-	36,317	-	(71,932)	(71,932)	(71,932)
Public Safety - Emergency 911	4,876,322	91,553	3,039,836	-	(1,928,039)	(1,928,039)	(1,928,039)
Public Safety - Act 56 Wireless 911	-	-	20,573	-	20,573	20,573	20,573
Total Other Programs	5,781,493	139,369	3,794,907	91,650	(2,036,289)	(2,036,289)	(2,036,289)
Total business-like activities	84,344,192	1,764,667	76,587,821	108,504	(9,433,531)	(9,433,531)	(9,433,531)
Total primary government	\$ 310,083,823	\$ -	\$ 100,766,939	\$ 108,504	\$ (72,937,578)	\$ (9,433,531)	\$ (82,351,103)
Component Units:							
Conservation District	\$ 475,466	\$ -	\$ 995,987	\$ -	\$ -	\$ -	\$ 320,521
General Authority	42,251,300	-	25,281,072	-	-	-	(16,270,228)
Mental Health/Mental Retardation	7,878,511	-	79,251	7,137,952	-	-	(461,308)
Case Management Unit	4,536,226	-	122,487	4,423,892	-	-	10,333
Dauphin County Executive Commission on Drugs and Alcohol	4,231,808	-	254,300	4,166,960	-	-	171,972
Industrial Development Authority	1,825,966	-	1,759,216	-	-	-	(56,720)
Dauphin County Economic Development Corporation	\$ 61,019,217	\$ -	\$ 27,439,297	\$ 17,500,070	\$ -	\$ -	\$ 16,085,910
Total Component Units							
General revenues:							
Taxes:							
Property taxes, levied for general purposes	89,268,753	-	-	-	-	-	89,268,753
Hotel Taxes	4,673,450	-	-	-	-	-	4,673,450
In-lieu of taxes	1,454,353	-	-	-	-	-	1,454,353
Unrestricted investment earnings	1,534,161	-	-	-	62,900	-	1,597,061
Gain / loss from asset disposal	(1,026,499)	-	-	-	(609)	-	(1,028,608)
Rent Recoupment	635,707	-	-	-	-	-	635,707
Appreciation in Fair Market Value of Investments	9,529	-	-	-	-	-	9,529
Transfers from Component Unit	487,111	-	-	-	-	-	487,111
Transfers from/to: Primary Government	-	-	-	-	9,437,175	-	9,437,175
Transfers	89,693,752	-	-	-	8,493,465	-	97,087,255
Total general revenues, special items, and transfers	15,666,221	-	-	-	(920,061)	-	14,746,156
Change in net assets	(16,069,682)	-	-	-	3,108,792	-	(12,761,090)
Net assets - beginning, as restated (Note 28)	1,003,661	-	-	-	2,388,727	-	1,995,066
Net assets - ending							(11,234,519)

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	Mental/Health Mental Retardation	Children Youth and Families	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 26,008,143	\$ 3,682,040	\$ 1,110,909	\$ 12,600,496	\$ 43,401,588
Investments	-	-	-	782,809	782,809
Receivables	-	-	-	-	-
Accounts, net	854,083	-	144,049	173,310	1,171,442
Taxes, net	6,450,447	-	-	-	6,450,447
Interest and Dividends	32,769	3,678	-	12,626	49,073
Due From Other Funds	3,752,494	59,409	63,909	191,753	4,067,565
Due From Other Governments	849,981	-	7,464,503	1,699,014	10,013,498
Due From Component Units	125,706	-	-	1,250	126,956
Other Assets	136,272	-	-	41,113	177,385
Restricted Assets	2,006,666	-	-	-	2,006,666
Cash	-	-	-	-	-
Investments	229	-	-	-	229
Interest Receivable	-	-	-	-	-

Total Assets	\$ 40,216,790	\$ 3,745,127	\$ 8,783,370	\$ 15,502,371	\$ 68,247,658
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The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2005

Liabilities and Fund Balances	General	Mental/Health Mental Retardation	Children Youth and Families	Other Governmental Funds	Total Governmental Funds
Liabilities					
Accounts Payable	\$ 1,506,366	\$ 610,713	\$ 3,259,240	\$ 2,186,026	\$ 7,562,345
Accrued Liabilities	2,043,512	82,322	186,445	243,740	2,556,019
Deferred Revenues	4,066,424	3,044,006	2,913,094	981,635	11,005,159
Due to Other Funds	988,518	8,086	2,424,591	802,886	4,224,081
Funds Held in Escrow	1,350,156	-	-	-	1,350,156
Funds Held in Fiduciary Capacity	376,887	-	-	-	376,887
Other Liabilities	1,284,042	-	-	-	1,284,042
Total Liabilities	11,615,905	3,745,127	8,783,370	4,214,287	28,358,689
Fund Balances:					
Reserved For:					
Program Purposes	-	-	-	7,925,177	7,925,177
Restricted Contributions/Fees	-	-	-	912,783	912,783
Permanent Fund	-	-	-	782,809	782,809
Workers Compensation	255,298	-	-	-	255,298
Debt Service	24,554	-	-	-	24,554
Capital Projects	-	-	-	1,667,315	1,667,315
Unreserved, reported in:					
General Fund	28,321,033	-	-	-	28,321,033
Total Fund Balances	28,600,885	-	-	11,288,084	39,888,969
Total Liabilities and Fund Balances	\$ 40,216,790	\$ 3,745,127	\$ 8,783,370	\$ 15,502,371	\$ 68,247,658

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

COUNTY OF DAUPHIN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2005

Total fund balances for governmental funds \$ 39,888,969

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

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

Land	226,213	
Construction in progress - Infrastructure	298,479	
Construction in progress	13,958,064	
Buildings and improvements, net of \$35,117,339 accumulated depreciation	30,343,346	
Machinery and Tools, net of \$5,122,562 accumulated depreciation	1,799,371	
Leaschold assets, net of \$4,314,800 accumulated amortization	<u>4,001,575</u>	
 Total capital assets		 50,627,048

The County is self insured for the costs of worker's compensation. The liability for workers' compensation is included in the statement of net assets in the following amount: (517,011)

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 4,051,009

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Also, during the year the County issued additional debt and refunded outstanding debt issues. The amount paid to the escrow agent of \$26,584,475 exceeded the principal defeased of \$25,295,000. This \$1,289,475 difference has been recorded as Deferred interest on refunding - an asset on the statement of net assets. The amount borrowed is received in the governmental funds and increases fund balance, while the amount defeased reduces fund balance. The County received a net premium of \$1,121,260 on the bond issues. The net premium will be amortized as an adjustment of interest expense over the remaining life of the new debt.

Balances at December 31, 2005 are:

Accrued interest on bonds	(904,459)	
General obligation Debt	(84,095,000)	
Less Deferred interest from refunding	2,116,114	
Capital leases payable	(4,964,017)	
Compensated absences	(6,377,479)	
Deferred amount on bond issuance costs	1,168,352	
Unamortized premiums/discounts	<u>(1,397,187)</u>	
		<u>(94,453,676)</u>

Total net assets (deficit) of governmental activities \$ (403,661)

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, 2005

	General	Mental/Health Mental Retardation	Children Youth and Families	Other Governmental Funds	Total Governmental Funds
Revenues	\$ 89,302,293	\$ -	\$ -	\$ -	\$ 89,302,293
Property Taxes	-	-	-	4,673,459	4,673,459
Hotel Taxes	8,360,631	52,333,171	31,485,861	34,094,825	126,274,488
Intergovernmental	16,897,841	259,925	1,330,605	1,047,171	19,535,542
Charges for Services	56,989	-	-	-	56,989
License and Permits	3,585,717	-	-	958,244	4,543,961
Court Costs and Fines	1,507,195	134,015	827	344,378	1,986,415
Interest and Rents	-	-	-	-	-
Appreciation / (Depreciation) in Fair	-	-	-	9,629	9,629
Market Value of Investments	-	-	-	1,527,505	1,527,505
Miscellaneous Revenue	635,707	-	-	-	635,707
Total Revenues	120,346,373	52,727,111	32,817,293	42,755,211	248,645,988
Expenditures					
Current:					
General Government	8,864,916	-	-	-	8,864,916
Judicial	36,632,251	-	-	6,478,278	43,110,529
Public Safety	31,637,857	-	-	704,009	32,341,866
Public Works	-	-	-	414,836	414,836
Human Services	2,185,948	53,455,686	38,869,237	27,705,153	122,216,024
Culture and Recreation	1,482,528	-	-	4,230,774	5,713,302
Conservation and Development	2,832,774	-	-	2,859,302	5,692,076
Debt Service	923,372	106,931	6,871	407,345	1,444,519
Principle	3,630,153	77,699	390	106,853	3,815,095
Interest	-	-	-	672,183	672,183
Capital Projects	-	-	-	-	-
Total Expenditures	88,189,799	53,640,316	38,876,498	43,578,733	224,285,346
Excess of Revenues Over (Under)	32,156,574	(913,205)	(6,059,205)	(823,522)	24,360,642
Expenditures					
Other Financing Sources (Uses)					
Transfer In	3,357,529	3,039,389	6,062,629	1,801,600	14,261,147
Transfer Out	(19,655,653)	(2,126,184)	(3,424)	(955,277)	(22,750,538)
Transfers from Component Units	487,111	-	-	-	487,111
Proceeds from Asset Disposal	516,848	-	-	-	516,848
Payment to Refunded Bond Escrow Agent	(26,584,475)	-	-	-	(26,584,475)
Net Premium on Bonds Issued	1,121,260	-	-	-	1,121,260
Capital Lease Proceeds	461,021	-	-	-	461,021
Proceeds of General Obligation Debt	25,895,000	-	-	-	25,895,000
Total Other Financing Sources (Uses)	(14,401,359)	913,205	6,059,205	836,323	(6,592,626)
Net change in fund balances	17,755,215	-	-	12,801	17,768,016
Fund Balances - Beginning of Year	10,845,670	-	-	11,275,283	22,120,953
Fund Balances - End of Year	\$ 28,600,885	\$ -	\$ -	\$ 11,288,084	\$ 39,888,969

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, 2005

Net change in fund balances - total governmental funds		\$ 17,768,016
<p>The change in net assets reported for governmental activities in the statement of activities is different because:</p>		
<p>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 (\$1,685,008) exceeded depreciation (\$2,317,795) and net book value of disposed fixed assets (\$1,545,048) in the current period.</p>		
	(2,177,835)	
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p>		
Debt issued:		
General Obligation Debt	(25,895,000)	
Premium/Discount on new debt issues	(1,121,260)	
Bond issuance costs on new debt issues	365,200	
Capital Leases	(461,021)	
Payments to Refunding Escrow Agent	26,584,475	
Repayments:		
General Obligation Debt	640,000	
Capital Leases	810,080	
Net adjustment	922,474	
<p>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. This adjustment combines the net changes of five balances.</p>		
Compensated absences	(401,388)	
Amortization of debt premium/discount	308,827	
Amortization of bond issuance costs	(559,597)	
Amortization of deferred interest from refunding	(520,798)	
Accrued interest on bonds	199,720	
Combined adjustment	(973,236)	
<p>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 deferred real estate tax revenue from 12/31/04 to 12/31/05.</p>		
		(33,540)
<p>The County is self insured for the costs of worker's compensation. The decrease in liability related to the worker's compensation is reported as a reduction of expenditures of the governmental activities</p>		
		110,683
<p>The County allocates indirect costs to various agencies and departments based upon an Indirect Cost Allocation Plan. Not all costs were allocated in accordance with the Cost Plan in the prior year. As a result, the recovery of costs from the business-type funds must be reduced.</p>		
		49,659
Change in net assets of governmental activities		\$ 15,666,221

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

COUNTY OF DAUPHIN
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Business Type Activities-Enterprise Funds					Total
	County Home	Health Choices Fund	Human Service Building	Other Enterprise Funds		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,212,889	\$ 204,552	\$ 145,542	\$ 1,285,059	\$	2,848,042
Inventory	35,253	-	-	-	-	35,253
Accounts Receivables	2,772,621	211,351	18,835	615,566	-	3,618,373
Due From Other Funds	621,823	-	12,004	93,052	-	726,879
Other Assets	626	-	359	4,009	-	4,994
Total current assets	4,643,212	415,903	176,740	1,997,686	-	7,233,541
Noncurrent Assets						
Restricted Cash	268,742	-	-	-	-	268,742
Capital assets (Net)	23,370,726	-	6,915,326	4,559,725	-	34,845,777
Deferred Issuance Costs on Bonds, Net	290,210	-	6,332	-	-	296,542
Deferred Loss on Bonds, Net	1,352,129	-	98,222	-	-	1,450,351
Total noncurrent assets	25,291,807	-	7,019,880	4,559,725	-	36,871,412
Total assets	\$ 29,935,019	\$ 415,903	\$ 7,196,620	\$ 6,557,411	\$	\$ 44,104,953
LIABILITIES						
Current liabilities:						
Accounts Payable	\$ 888,901	\$ 338,702	\$ 24,720	\$ 152,145	\$	\$ 1,404,468
Accrued Liabilities	760,080	-	99,020	130,857	-	989,957
Due to Other Funds	495,593	46,277	255	7,092	-	549,217
Bond Premium	1,051,413	-	38,043	-	-	1,089,456
Obligation Under Capital Lease	10,960	-	1,000,000	26,152	-	1,037,112
General Obligation Debt	1,495,000	-	35,000	191,068	-	1,721,068
Total current liabilities	4,701,947	384,979	1,197,038	507,314	-	6,791,278
Noncurrent liabilities:						
Obligation Under Capital Lease	9,159	-	8,410,000	4,227	-	8,423,386
General Obligation Debt	21,595,000	-	1,655,000	304,501	-	23,554,501
Payable From Restricted Assets	268,742	-	-	-	-	268,742
Estimated Workers' Compensation	1,610,605	-	-	-	-	1,610,605
Accrued Compensated Absences	888,033	-	-	179,681	-	1,067,714
Total noncurrent liabilities	24,371,539	-	10,065,000	488,409	-	34,924,948
Total liabilities	29,073,486	384,979	11,262,038	995,723	-	41,716,226
NET ASSETS (DEFICIT)						
Invested in Capital Assets	861,533	-	(4,118,163)	4,529,346	-	1,272,716
Net of Related Debt	-	30,924	52,745	1,032,342	-	1,116,011
Unrestricted	861,533	\$ 30,924	\$ (4,065,418)	\$ 5,561,688	\$	\$ 2,388,727
Total net assets (deficit)						

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

COUNTY OF DAUPHIN
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS (DEFICIT)
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Business Type Activities - Enterprise Funds				Total
	County Home	Health Choice Fund	Human Service Building	Other Enterprise Funds	
Operating Revenues					
Charges for Services	\$ 24,652,978	\$ 46,628,650	\$ 1,508,889	\$ 3,796,907	\$ 76,587,424
Total Operating Revenues	24,652,978	46,628,650	1,508,889	3,796,907	76,587,424
Operating Expenses					
Personnel Services	20,230,116	116,257	-	3,800,012	24,146,385
Contracted Services	4,353,796	55,869	107,511	493,731	5,010,907
Supplies and Materials	2,059,446	387	3,278	48,060	2,110,171
Repairs and Maintenance	302,306	-	79,209	259,553	641,068
Utilities	1,070,945	450	188,592	546,160	1,806,147
Other Services and Charges	1,568,611	36,176	463,401	259,482	2,327,670
Claims Expense	-	46,427,186	-	-	46,427,186
Depreciation and Amortization	1,012,926	-	695,159	502,365	2,210,450
Total Operating Expenses	30,598,146	46,636,325	1,537,150	5,901,363	84,672,984
Operating Income (Loss)	(5,945,168)	(7,675)	(28,261)	(2,104,456)	(6,085,560)
Nonoperating Revenues (Expenses)					
Interest Income	-	16,884	14,778	49,422	81,054
Interest Expense	(1,017,266)	-	(397,097)	(30,669)	(1,445,032)
Grants	-	-	-	90,350	90,350
Total Nonoperating Revenues (Expenses)	(1,017,266)	16,884	(382,319)	109,103	(1,273,628)
Loss Before Operating Transfers In (Out)	(6,962,434)	9,179	(410,580)	(1,995,353)	(9,359,198)
Transfers In	6,887,234	-	105,410	3,958,794	8,951,438
Transfers Out	(451,915)	(10,132)	-	-	(462,047)
Loss on Asset Disposal	(609)	-	-	-	(609)
Total Transfers In (Out)	6,434,710	(10,132)	105,410	1,958,794	8,488,782
Change in Net Assets	(527,724)	(953)	(305,170)	(36,559)	(870,406)
Total Net Assets (Deficit) - Beginning of Year	1,389,257	31,877	(3,760,248)	5,598,247	3,259,133
Total Net Assets (Deficit) - End of Year	\$ 861,533	\$ 30,924	\$ (4,065,418)	\$ 5,561,688	\$ 2,388,727

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

COUNTY OF DAUPHIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS (DEFICIT) OF PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Change in net assets - total proprietary funds \$ (870,406)

The change in net assets reported for business-type activities in the statement of activities is different because:

The County allocates indirect costs to various agencies and departments based upon an Indirect Cost Allocation Plan. Not all costs were allocated in accordance with the Cost Plan in the prior year. As a result, the repayment to the governmental funds must be reduced.

(49,659)

Change in net assets (deficit) of business-type activities

\$ (920,065)

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, 2005

	County Home Fund	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Cash Elvds From Operating Activities	\$ 24,652,978	\$ -	\$ -	\$ -	\$ 24,652,978
Receipts from Patient Services	-	46,417,299	-	-	46,417,299
Receipts from Health Choices Services	-	-	-	715,160	715,160
Receipts from Recycling Services	-	-	-	2,887,444	2,887,444
Receipts from Emergency Communications Services	-	-	-	38,317	38,317
Receipts from Recreational Activities	-	-	1,493,596	-	1,493,596
Receipts from Space and Parking Rentals	(19,718,864)	(116,257)	-	(3,769,232)	(23,604,353)
Payments to Employees	(9,786,694)	211,769	(843,651)	(1,920,330)	(12,338,906)
Payments to Suppliers	-	(46,427,186)	-	-	(46,427,186)
Payments for Claims	446,016	21,809	11,438	(44,438)	436,805
Internal Activity - Payments (from) to other funds	-	-	-	-	-
Net Cash Provided by (Used In) Operating Activities	(4,404,564)	107,434	661,363	(2,092,079)	(5,727,846)
Cash Flow From Noncapital Financing Activities	6,435,319	(10,132)	105,410	1,958,784	9,489,391
Operating Transfers In (Out)	-	-	-	90,350	90,350
Operating Grants Received	-	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	6,435,319	(10,132)	105,410	2,049,144	8,579,741
Cash Flows from Capital and Related Financing Activities	(269,745)	-	-	(542,927)	(811,672)
Purchase of Fixed Assets	(609)	-	-	-	(609)
Disposal of Fixed Assets	(1,093,113)	-	(397,097)	(30,668)	(1,520,879)
Interest Paid	782,795	-	38,043	-	820,838
Increase/Decrease in Bond Premium	25,127	-	(6,848)	-	18,279
Increase/Decrease in Bond Issuance Costs	(988,101)	-	-	-	(988,101)
Increase/Decrease in Deferred Loss on Bonds	32,895,000	-	515,000	-	33,410,000
Increase in General Obligation Debt	(25,431)	-	(955,000)	(32,127)	(1,012,558)
Principal Payments on Capital Lease	(12,750,000)	-	(575,000)	(181,685)	(13,506,685)
Principal Payments on Bonds	-	-	-	(797,408)	(797,408)
Net Cash Used in Capital and Related Financing Activities	(1,503,077)	-	(1,380,902)	-	(2,883,979)
Cash Flows from Investing Activities	-	16,854	34,778	49,422	81,054
Interest Income	-	16,854	14,778	49,422	81,054
Net Cash Provided by Investing Activities	-	16,854	14,778	49,422	81,054
Net Decrease in Cash and Cash Equivalents	527,676	114,156	(599,351)	(780,921)	(738,438)
Cash and Cash Equivalents, Beginning of Year	953,953	90,396	744,893	2,065,260	3,855,222
Cash and Cash Equivalents, End of Year	\$ 1,481,631	\$ 204,552	\$ 145,542	\$ 1,285,059	\$ 3,116,784
Displayed as:					
Cash and cash equivalents	\$ 1,212,889	\$ 204,552	\$ 145,542	\$ 1,285,059	\$ 2,848,042
Restricted cash	\$ 268,742	\$ -	\$ -	\$ -	\$ 268,742
	\$ 1,481,631	\$ 204,552	\$ 145,542	\$ 1,285,059	\$ 3,116,784

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, 2005

	County Home Fund	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)	(5,945,168)	(7,675)	(28,261)	(2,104,456)	(8,085,560)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	1,032,926	-	695,159	502,365	2,230,450
Depreciation and Amortization Expense		(211,351)	(14,934)	(154,943)	(381,228)
Change in assets and liabilities			(359)	11,109	161,576
Accounts Receivable	163,044	-	-	-	-
Other Assets	-	-	-	-	-
Due From Other Governments	(13,251)	-	-	(13,251)	(13,251)
Inventory	(605,595)	-	-	(320,278)	(925,873)
Accounts Payable	442,628	304,651	7,298	9,254	763,831
Accrued Expenses	(32,662)	-	(8,958)	-	(41,620)
Estimated Workers' Compensation Claims Payable from Restricted Assets	24,212	-	-	-	24,212
Accrued Vacation and Sick Pay	101,286	-	-	21,526	122,812
Due To/Due From Other Funds	448,016	21,809	11,418	(44,438)	436,805
Net Cash Provided by (Used In) Operating Activities	\$ (4,404,564)	\$ 107,434	\$ 661,363	\$ (2,092,079)	\$ (5,727,856)

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,235,418	\$ 6,421,392	\$ 12,656,810
Investments	162,414,243	-	162,414,243
Interest and Dividends Receivable	643,099	-	643,099
Loans Receivable	-	48,069	48,069
Other Assets	-	89	89
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 169,292,760</u>	<u>\$ 6,469,550</u>	<u>\$ 175,762,310</u>
LIABILITIES			
Accounts Payable	\$ 288,977	\$ 676,492	\$ 965,469
Due To External Parties	21,146	-	21,146
Funds Held in Escrow	-	4,050,511	4,050,511
Due To Other Governments	-	1,742,547	1,742,547
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>310,123</u>	<u>6,469,550</u>	<u>6,779,673</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 168,982,637</u>	<u>\$ -</u>	<u>\$ 168,982,637</u>

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

COUNTY OF DAUPHIN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 3,894,129
Employer	7,329,921
Total Contributions	11,224,050
Investment Income:	
Net Appreciation in Fair Value of Investments	8,498,128
Interest	2,504,184
Dividends	1,879,704
Miscellaneous Revenue	11,554
	12,893,570
Less: Investment Expense	554,742
Net Investment Gain	12,338,828
Total Additions	23,562,878
Deductions:	
Benefits	6,943,350
Refunds of Contributions	1,044,907
Administrative Expenses	107,236
Total Deductions	8,095,493
Net Increase	15,467,385
Net Assets - Beginning of Year	153,515,252
Net Assets End of Year	\$ 168,982,637

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

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2005

	Assets					Total
	Conservation District	General Authority	Mental Health/ Mental Retardation Case Management Unit	Dauphin County Executive Commission on Drugs and Alcohol	Industrial Development Authority	
Cash and Cash Equivalents	\$ 694,731	\$ 2,955,566	\$ 59,024	\$ 371,562	\$ 374,307	\$ 5,224,633
Investments	-	577,501	-	499,273	-	1,076,774
Inventory	-	86,710	-	-	-	86,710
Receivables:						
Accounts	-	676,046	336,239	169,825	7,312	1,189,422
Interest and Dividends	-	15,365	-	415,260	-	15,365
Due from Other Governments	278,635	-	-	-	-	333,333,840
Notes and Loans Receivable	-	333,315,000	-	-	-	200,525
Prepaid Expenses	-	-	60,917	-	1,499	12,554,808
Investment in Direct Financing Leases	-	12,654,808	-	-	-	75,930
Escrow Receivable	-	-	-	-	22,299	6,194,502
Other Assets	-	6,133,581	-	-	-	231,136
Advance to Related Party	-	2,365,815	-	98,942	213,831	2,678,588
Restricted Cash	-	89,184,520	-	-	-	89,184,520
Restricted Investments	-	699,207	-	-	-	699,207
Restricted Accrued Interest Income	-	79,862,834	652,895	-	1,016,642	84,489,309
Capital Assets, Net	862,758	-	-	-	-	-
Total Assets	\$ 1,836,124	\$ 528,426,953	\$ 1,109,075	\$ 1,554,862	\$ 1,635,890	\$ 538,209,164

	Liabilities					Total
	Conservation District	General Authority	Mental Health/ Mental Retardation Case Management Unit	Dauphin County Executive Commission on Drugs and Alcohol	Industrial Development Authority	
Liabilities						
Accounts Payable	-	1,036,500	65,692	716,900	53,520	1,921,135
Accrued Liabilities	-	9,820,783	495,577	56,003	-	10,372,363
Deferred Revenues	-	738,791	-	23,269	2,193	764,253
Due to Other Governments	-	-	-	25,559	-	25,559
Due to Primary Government	125,706	-	-	-	-	125,706
Payable From Restricted Assets	-	-	-	-	213,831	213,831
Escrow Obligation	-	-	-	-	-	75,930
Other Liabilities	-	(900,488)	-	-	4,193	(896,295)
Long-term liabilities						
Portion Due or payable within one year:						
General Obligation Debt	-	6,415,000	-	-	48,256	6,508,256
Accrued Compensated Absences	-	-	-	20,784	-	20,784
Portion Due or payable after one year:						
General Obligation Debt	-	527,360,473	-	-	908,422	530,332,161
Total Liabilities	125,706	544,471,059	561,269	842,515	1,230,415	549,463,683

	Conservation District	General Authority	Mental Health/ Mental Retardation Case Management Unit	Dauphin County Executive Commission on Drugs and Alcohol	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Net Assets	862,758	(30,141,854)	652,895	-	55,964	10,914	(28,555,323)
Invested in Capital Assets, Net of Related Debt	-	3,834,683	(105,089)	648,592	-	1,298,919	5,677,105
Restricted for:	-	9,989,215	-	-	-	-	9,989,215
Program Purposes	-	273,850	-	63,755	345,511	103,708	1,634,484
Debt Service	847,660	-	-	-	-	-	847,660
Unrestricted	1,710,418	(16,044,106)	547,806	712,347	405,475	1,413,541	(11,254,519)
Total Net Assets	\$ 1,710,418	\$ (16,044,106)	\$ 547,806	\$ 712,347	\$ 405,475	\$ 1,413,541	\$ (11,254,519)

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

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNIT
 DECEMBER 31, 2005

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets					Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Conservation District	General Authority	Mental Health/Mental Retardation Case Management Unit	Dauphin County Executive Commission on Drugs and Alcohol	Industrial Development Authority	Dauphin County Economic Development Corporation		
Conservation District												
Conservation and Development	\$ 475,466	\$ 995,987	\$ -	\$ -	\$ 520,521						\$ 520,521	
General Authority												
General Authority Operations	42,251,300	25,961,072	-	-	(16,270,228)						(16,270,228)	
Mental Health/Mental Retardation Case Management Unit												
Human Services	7,678,511	75,251	7,137,952	-	-	(461,308)					(461,308)	
Dauphin County Executive Commission on Drugs and Alcohol												
Human Services	4,536,226	122,667	4,423,892	-	-		10,353				10,353	
Industrial Development Authority												
Conservation and Development	4,251,808	254,300	4,166,980	-	-			171,472			171,472	
Dauphin County Economic Development Corporation												
Tourism and Economic Development	1,825,966	-	1,769,246	-	-				(56,720)		(56,720)	
Total Component Units	\$ 61,019,277	\$ 27,433,297	\$ 17,500,070	\$ -	\$ 520,521	\$ (16,270,228)	\$ (461,308)	\$ 10,353	\$ 171,472	\$ (56,720)	\$ (16,085,910)	
General revenues:												
Unrestricted investment earnings					21,481				8,560		85,625	13,311,662
Appreciation in Fair Market Value of Investments						13,187,392						446
Transfer to primary government												133,936
Total general revenue, special items, transfers					(487,111)							(487,111)
Change in net assets					(465,630)							(465,630)
Net assets-beginning, as restated (Note 2)					54,891							12,969,963
Net assets-ending					1,655,527							(3,126,957)
					\$ 1,710,418	\$ (16,044,106)	\$ 547,806	\$ 712,347	\$ 405,475	\$ 1,413,541	\$ 1,254,519	

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

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") for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Dauphin (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

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

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

The District operates and reports on a calendar year basis.

Dauphin County General Authority ("General Authority"): The General Authority was incorporated by the County on March 7, 1984, under the provisions of the Pennsylvania Municipal Authorities Act to acquire, hold, construct, improve, maintain and operate, own, and lease in the capacity of lessor or lessee projects of the kind and character contemplated by law for a general purpose authority. The General Authority's five-member board is appointed by the County Commissioners.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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 1993 (golf course debt). The proceeds are being used to finance 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. The County Commissioners must approve all of the General Authority's bond issues, but neither the County or 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.

Dauphin County Mental Health/Mental Retardation Case Management Unit ("Case Management Unit"): The Case Management Unit serves as the base service unit for the County Mental Health/Mental Retardation Program ("MH/MR Program") providing case management services to residents of Dauphin County. The MH/MR Program approves the Case Management Unit administrator and board member appointments. The County has the ability to dissolve the Case Management Unit. Revenues are primarily from contracts with the County.

The Case Management Unit operates on a fiscal year ending June 30.

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

The IDA acts as a financing vehicle for industrial development in the County. The IDA's work includes tax exempt and taxable bonds as well as mortgage financing for manufacturers, non-profits and companies establishing corporate headquarters in the County. The IDA participates in millions of dollars in new construction and rehabilitation each year through its industrial recruitment and expansion projects.

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, the IDA's offices are provided rent-free in a building owned by the County, and other significant operating expenses such as telephone, office maintenance and insurance are paid for by the County. In addition to providing financial support for operations, the Commissioners of the County have the sole power to appoint members of the IDA's Board of Directors.

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County Economic Development Corporation ("DCEDC"): The DCEDC is a nonprofit organization which operates in compliance with Section 7502 of the Nonprofit Corporation Law of 1972 and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The DCEDC, an industrial 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 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. The DCEDC's management and support staff are employees of the County. The DCEDC's offices are provided rent-free in a building owned by the County, and other significant operating expenses, such as telephone, office maintenance, and insurance are paid for by 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.

Dauphin County Executive Commission on Drugs and Alcohol, Inc. ("Commission"): The Commission was incorporated on January 1, 2003. The Commission operates as a private Executive commission contracted by the County of Dauphin to provide drug and alcohol intervention and treatment related services. As such, the County of Dauphin has oversight responsibility for the Commission and is required to provide a match of County Funds. The County has committed to providing funding to the Commission in the amount of \$103,936 on January 1 and July 1 each year for which the contract between the Commission and the County is in effect.

The Commission operates and reports on a fiscal year ending June 30.

Separately published audit reports of the Component Units are available for public inspection in the Controller's Office.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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 should not be included in its financial reporting entity (condensed financial information relative to these entities is included in the notes herein):

<u>Name of Organization</u>	Cumberland, Dauphin Harrisburg Transit <u>Authority</u>	Tri-County Regional Planning <u>Commission</u>
Services Provided	Bus Services	Regional Planning
Dauphin County Board Representation	3 of 7 Members	13 of 31 Members
Fiscal Year	June 30, 2005	December 31, 2004
Current Assets	\$2,559,554	\$285,688
Total Assets	22,489,197	293,161
Net Assets/Fund Balance	20,788,727	155,128
Operating Revenues	5,685,765	1,263,885
Operating Loss	(9,674,188)	(37,429)
Net Income (Loss)	6,211,086	(35,295)
Dauphin County Contribution to Operations	329,600	-
Dauphin County Working Capital Advances	None	None

Separately published audit reports of the Joint Ventures are available for public inspection in the Controller's Office.

C. 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:

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Related Organizations (Continued)

Authorities

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

Advisory Boards

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

D. Government-Wide and Fund Financial Statements

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

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

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.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Mental Health/Mental Retardation Fund is used to account for specific revenue sources related to the provisions of Mental Health/Mental Retardation services that are restricted to expenditures for those specified purposes.
- 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 County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

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.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major proprietary funds:

- The County Home Fund accounts for the fiscal activities of the County's nursing home that is 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.
- Health Choices Fund accounts for the fiscal activities of the County Behavioral Health Program that is 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.
- Human Services Building Fund accounts for the fiscal activities of the County's Human Services Building that is 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.

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Cash Equivalents

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

2. Receivables and Payables

• Interfund Receivables and Payables

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

• Unbilled Service Receivables

The County's Enterprise Funds bill services currently and accordingly no unbilled service receivable exists.

3. Investments

Investments for the County are reported at fair value. Investments that do not have an established market value are reported at estimated values.

4. Restricted Assets

Restricted Assets represent revenues set-aside for liquidation of specific obligations, as detailed in Note 5.

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 County adopted the provisions of GASB 34 related to infrastructure on the prospective basis. For the year ended December 31, 2005, the County's major construction and improvements to its infrastructure assets are capitalized in the County's entity-wide financial statements. (See also Note 7)

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.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (continued)

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

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

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

6. Allowance for Doubtful Accounts

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

7. Compensated Absences

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

8. Long-Term Obligations

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Deferred Revenues

Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and in accordance with the modified accrual basis of accounting are reported as deferred revenues. The County deems revenues received within 365 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

10. Interfund Transactions

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

11. Net Assets/Fund Balances

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

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

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board of Commissioners and management and can be increased, reduced, or eliminated by similar actions.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Accounting Estimates

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

G. Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 40 "*Deposit and Investment Risk Disclosure*". The adoption of this statement resulted in a modification of the financial reporting disclosure information required by the County.

The County adopted the provisions of GASB Statement No. 42 "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*". The adoption of this statement had no effect on previously reported amounts.

H. Pending Changes in Accounting Principles

In December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34. The County is required to adopt Statement No. 46 for its calendar year 2006 financial statements.

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. The County is required to adopt Statement No. 47 for its calendar year 2006 financial statements.

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

Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

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

Capital Assets

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Net assets are segregated into "invested in capital assets, net of related liabilities", "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.

The General Authority follows Statement No. 20 of the Governmental Accounting Standards Board ("GASB No. 20"), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." GASB No. 20 provides for, and the General Authority elected to apply GASB pronouncements only, rather than pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

Conduit Debt Issues

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

Use of Estimates

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

Cash and Cash Equivalents

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Investments

With the exception of guaranteed investment contracts which are at contract value, investments are stated at fair value.

Direct Financing Lease Transactions

The General Authority accounts for its leases with various agencies as direct financing leases in accordance with FASB Statement No. 13.

Notes Receivable Transactions

The General Authority entered into agreements with various entities for which it received general obligation and other notes.

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 \$1,000 and an estimated useful life in excess of two years.

Inventory

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

Deferred Financing Costs

Deferred financing costs, representing issuance costs for the outstanding bonds, net of reimbursement, are being amortized over the outstanding terms of the bonds on the straight-line method.

Bond Discount

Bond discounts, representing the underwriters' discount on bonds issued and/or the discount for bonds issued at less than par value, are amortized over the outstanding terms of the Bonds by the straight-line method.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Restricted Assets

Restricted assets represent cash, investments and receivables 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.

Net Assets

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

Operating Revenues and Expenses

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

Dauphin County Mental Health/Mental Retardation Case Management Unit

Basis of Presentation

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Mental Health/Mental Retardation Case Management Unit (Continued)

Revenue Recognition

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

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

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 disclosure. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets of Dauphin County Mental Health/Mental Retardation 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 \$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.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Mental Health/Mental Retardation Case Management Unit
 (Continued)

Capital Assets (Continued)

Capital assets of Dauphin County Mental Health/Mental Retardation Case Management Unit are depreciated using the straight-line method over the following estimated useful lives:

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

Income Taxes

The Dauphin County Mental Health/Mental Retardation 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.

Adoption of Governmental Accounting Standards Board
 Statement

The Dauphin County Mental Health/Mental Retardation Case Management Unit adopted the provisions of GASB Statement No. 40, "Deposit and Investment Risk Disclosures". The adoption of this statement resulted in a modification of the financial reporting required.

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 economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority (Continued)

Basis of Accounting (Continued)

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

Cash and Cash Equivalents

The IDA considers all highly-liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents. Cash and cash equivalents at September 30, 2005 consist of cash held in bank checking accounts.

Capital Assets

Capital Assets which include office equipment and furnishings and buildings are recorded at original cost at the time title reverts to the IDA and said assets are in operating condition. To the extent the IDA's capitalization threshold is met, capital outlays are recorded and depreciated using the straight-line method over their estimated useful lives. Estimated useful lives for office equipment furnishings range from three to seven years and buildings forty years. Construction in progress is recorded at cost at the time incurred. Construction in progress is reclassified to the appropriate capital asset category upon completion and/or occupancy/use begins, whichever occurs first.

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 relate to the collectibility of loans and other receivables and the useful lives of fixed assets. Actual results could differ from those estimates.

Long-Term Obligations

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority (Continued)

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 adjusted for allowance for doubtful accounts. 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 a rate of 3% is charged on unpaid balance and is recognized in revenue upon receipt. There were no loans receivable outstanding at September 30, 2005.

Adoption of Pronouncement

During the fiscal year 2005, the IDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, "*Deposit and Investment Risk Disclosures*." This Statement establishes financial reporting standards for general purpose external financial reporting by state and local governments.

Concentration of Credit Risk

Financial instruments which potentially subject the IDA to credit risk consists primarily of cash. The IDA maintains its cash deposits with various financial institutions where the account balances may at times exceed FDIC insured limits.

Loans receivable potentially subject the IDA to credit risk to the extent that such amounts could become uncollectible. The IDA's management evaluated this and, when determined to be necessary, provides an allowance for loans which may become uncollectible.

Dauphin County Economic Development Corporation ("DCEDC")

Basis of Accounting

The financial statements for the year ended December 31, 2005 have been prepared on the accrual basis of accounting under which revenue is recognized when earned and expenses are recognized when incurred

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation (Continued)

Net Assets

DCEDC follows Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, DCEDC is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue is classified as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any legal restrictions. DCEDC's Hotel Tax revenue is considered to be temporarily restricted because its use is restricted to specific programs and activities. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the applicable use restrictions, i.e., when they are used for the purpose for which they are intended.

Cash and Cash Equivalents

DCEDC considers all highly-liquid debt instruments purchased with a maturity of one year or less to be cash equivalents. Cash and cash equivalents at December 31, 2005 consist of cash held in bank checking accounts and certificates of deposit.

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 of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Purchases of fixed assets are recorded at their original cost and are depreciated on a straight line basis over their estimated useful lives. Estimated lives for office equipment and furnishings range from three to seven years. Estimated life for buildings is 39 years. Depreciation expense for the year ended December 31, 2005 was \$10,507.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation (Continued)

Concentration of Credit Risk

Financial instruments which potentially subject the DCEDC to credit risk consist primarily of cash. DCEDC maintains its cash deposits with various regional financial institutions. DCEDC's bank accounts at December 31, 2005 were insured by the Federal Deposit Insurance Corporation or were collateralized in accordance with Act 72.

Accounts receivable potentially subject the DCEDC to credit risk to the extent that such amounts could become uncollectible. DCEDC's management has evaluated this risk and determined no allowance was necessary.

Income Taxes

DCEDC is 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. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose is subject to federal income taxes. DCEDC received no revenues deemed to be unrelated to its tax-exempt purpose during the year ended December 31, 2005.

Dauphin County Executive Commission on Drugs and Alcohol, Inc.

Financial Statement Presentation

The Commission follows SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting and Revenue Recognition

The Commission prepares its financial statements on an accrual basis of accounting whereby support and revenue are recognized when earned and expenses are recognized when incurred. Grant revenue is recognized when allowable expenses are incurred. Any grant payments received in excess of allowable expenses are reflected as deferred revenue. When allowable expenses are incurred in excess of grant payments received, a grant receivable is reflected.

Investments

Investments for the Commission are reported at fair value.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Executive Commission on Drugs and Alcohol, Inc.
 (Continued)

Fixed Assets

The Commission expenses the cost of fixed asset acquisitions on their income and expense reports submitted to the Pennsylvania Department of Health, Office of Drug and Alcohol Programs. Since the funding agreement specifies that title to the assets remains with the State, the assets cannot be capitalized.

Income Taxes

Income taxes are not provided for in the financial statements since the Commission is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Commission is not classified as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Use of Estimates

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

NOTE 2: BUDGETARY DATA

County Budget Process

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

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

Legal Requirements

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

Level of Control

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

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2005 were as follows:

	Cost	Market
Governmental Funds		
Fort Hunter Permanent Fund		
Fixed Income Mutual Funds - Bonds	\$ 393,696	\$ 393,474
Fixed Income Mutual Funds - Stocks	330,832	389,335
Total Permanent Fund	<u>724,528</u>	<u>782,809</u>
Total Governmental Funds	<u>724,528</u>	<u>782,809</u>
Fiduciary Funds		
Retirement Fund		
U.S. Government Securities	27,493,700	29,689,021
Savings, CD's & Time Deposits	208,005	206,260
Corporate Bonds	20,027,822	19,522,575
Common Stocks	71,139,227	89,017,620
Equity Funds	20,390,341	23,978,767
Total Retirement Fund	<u>139,259,095</u>	<u>162,414,243</u>
Total Fiduciary Funds	<u>139,259,095</u>	<u>162,414,243</u>

As of December 31, 2005, 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	\$ 393,474	\$ 393,474	\$ -	\$ -	\$ -
Total	<u>\$ 393,474</u>	<u>\$ 393,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2005, 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	\$ 8,750,234	\$ 748,844	\$ 5,394,471	\$ 2,606,919	\$ -
U.S. Government Agencies	20,938,787	439,868	10,371,391	3,814,430	6,313,098
Savings, CD's & Time Deposits	206,260	-	-	206,260	-
Corporate Bonds	19,522,575	2,049,862	10,849,062	4,095,481	2,528,170
Total	<u>\$ 49,417,856</u>	<u>\$ 3,238,574</u>	<u>\$ 26,614,924</u>	<u>\$ 10,723,090</u>	<u>\$ 8,841,268</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's 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.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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 never be more than 25 percent of the published average or effective duration of the Lehman Brothers Intermediate Government Bond Index.

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

As of December 31, 2005, the County's operating investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Fixed Income Mutual Funds	AAA	78%
Fixed Income Mutual Funds	AAA	6%
Fixed Income Mutual Funds	AAA	8%
Fixed Income Mutual Funds	BAA	8%

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".

As of December 31, 2005, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Agencies	AAA	99%
U.S. Government Agencies	AA2	1%
Corporate Bonds	AAA	30%
Corporate Bonds	AA2	11%
Corporate Bonds	AA3	4%
Corporate Bonds	A1	12%
Corporate Bonds	A2	11%
Corporate Bonds	A3	7%
Corporate Bonds	BAA1	6%
Corporate Bonds	BAA2	10%
Corporate Bonds	BAA3	3%
Corporate Bonds	Not rated	5%

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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, 2005, \$60,393,255 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, 2005.

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. 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, 2005, the County is not subject to concentration of credit risk.

Component Units – Deposit and Investment Risk

Dauphin County Conservation District

Deposits

At times during the year ended December 31, 2005, the Conservation District's cash balances may have exceeded the federally insured limit of \$100,000. The excess, if any, is covered by collateral held by the pledging financial institution's trust department. Pennsylvania Act 72 allows for bank-owned securities to be pledged on a pooled basis to service public funds.

Cash and cash equivalents include the following as of December 31, 2005:

	<u>Carrying Amount</u>	<u>Market Value</u>
Cash	\$ 23,482	\$ 23,482
Pennsylvania INVEST Program	671,249	671,249
	<u>\$ 694,731</u>	<u>\$ 694,731</u>

Custodial Credit Risk

For deposits and investments, custodial risk is the risk that in the event of the failure of the counterparty, 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, 2005, none of the Conservation District's deposits were exposed to custodial credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County Conservation District (Continued)

Concentration of Credit Risk

The Conservation District places no limit on the amount that may be invested in any one issuer. All of the Conservation District's investments, which are classified as cash and cash equivalents, consist of cash with a local bank (3.38%) and cash equivalents with the Pennsylvania INVEST Program (96.62%).

Dauphin County General Authority

Deposits and Investments

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

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

The General Authority's cash deposits, restricted and unrestricted, are categorized below to give an indication of the level of credit risk assumed at the balance sheet date. Category 1 includes insured or collateralized deposits held by the General Authority or by its agent in the General Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agency in the General Authority's name. Category 3 includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institutions, or by its trust department or agency but not in the General Authority's name. This category includes funds which are fully collateralized by financial institutions via single collateral pool arrangements as permitted by Act No. 72 of the 1971, session of the Pennsylvania General Assembly for the protection of public depositors. Certain amounts are uncategorized because those amounts are in pools managed by other agents.

Custodial credit risk. At December 31, 2005, the carrying amount of the Authority's unrestricted deposits was \$2,955,566 and the bank balance was \$2,980,906. Of the unrestricted bank balance, \$200,000 was covered by federal depository insurance (Category 1). Of the remaining unrestricted bank balance \$2,104,467 was collateralized under Act 72 and \$676,439 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name (Category 3).

At December 31, 2005, the carrying amount of Authority's restricted deposits was \$2,365,815 and the bank balance was \$2,496,803. Of the restricted bank balance, \$174,015 was covered by federal depository insurance (Category 1). Of the remaining restricted bank balance \$2,319,470 was collateralized under Act 72 and \$3,318 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name (Category 3).

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County General Authority (Continued)

Investments

The General Authority's investments, restricted and unrestricted, are categorized below to give an indication of the level of credit risk assumed at the balance sheet date. Category 1 includes insured or registered investments or securities held by the General Authority or its agent in the General Authority's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the General Authority's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or by its trust department or agency, but not in the General Authority's name. This category includes investments for which a bank trust department acts as agent for the General Authority. Certain amounts are uncategorized because these amounts are in pools managed by other agents.

Total General Authority investments reported on the balance sheet at December 31, 2005 are as follows:

Custodial Credit Risk. The Authority's investments in money market funds, U.S. government obligations and U.S. government agencies are uninsured, registered investments, with securities held by the counterparty's trust department or agent in the Authority's name (Category 2). Investments in guaranteed investment contracts are not evidenced by securities and, therefore, are not exposed to custodial credit risk.

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

	<u>Fair Value</u>	<u>Percent of Investment</u>
Money market funds		
Federated Treasury Obligations Fund	\$ 23,379,108	26.05%
Blackrock Funds	7,498,463	8.36%

Credit Risk. The Authority's money market funds and fixed income investments had the following level of exposure to credit risk as of December 31, 2005:

	<u>Fair Value</u>	<u>Rating</u>
Unrestricted		
Money market funds	\$ 128,516	AAAm
U.S. government agencies	443,903	AAA
Federal National Mortgage Association		
Restricted		
Money market funds	34,480,220	AAAm
Guaranteed investment contracts	54,684,300	Unrated

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

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:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Unrestricted					
Money market funds	\$ 128,516	\$ 128,516	\$ -	\$ -	\$ -
U.S. government agencies	443,903	443,903	-	-	-
	<u>\$ 572,419</u>	<u>\$ 572,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted					
Money market funds	\$ 34,480,220	\$ 34,480,220	\$ -	\$ -	\$ -
Guaranteed investment contracts	54,684,300	11,140,000	15,260,000	8,600,000	19,684,300

Dauphin County Mental Health/Mental Retardation Case Management UnitCash Concentrations

The Case Management Unit had deposits with local banks of \$59,024 which were covered by FDIC insurance.

Dauphin County Industrial Development Authority ("IDA")Deposits and Investments

The IDA's deposit and investment policy adheres to State Statutes. The IDA's deposits are categorized to give an indication of the level of risk assumed by the Authority at September 31, 2005. The categories are described as follows:

- Category 1 – Insured or collateralized, with securities held by the IDA or its agent in the IDA's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the IDA's name.
- Category 3 – Collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the IDA's name.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Deposits at September 31, 2005, categorized by level of risk are:

	<u>Category 1</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 131,556	\$ 470,936	\$ 602,492	\$ 588,138

Reconciliation to the statement of net assets:

Total cash deposits	\$ 588,138
Less: Deposits held for restricted purposes	<u>(213,831)</u>
Cash as current assets per the Statement of Net Assets	<u>\$ 374,307</u>

Dauphin County Executive Commission on Drugs and Alcohol, Inc.Deposits and Investments

The Commission maintains its cash with one local bank. Total cash balances are federally insured by the FDIC up to \$100,000 per financial institution. As of June 30, 2005, \$100,000 of the cash balance of both restricted and unrestricted \$470,504 is insured, and management believes that the credit risk related to the uninsured balance is minimal.

Investments are comprised of the following as of June 30, 2005:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Governmental Securities	\$ 498,392	\$ 499,273
	<u>\$ 498,392</u>	<u>\$ 499,273</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 4: NOTES RECEIVABLE

Component Unit - Notes ReceivableDauphin County General Authority

At December 31, 2005, the General Authority has completed financing agreements with the following entities for which it received general obligation notes:

General Obligation Notes

Altoona School District	\$ 42,500,000
Philadelphia School District	208,985,000
Derry Township	2,275,000
N.E. Bradford School District	5,055,000
Penncrest School District	8,070,000
Great Valley School District	13,000,000
Lancaster General Hospital	46,190,000
Lancaster General Medical Group	5,010,000
Central Pennsylvania Nursing	<u>2,230,000</u>
 Total general obligation notes	 <u><u>\$ 333,315,000</u></u>
 Current portion	 \$ 6,635,000
Noncurrent portion	<u>326,680,000</u>
	 <u><u>\$ 333,315,000</u></u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 5: RESTRICTED ASSETS

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

	Cash	Interest Receivable	Total
Governmental Funds			
General Fund			
Amounts escrowed for Series D of 2005			
Bond Issue	\$ 24,554	\$ -	\$ 24,554
Amounts held in escrow for various			
purposes including tax protest and court			
ordered liabilities	1,350,156	-	1,350,156
Amounts held in fiduciary capacity for the			
District Attorney's Office	376,887	-	376,887
Amounts Reserved for Workers'			
Compensation Liabilities	255,069	229	255,298
Total General Fund	2,006,666	229	2,006,895
Total Governmental Funds	\$ 2,006,666	\$ 229	\$ 2,006,895
Proprietary Funds			
County Home Enterprise Fund			
Patient accounts comprising funds			
held by the County Home in			
escrow for residents	\$ 268,742	\$ -	\$ 268,742
Total County Home Enterprise Fund	268,742	-	268,742
Total Proprietary Funds	\$ 268,742	\$ -	\$ 268,742

Component Units-Restricted AssetsDauphin County-Executive Commission on Drug and Alcohol, Inc.

Restricted cash in the amount of \$98,942 represents the cash remaining that was transferred from the County for the Commission's pension plan as described in Note 21.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 6: 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 \$350,000, and a maximum indemnity per occurrence of \$2,000,000.

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, 2005, was \$255,069 and is included in the restricted cash amount in the General Fund. The County was required to fund the amount in 2005, a result of the County's loss reserves exceeding the loss reserves calculated by the Pennsylvania Department of Labor and Industry. 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 \$50,000 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 4.5% for workers' compensation.

Accrued workers' compensation self-insurance liabilities at December 31, 2005, are summarized as follows:

<u>Governmental Activities</u>	<u>County Home Enterprise Fund</u>	<u>Total</u>
<u>\$517,011</u>	<u>\$1,610,605</u>	<u>\$2,127,616</u>

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2005 and 2004.

<u>2005</u>			
<u>January 1, 2005, Liability</u>	<u>Incurred Claims and Changes in Estimate</u>	<u>Payments</u>	<u>December 31, 2005, Liability</u>
<u>\$2,165,692</u>	<u>\$130,682</u>	<u>\$(168,758)</u>	<u>\$2,127,616</u>
<u>2004</u>			
<u>January 1, 2004, Liability</u>	<u>Incurred Claims and Changes in Estimate</u>	<u>Payments</u>	<u>December 31, 2004, Liability</u>
<u>\$2,604,799</u>	<u>\$(336,102)</u>	<u>\$(103,005)</u>	<u>\$2,165,692</u>

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

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 226,212	\$ -	\$ -	\$ 226,212
Construction in Progress - Infrastructure	298,479	-	-	298,479
Construction in Progress	13,297,588	671,601	(11,125)	13,958,064
Total Capital Assets, Not Being Depreciated	13,822,279	671,601	(11,125)	14,482,755
Capital Assets, Being Depreciated				
Buildings and Improvements	72,370,745	-	(6,910,060)	65,460,685
Machinery and Tools	6,632,178	563,512	(273,756)	6,921,934
Leasehold Assets	7,855,435	461,020	-	8,316,455
Total Capital Assets, Being Depreciated	86,858,358	1,024,532	(7,183,816)	80,699,074
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(39,561,383)	(948,329)	5,392,373	(35,117,339)
Machinery and Tools	(4,782,124)	(586,833)	246,395	(5,122,562)
Leasehold Assets	(3,532,247)	(782,633)	-	(4,314,880)
Total Accumulated Depreciation and Amortization	(47,875,754)	(2,317,795)	5,638,768	(44,554,781)
Total Capital Assets, Being Depreciated, Net	38,982,604	(1,293,263)	(1,545,048)	36,144,293
Governmental Activities Capital Assets, Net	\$ 52,804,883	\$ (621,662)	\$ (1,556,173)	\$ 50,627,048
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 189,669	\$ -	\$ -	\$ 189,669
Construction in Progress	1,139,395	426,720	-	1,566,115
Total Capital Assets, Not Being Depreciated	1,329,064	426,720	-	1,755,784
Capital Assets, Being Depreciated				
Land Improvements	187,594	-	(7,894)	179,700
Buildings and Improvements	29,659,005	609,209	-	30,268,214
Machinery and Equipment	20,791,394	183,059	(106,027)	20,868,426
Furniture and Fixtures	534,576	-	(469,230)	65,346
Leasehold Assets	15,713,787	-	-	15,713,787
Total Capital Assets, Being Depreciated	66,886,356	792,268	(583,151)	67,095,473
Less Accumulated Depreciation and Amortization For:				
Land Improvements	(154,557)	(3,597)	691	(157,463)
Buildings and Improvements	(6,686,078)	(1,089,175)	-	(7,775,253)
Machinery and Equipment	(16,737,892)	(558,679)	30,934	(17,265,637)
Furniture and Fixtures	(519,236)	(4,532)	469,230	(54,538)
Leasehold Assets	(8,028,981)	(723,608)	-	(8,752,589)
Total Accumulated Depreciation and Amortization	(32,126,744)	(2,379,591)	500,855	(34,005,480)
Total Capital Assets, Being Depreciated, Net	34,759,612	(1,587,323)	(82,296)	33,089,993
Business-Type Activities Capital Assets, Net	\$ 36,088,676	\$ (1,160,603)	\$ (82,296)	\$ 34,845,777

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 7: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities:</u>	
General Government	\$ 897,479
Judiciary	522,305
Conservation and Development	21,461
Human Services	407,861
Culture and Recreation	81,555
Public Safety	377,941
Public Works	<u>9,193</u>
Total Depreciation Expense – Governmental Activities	<u>\$2,317,795</u>
<u>Business-Type Activities:</u>	
Patient Care	1,210,379
Public Works	669,568
Other Programs	<u>499,644</u>
Total Depreciation Expense – Business-Type Activities	<u>\$2,379,591</u>

Component Units – Capital Assets

Dauphin County Conservation District

Capital Assets consists of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,106,805	40 years
Machinery and Equipment	101,283	5-6 years
Leasehold Assets	15,241	5 years
	<u>1,333,424</u>	
Less: Accumulated Amortization and Depreciation	<u>(470,666)</u>	
	<u>\$ 862,758</u>	

Depreciation expense for the year ended December 31, 2005 was \$37,790.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 7: CAPITAL ASSETS (CONTINUED)

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

Changes in Capital Assets of the business-type activities at December 31, 2005, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,028,786	\$ -	\$ -	\$ 2,028,786
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	93,255,620	50,039	-	93,305,659
Building improvements	325,599	-	-	325,599
Golf course equipment	789,729	71,450	(19,991)	841,188
Other equipment	489,838	277,260	-	767,098
Total capital assets, being depreciated	100,603,883	398,749	(19,991)	100,982,641
Less accumulated depreciation for:				
Land improvements	(1,771,200)	(191,437)	-	(1,962,637)
Buildings	(16,903,875)	(3,110,792)	-	(20,014,667)
Building improvements	(135,328)	(22,169)	-	(157,497)
Golf course equipment	(700,163)	(41,907)	19,991	(722,079)
Other equipment	(204,339)	(67,374)	-	(271,713)
Total accumulated depreciation and amortization	(19,714,905)	(3,433,679)	19,991	(23,128,593)
Capital assets, net	\$82,917,764	\$(3,034,930)	\$ -	\$79,882,834

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

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

Depreciation and amortization expenses of \$3,433,679 includes amortization of interest costs capitalized during the construction period of \$27,365 and \$69,681 at Dauphin Highlands Golf Course, and the Hyatt Hotel Project, respectively.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 7: CAPITAL ASSETS (CONTINUED)

Component Units-Capital Assets (Continued)Dauphin County Mental Health/Mental Retardation Case Management Unit

Capital assets activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets being depreciated:				
Furniture and Equipment	\$1,096,883	\$ 10,761	\$ -	\$1,107,644
Leasehold Improvements	99,750	-	-	99,750
Total Capital Assets being depreciated	1,196,633	10,761	-	1,207,394
Less Accumulated Depreciation for:				
Furniture and Equipment	360,426	176,688	-	537,114
Leasehold Improvements	7,410	9,975	-	17,385
Total Accumulated Depreciation	367,836	186,663	-	554,499
Total Capital Assets, net	\$828,797	\$(175,902)	\$ -	\$652,895

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 25, 2005:

	October 1	Additions	Deletions	September 30
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 36,466	\$ -	\$ 36,466
Total capital assets not depreciated	-	36,466	-	36,466
Capital assets, being depreciated:				
Buildings	-	466,820	-	466,820
Buildings held for lease	6,500	518,754	-	525,254
Office furniture and equipment	5,243	-	-	5,243
Total capital assets, being depreciated	11,743	985,574	-	997,317
Less Accumulated Depreciation for:				
Buildings	-	5,835	-	5,835
Buildings held for lease	-	6,566	-	6,566
Office furniture and equipment	4,043	697	-	4,740
Total accumulated depreciation	4,043	13,098	-	17,141
Total capital assets, being depreciated, net	7,700	972,476	-	980,176
Total capital assets, net	\$ 7,700	\$1,008,942	\$ -	\$1,016,642

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 8: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2005:

Pennsylvania Higher Education Assistance	\$ 700,000
Western Pennsylvania Hospital	15,715,000
Reading Hospital and Medical Center	10,040,000
Dauphin County Library System	1,205,600
Pinnacle Health Systems	55,000,000
	<u>\$82,660,600</u>

NOTE 9: LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation bonded debt	\$84,135,000	\$25,895,000	\$(25,935,000)	\$84,095,000	\$ 2,715,000
Total bonds and notes payable	<u>\$84,135,000</u>	<u>\$25,895,000</u>	<u>\$(25,935,000)</u>	<u>\$84,095,000</u>	<u>\$ 2,715,000</u>
Other Liabilities:					
Compensated absences	5,976,091	401,388	-	6,377,479	-
Estimated workers compensation claims	627,694	-	(110,683)	517,011	-
Total Other Liabilities	<u>\$ 6,603,785</u>	<u>\$ 401,388</u>	<u>\$ (110,683)</u>	<u>\$ 6,894,490</u>	<u>\$ -</u>
Governmental Activities Long-Term Liabilities	<u>\$90,738,785</u>	<u>\$26,296,388</u>	<u>\$(26,045,683)</u>	<u>\$90,989,490</u>	<u>\$ 2,715,000</u>
<u>Business-Type Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$25,372,254	\$13,410,000	\$(13,506,685)	\$25,275,569	\$ 1,721,068
Total bonds and notes payable	<u>\$25,372,254</u>	<u>\$13,410,000</u>	<u>\$(13,506,685)</u>	<u>\$25,275,569</u>	<u>\$ 1,721,068</u>
Other Liabilities:					
Compensated absences	944,902	122,812	-	1,067,714	-
Estimated workers compensation claims	1,643,267	-	(32,662)	1,610,605	-
Total Other Liabilities	<u>\$ 2,588,169</u>	<u>\$ 122,812</u>	<u>\$ (32,662)</u>	<u>\$ 2,678,319</u>	<u>\$ -</u>
Business-Type Activities Long-Term Liabilities	<u>\$27,960,423</u>	<u>\$13,532,812</u>	<u>\$(13,539,347)</u>	<u>\$27,953,888</u>	<u>\$ 1,721,068</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

An analysis of debt service requirements to maturity on these obligations follows (with the exception of compensated absences and estimated workers' compensation liability):

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2006	\$ 4,436,067	\$ 4,754,414	\$ 9,190,481
2007	4,615,937	4,626,969	9,242,906
2008	4,728,565	4,445,903	9,174,468
2009	4,840,000	4,242,496	9,082,496
2010	5,855,000	4,017,723	9,872,723
2011-2015	29,470,000	16,644,416	46,114,416
2016-2020	30,425,000	10,035,469	40,460,469
2021-2024	25,000,000	2,802,512	27,802,512
	<u>\$109,370,569</u>	<u>\$ 51,569,902</u>	<u>\$160,940,471</u>

Pertinent information regarding long-term debt obligations outstanding is presented below:

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at December 31, 2005
1994	\$26,940,000	Advance refund 1986 general obligation bond issue, the 1991 general obligation bond issue, the 1992B general obligation bond issue, a portion of 1993 general obligation bond issue and pay the costs of issuance related to the bond issue (final maturity in 2006).	\$ 300,000
1998	\$ 1,660,000	Repayment of debt incurred to finance the initial start up cost of the Solid Waste Authority. This debt was assumed by the County when the Solid Waste Authority dissolved in March 2000 (final maturity in 2008).	\$ 495,569
2001	\$ 7,215,000	Current Refunding of a portion of Series of 1994 (final maturity in 2006).	\$ 230,000
2002	\$ 3,500,000	Provide funds to construct road and transportation improvements (final maturity in 2012).	\$ 2,795,000
2002	\$16,500,000	Current refunding of general obligation note Series A of 2001 and pay the cost of issuance related to the bond issue (Final Maturity in 2024).	\$ 16,490,000
2003	\$ 7,910,000	Series A and B issued for refinancing current principal and interest payment of general obligation bonds Series of 1993, 1998, 2001 and defeased general obligation notes Series of 2000 B and F and pay the cost of issuance related to the bond issue (Final Maturity in 2010).	\$ 3,225,000

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2005</u>
2004	\$6,775,000	Series A and B issued for refinancing current principal and interest payments of general obligation bonds Series of 1998, 1999, 2001 and 2002A and pay the cost of issuance related to the Bond issue (Final Maturity in 2014).	\$6,770,000
2004	\$39,760,000	General Obligation Bonds, Series of 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 (Final Maturity in 2024).	\$39,760,000
2005	\$33,990,000	General Obligation Bonds, Series of A, 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 (Final Maturity in 2024)	\$33,990,000
2005	\$5,315,000	General Obligation Bonds, Series D or 2005 issued to currently refund General Obligation Notes, Series E of 2000 (Final Maturity in 2011)	\$5,315,000
			<u>\$109,370,569</u>

Interest rates on the above obligations range from 1.8% to 7.9%. The County has pledged its taxing power as security for outstanding general obligation debt.

In May 1994, the County issued \$26,940,000 County of Dauphin, Pennsylvania General Obligation Bonds - Series of 1994. The purpose of the issue was to advance refund general obligation debt of the County. As a result of the advance refunding, the County Home recognized a loss of \$921,670 that is being amortized on the interest method over the term of the bonds. The balance of the deferred loss at December 31, 2005, is \$1,099.

In May 2004, the County issued \$22,915,000 in General Obligation Notes, Series C of 2004. The purpose of the issue was to advance refund general obligation debt of the County. As a result of the advance refunding, the County Home recognized a loss of \$490,735 that is being amortized on the interest method over the term of the notes. The balance of the deferred loss at December 31, 2005 is \$402,531.

In August 2005, the County issued \$12,895,000 in General Obligation Bonds, Series B of 2005. The purpose of the issue was to advance refund general obligation debt of the County. As a result of the advance refunding, the County Home recognized a loss of \$988,101 that is being amortized on the interest method over the term of the bonds. The balance of the deferred loss at December 31, 2005 is \$958,499. The County Home also recognized a bond premium of \$450,676 as a result of the 2004 advance refunding and a bond premium of \$702,795 as a result of the 2005 advance refunding. These premiums are being amortized on the interest method over the term of the notes and bonds. The balances of the bond premiums at December 31, 2005 are \$369,673 and \$681,740, respectively.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

In February 2003, the County issued \$3,420,000 in General Obligation Notes, Series B of 2003 to refund general obligation debt of the County. As a result of the refunding, the Human Service Building Fund recognized a loss of \$172,010 that is being amortized on the interest method over the term of the notes. The balance of the deferred loss at December 31, 2005 is \$98,222.

In August 2005, the County issued \$4,120,000 in General Obligation Bonds, Series A of 2005 to currently refund general obligation debt of the County. The Human Service Building Fund recognized a bond premium of \$41,144 as a result of this refunding. The premium is being amortized on the interest method over the term of the bonds. The balance of the premium at December 31, 2005 is \$38,043.

In August 2005, the County issued \$4,120,000 of General Obligation Bonds, Series A of 2005, \$12,895,000 of General Obligation Bonds, Series B of 2005, and \$16,975,000 of General Obligation Bonds, Series C of 2005 at a premium of \$1,895,369 of which \$702,795 was recorded in the County Home Fund and \$41,144 was recorded in the Human Service Building Fund. Total proceeds of the notes of \$33,990,000 were used to pay the bond issuance costs of \$474,211 and \$35,316,651 was transferred to an escrow agent to currently refund the General Obligation Bonds, Series A of 2000 and to advance refund the General Obligation Bonds, Second Series of 2001 and the General Obligation Bonds, Series of 2002. The refunding resulted in a decrease in debt service payments of \$1,037,184 over the next 18 years and an economic gain (difference between present value at the old and the new debt service payments) of \$952,320.

In December 2005, the County issued \$5,315,000 of General Obligation Bonds, Series D or 2005 at a discount of 30,170. Total proceeds of \$5,315,000 were used to pay bond issuance costs of \$78,986 and \$5,206,254 was transferred to an escrow agent to currently refund the General Obligation Notes, Series E of 2000.

The Series A and B issues defeased debt in both the Governmental and Proprietary Funds. The allocation of total 2005 note proceeds and escrow payments between the fund types is as follows:

	Governmental Funds	Proprietary Funds	Total
Note Proceeds	\$25,895,000	\$13,410,000	\$39,305,000
Payment to Escrow Agent	\$26,584,475	\$13,938,430	\$40,522,905

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, 2005, the principal amount outstanding relative to defeased debt was \$66,360,000.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

Long-term debt outstanding at December 31, 2005, is as follows:

School District Pooled Financing Program I	\$200,000,000
School District Pooled Financing Program II	150,000,000
Education and Health Loan Program Pool	53,430,000
Office and Parking Revenue Bonds (Riverfront Office Center)	
Series A of 1998	34,815,000
Series C of 1998 Capital Appreciation Bonds	8,772,970
Hotel and Conference Center Bonds (Hyatt Hotel Project) Series of 1998	63,345,000
Dauphin County Guaranteed Lease Revenue Bonds - Series of 2001 (Building Bonds)	6,760,000
Dauphin County Guaranteed Lease Revenue Bonds - Series of 1992 (Building Bonds) Capital Appreciation Bonds	2,177,503
Lease Revenue Bonds (100 Chestnut Street)	
Series A of 2003	2,490,000
Series B of 2003	1,040,000
Series B of 1998	50,000
Dauphin County Guaranteed Revenue Bonds -- Series A and B of 2005 (Dauphin Highlands)	10,895,000
	<u>\$533,775,473</u>

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

Current portion of long-term debt	\$ 6,415,000
Long-term debt, net of current portion	<u>527,360,473</u>
	<u>\$533,775,473</u>

Long-term liability activity for the General Authority for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt	\$543,990,467	\$11,715,008	\$(21,930,002)	\$533,775,473	\$ 6,415,000
Deferred charge	(39,286)	(1,108,666)	29,638	(1,118,314)	-
	<u>\$543,951,181</u>	<u>\$10,606,342</u>	<u>\$(21,900,364)</u>	<u>\$532,657,159</u>	<u>\$ 6,415,000</u>

Each of the General Authority's financing programs is described below. The General Authority has complied with the covenants contained in its debt agreements for the year ended December 31, 2005 except as described in Note 25.

School District Pooled Financing Program I

On July 15, 1986, the General Authority issued demand revenue bonds in the amount of \$200,000,000. The bond proceeds may be used to finance the acquisition or construction of capital assets at the request of public school districts within the Commonwealth of Pennsylvania. The General Authority enters into either a Project Sale Agreement or a Project Loan Agreement with the districts and receives General Obligation Notes from the districts. The terms of each Agreement require that the school district pay sufficient amounts to allow the General Authority to pay the principal and interest on the bonds, program administrative costs, and other expenses associated with the program. Excess profits may be applied toward loan-related expenses.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)School District Pooled Financing Program I (Continued)

The bonds mature on June 1, 2026, and bear interest at variable rates adjusted periodically by the Remarketing Agent. The rate set will be the rate necessary to enable the Remarketing Agent to sell the bonds (exclusively of accrued interest, if any) at a price equal to their principal amount. The rates at December 31, 2005, ranged from 2.82% to 5.70%. The bonds are insured by a municipal bond guaranty insurance policy.

The bonds are reoffered periodically as school district projects become available. Individual re-offerings outstanding at December 31, 2005, mature from 2000 through 2025. Total principal subject to mandatory tender on June 1, 2006 is \$16,830,000. At December 31, 2005, all of the available bond proceeds had not been loaned to participants. Unloaned funds at December 31, 2005, were \$8,395,000. The General Authority expects to enter into additional note agreements during 2006 for the unloaned funds.

Based on a weighted-average interest calculation of 3.64%, debt service to maturity is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ -	\$ 7,286,184	\$ 7,286,184
2007	-	7,286,124	7,286,184
2008	-	7,286,124	7,286,184
2009	-	7,286,124	7,286,184
2010	-	7,286,124	7,286,184
2011 to 2015	-	36,430,920	36,430,920
2016 to 2020	-	36,430,920	36,430,920
2021 to 2025	-	36,430,920	36,430,920
2026	200,000,000	3,036,153	203,036,153
	<u>\$200,000,000</u>	<u>\$148,759,833</u>	<u>\$348,759,833</u>

As required by a mandatory sinking fund provision, the trustee maintains \$30,000,000 and \$15,000,000 of bond proceeds in the Debt Service Reserve Account and Debt Service Account, respectively.

School District Pooled Financing Program II

On October 8, 1997, the General Authority issued school revenue bonds in the amount of \$250,000,000. The bond proceeds may be used to finance the acquisition or construction of capital assets at the request of public school districts within the Commonwealth of Pennsylvania. The General Authority enters into either a Project Sale Agreement or a Project Loan Agreement with the districts and receives General Obligation Notes from the districts. The terms of each Agreement require that the school district pay sufficient amounts to allow the General Authority to pay the principal and interest on the Bonds, program administrative costs, and other expenses associated with the program. Excess profits may be applied toward loan-related expenses.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)School District Pooled Financing Program II (Continued)

During 2002, \$100,000,000 in revenue bonds were called to effectuate a reduction in the program. At December 31, 2005, revenue bonds of \$150,000,000 were outstanding. These remaining bonds will mature on September 1, 2032, and bear interest at variable rates adjusted periodically by the Remarketing Agent. The rate set will be the rate necessary to enable the Remarketing Agent to sell the bonds (exclusively of accrued interest, if any) at a price equal to their principal amount. The rates at December 31, 2005, was 3.54%. The bonds are insured by a municipal bond guaranty insurance policy.

The Bonds will be reoffered periodically as school district projects become available. Individual re-offerings outstanding at December 31, 2005, mature from 2005 through 2027. Total principal subject to mandatory tender in 2005, is \$455,000. At December 31, 2005, all of the available bond proceeds had not been loaned to participants. Unloaned funds at December 31, 2005 were \$10,720,000. The General Authority expects to enter into additional note agreements during 2006 for the unloaned funds.

Based on a weighted-average interest calculation of 3.54%, debt service to maturity is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ -	\$ 5,310,000	\$ 5,310,000
2007	-	5,310,000	5,310,000
2008	-	5,310,000	5,310,000
2009	-	5,310,000	5,310,000
2010	-	5,310,000	5,310,000
2011 to 2015	-	26,550,000	26,550,000
2016 to 2020	-	26,550,000	26,550,000
2021 to 2025	-	26,550,000	26,550,000
2026 to 2030	-	26,550,000	26,550,000
2031 to 2032	150,000,000	8,867,700	158,867,700
	<u>\$150,000,000</u>	<u>\$141,617,700</u>	<u>\$291,617,700</u>

As required by the mandatory sinking fund provision, the trustee maintains \$6,000,000 of Bond proceeds in the Debt Service Account.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)

Dauphin County General Authority (Continued)

Pennsylvania Municipal Pooled Financing Program

On December 31, 1985, the General Authority issued revenue bonds in the amount of \$60,000,000. The bond proceeds are to be used for projects involving the financing and refinancing of capital assets for municipalities and school districts. The bond proceeds may be used to acquire, install and construct capital assets at the request of municipalities and school districts within the Commonwealth of Pennsylvania. The General Authority leases such capital assets to the municipalities and school districts. The terms of the leases require that the municipalities and school districts pay sufficient rent to allow the General Authority to pay the principal and interest on the bonds, program administrative costs including bond insurance, and other expenses associated with the program. The Bonds are insured by a municipal bond guaranty insurance policy.

The Revenue Bonds consist of current interest bonds. These bonds matured as of December 31, 2005.

Education and Health Loan Program Pool

On November 1, 1997, the General Authority issued variable rate demand revenue bonds in the amount of \$99,995,000. The bond proceeds are to be used for projects involving the financing and refinancing of capital assets for education and health care facilities. The bond proceeds will be used: (a) to provide a source of funds from which to provide financing to eligible hospitals, health centers, and educational institutions (each a participant) to undertake certain projects, and in certain cases, to refund outstanding debt of a participant, and (b) to pay certain costs of issuing the bonds. The bonds are insured by a municipal bond guaranty insurance policy.

The bonds mature on November 1, 2027, and bear interest at variable rates adjusted periodically by the Remarketing Agent. The rate set will be the rate necessary to enable the Remarketing Agent to sell the bonds (exclusively of accrued interest, if any) at a price equal to their principal amount.

The General Authority enters into a Note Agreement with each participant evidencing the proceeds borrowed by the participant and the terms of repayment. As of December 31, 2005, all of the available bond proceeds were loaned to participants.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Education and Health Loan Program Pool (Continued)

As the principle is collected on the outstanding receivable, the fund will repay principle on the outstanding bonds payable. Based on the variable rate at December 31, 2005 of 3.56%, debt service to maturity is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$3,615,000	\$ 1,902,108	\$ 5,517,108
2007	3,815,000	1,773,414	5,588,414
2008	4,030,000	1,637,600	5,667,600
2009	4,260,000	1,494,132	5,754,132
2010	4,500,000	1,342,476	5,842,476
2011 to 2015	23,595,000	4,173,922	27,768,922
2016 to 2017	9,615,000	518,692	10,133,692
	<u>\$ 53,430,000</u>	<u>\$ 12,842,344</u>	<u>\$ 66,272,344</u>

AllHealth Pooled Financing Program - Series A & B

On October 1, 1997, the General Authority issued Variable Rate Demand Revenue Bonds in the amount of \$138,890,000 (Series A) and \$98,665,000 (Series B). The bond proceeds may be used to refund bonds previously issued to finance a similar program, and to finance or refinance the acquisition or construction of capital assets for nonprofit healthcare facilities located in the Commonwealth of Pennsylvania. The General Authority enters into a Project Loan Agreement with the healthcare facilities and receives General Obligation Notes from the facilities. The terms of each Agreement require that the healthcare facility pay sufficient amounts to allow the General Authority to pay the principal and interest on the bonds, program administrative costs, and other expenses associated with the Program. Excess profits may be applied toward loan-related expenses. The bonds are insured by a municipal bond guaranty insurance policy.

In addition to the bond proceeds from both issues, the General Authority received certain option payments according to Option Agreements signed on October 1, 1997. Option payments were received as follows: Series A - \$2,600,000 and Series B - \$2,440,000. The option payments were made by Societe Generale Bank to purchase the right to substitute investment securities of the Program with optional investment securities over the life of the bond pool. The Option Agreement provided a guaranteed minimum rate of return to the General Authority on investments in the Debt Service Reserve and Program Funds. The option payments represent the present value of interest the General Authority could have earned in the future on these funds had the yield not been restricted. The payments were used to fund the costs of issuance for both Series A and B bonds.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)

Dauphin County General Authority (Continued)

AllHealth Pooled Financing Program - Series A & B (Continued)

The bonds mature on October 1, 2027, and bear interest at variable rates adjusted periodically by the Remarketing Agent. The rate set will be the rate necessary to enable the Remarketing Agent to sell the bonds (exclusively of accrued interest, if any) at a price equal to their principal amount. During the initial period, the bond proceeds will be invested in authorized investments that will yield sufficient funds to pay the interest costs associated with the bonds, until the proceeds are loaned to participants and note agreements are established between the General Authority and the Program participants. At the request of the applicable participant, the interest rate on all or any portion of the variable rate bonds allocated to such participant may be converted to a fixed interest rate on the next interest payment date following the participant's request. Generally, when a participant enters into a loan agreement with the General Authority, the bonds allocated to that participant are converted to fixed rate bonds and a debt service schedule is established for principal and interest payments to be made by that participant. The Bonds will be reoffered periodically as projects become available.

Loans were to have been made from the Series A and B Programs until July 23, 1999 and October 1, 2000, respectively. After the expiration date, any bond proceeds not loaned were to be used to refund that portion of debt outstanding.

Since no loans were made from the Series A Program by July 23, 1999, the bonds under that program collapsed and were refunded. The Trustee utilized the investments in the Series A Program to pay off the outstanding bonds. As a result, the assets and liabilities associated with the Series A Program have been removed from the AllHealth Fund.

As of December 31, 2000, the General Authority had entered into two note agreements with Monongahela Valley Hospital for bond proceeds of \$4,620,000 and \$5,500,000, respectively from the Series B Program. On October 31, 2000, the remaining bonds under the Series B Program collapsed and were refunded. The Trustee utilized the remaining investments in the Series B Program to pay off the outstanding bonds. As a result, the assets and liabilities associated with the refunded portion of the Series B Program have been removed from the AllHealth Fund.

As the principal is collected on the outstanding receivable, the fund will repay principal on the outstanding bonds payable of the Series B Program. During December 2004, the General Authority called the note with Monongahela Valley Hospital and received \$5,241,967. The final payment of \$920,000 was received from Monongahela Valley Hospital in January 2005. The bonds were paid off in full in January 2005. The bonds were paid off in full in January of 2005.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Lease Revenue Bonds - Series of 2001 (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. The 1997 Bonds, as issued, consisted of Current Interest Bonds of \$8,535,000. The bonds are insured by a municipal bond guaranty insurance policy. The General Authority used the Series A of 2001 Bond proceeds to advance refund the Current Interest Bonds, resulting in defeasance of the bonds. As a result, the liability for those bonds has been removed from the Building Bond Fund. The balance outstanding on the County Building Bonds Series of 1997 at December 31, 2005, 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.

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>
2006	4.00%	\$ 1,000,000	\$ 297,288	\$ 1,297,288
2007	4.00%	1,030,000	256,988	1,286,988
2008	4.00%	5,000	226,088	231,088
2009	4.00%	10,000	225,883	235,883
2010	4.00%	10,000	225,488	235,488
2011 to 2015	4.00%-4.75%	1,650,000	991,452	2,641,452
2016 to 2020	4.75%-5.00%	2,075,000	565,313	2,640,313
2021 to 2022	5.00%	980,000	74,000	1,054,000
		<u>\$ 6,760,000</u>	<u>\$ 2,862,500</u>	<u>\$ 9,622,500</u>

Dauphin County Guaranteed Lease Revenue Bonds - Series of 1992 (Building Bonds)

The General Authority issued \$11,845,695 Dauphin County Guaranteed Lease Revenue Bonds - Series of 1992 on July 1, 1992, the proceeds of which were used to defease the County Building Bonds - Series of 1986. The balance outstanding on the defeased bonds at December 31, 2005, is \$3,710,000. The bonds are insured by a municipal bond guaranty insurance policy.

The 1992 Bonds, as issued, consisted of Current Interest Bonds and Capital Appreciation Bonds of \$10,900,000 and \$945,695, respectively. The bonds are insured by a municipal bond guaranty insurance policy. Through the issuance of the County Building Bonds Series of 1997, the General Authority advance refunded the Current Interest Bonds resulting in defeasance of the bonds. The balance outstanding on the defeased bonds at December 31, 2005, is zero.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Lease Revenue Bonds - Series of 1992 (Building Bonds) (Continued)

The 1992 Capital Appreciation Bonds mature as follows:

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
March 1, 2008	\$ 202,015	\$ 530,000	\$ 66,599	\$ 463,401
September 1, 2008	195,846	530,000	80,750	449,250
March 1, 2009	188,346	530,000	95,138	434,862
September 1, 2009	182,553	530,000	108,519	421,481
March 1, 2010	176,935	530,000	121,491	408,509
	<u>\$ 945,695</u>	<u>\$ 2,650,000</u>	<u>\$ 472,497</u>	<u>\$ 2,177,503</u>

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>
2006	5.50%	\$ 835,000	\$ 2,070,137	\$ 2,905,137
2007	5.50%	895,000	2,024,213	2,919,213
2008	5.50%	960,000	1,974,988	2,934,988
2009	5.75%	1,025,000	1,922,188	2,947,188
2010	5.75%	1,100,000	1,863,250	2,963,250
2011 to 2015	6.00%	6,545,000	8,260,500	14,805,500
2016 to 2020	6.00%	8,765,000	6,045,900	14,810,900
2021 to 2025	6.00%	14,690,000	3,081,300	17,771,300
		<u>\$34,815,000</u>	<u>\$27,242,476</u>	<u>\$62,057,476</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: 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 B

There was no balance remaining on the Series B bonds at December 31, 2005.

Series C

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

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$1,310,345	\$509,655
January 1, 2025	293,857	1,820,000	1,327,581	492,419
July 1, 2025	283,920	1,820,000	1,344,234	475,766
January 1, 2026	274,310	1,820,000	1,360,323	459,677
July 1, 2026	265,047	1,820,000	1,375,865	444,135
January 1, 2027	256,074	1,820,000	1,390,899	429,101
July 1, 2027	247,411	1,820,000	1,405,404	414,596
January 1, 2028	3,310,677	25,205,000	19,657,379	5,547,621
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$29,172,030</u>	<u>\$8,772,970</u>

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Lease Revenue Bonds – Series A and B of 2003 (100 Chestnut Street)

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

The 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>
2006	4.10%	\$ -	\$ 102,927	\$ 102,927
2007	4.10%	-	102,927	102,927
2008	4.10%	-	102,927	102,927
2009	4.10%	-	102,927	102,927
2010	3.40%	75,000	102,927	177,927
2011 to 2015	3.65%-4.20%	1,420,000	397,356	1,817,356
2016 to 2018	4.30%-4.60%	995,000	90,410	1,085,410
		<u>\$2,490,000</u>	<u>\$1,002,401</u>	<u>\$3,492,401</u>

Series B

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	3.30%	\$ 165,000	\$ 43,355	\$ 208,355
2007	3.85%	225,000	37,909	262,909
2008	4.15%	235,000	29,247	264,247
2009	4.55%	240,000	19,495	259,495
2010	4.90%	175,000	8,575	183,575
		<u>\$1,040,000</u>	<u>\$138,581</u>	<u>\$1,178,581</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Lease Revenue Bonds -- Series A and B of 1998 (100 Chestnut Street)

On September 1, 1998, the General Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$4,285,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$340,000. The bond proceeds were used to acquire certain real estate in the City of Harrisburg, known as "100 Chestnut Street," to fund certain renovations to the facility, to fund a debt service reserve, and to pay the costs of issuance. On October 1, 2003, the General Authority advance refunded the Series A and B of the 1998 Bonds, resulting in a defeasance of the bonds. As a result, the liability for those bonds has been removed from the 100 Chestnut Street Fund. The balance outstanding on the defeased bonds on December 31, 2005 is \$3,395,000.

The Series B bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	5.875%	<u>\$ 50,000</u>	<u>\$2,937</u>	<u>\$52,937</u>
		<u>\$ 50,000</u>	<u>\$2,937</u>	<u>\$52,937</u>

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

The Bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	6.00%	\$ 740,000	\$ 3,894,900	\$4,631,900
2007	6.00%	800,000	3,848,700	4,648,700
2008	6.00%	970,000	3,795,600	4,765,600
2009	6.00%	1,205,000	3,730,350	4,935,350
2010	6.00%	1,430,000	3,651,300	5,081,300
2011 to 2015	6.20%	8,910,000	16,726,050	25,636,050
2016 to 2020	6.20%	11,955,000	13,508,405	25,463,405
2021 to 2025	6.20%	15,920,000	9,224,670	25,144,670
2026 to 2029	6.20%	21,415,000	3,174,245	24,589,245
		\$63,345,000	\$61,554,220	\$124,899,220

As required by a mandatory sinking fund provision, the trustee deposited \$5,189,000 of bond proceeds to the Debt Service Reserve Account. However, as discussed in Note 25, debt service reserve funds were used to meet the 2005 debt service.

Dauphin county Guaranteed Revenue Bonds – Series A and B of 2005 (Dauphin Highlands)

On January 6, 2005, the General Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds are insured by a municipal bond guaranty insurance policy. The net proceeds were used to advance refund the 1993 Series Capital Appreciation Bonds, advance refund the County Guaranteed Revenue Bonds, Series of 2003 and pay the costs of issuing the bonds. As a result, the liability for those bonds has been removed from Dauphin Highlands. At December 31, 2005, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$14,005,000 and \$7,357,162, respectively. The balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003 at December 31, 2005, is \$1,915,000. The Authority completed the refunding to extend the principal repayment period. This refinancing increased the total debt service payments through the year 2023 by \$5,487,000 and resulted in an economic loss (difference between the present values of the old and new debt service payments) of \$488,000.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: 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 2005 (Dauphin Highlands) (Continued)

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 2005 Revenue Refunding Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	2.00%	\$ 5,000	\$ 392,968	\$ 397,968
2007	2.25%	5,000	392,868	397,868
2008	2.40%	5,000	392,756	397,756
2009	2.75%	5,000	392,634	397,634
2010	3.00%	5,000	392,498	397,498
2011 to 2015	3.25% - 4.00%	25,000	1,959,984	1,984,984
2016 to 2020	4.00%	25,000	1,957,150	1,982,150
2021 to 2025	4.00% - 4.50%	2,005,000	1,814,150	3,819,150
2026 to 2030	4.50% - 4.70%	3,220,000	1,236,238	4,456,238
2031 to 2034	4.70%	3,265,000	392,726	3,657,726
		<u>\$ 8,565,000</u>	<u>\$ 9,323,972</u>	<u>\$ 17,888,972</u>

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 2005 Revenue Refunding Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	3.25%	\$ 5,000	\$ 120,780	\$ 125,780
2007	3.50%	5,000	120,618	125,618
2008	3.75%	5,000	120,442	125,442
2009	4.00%	65,000	120,256	185,256
2010	4.25%	80,000	117,656	197,656
2011 to 2015	4.50% - 5.15%	680,000	516,242	1,196,242
2016 to 2020	5.15% - 5.50%	1,295,000	280,648	1,575,648
2021	5.50%	195,000	10,726	205,726
		<u>\$ 2,330,000</u>	<u>\$ 1,407,368</u>	<u>\$ 3,737,368</u>

Dauphin County Industrial Development AuthorityCounty Guaranteed Revenue Bonds, Series of 2002

On August 15, 2002, the IDA issued County Guaranteed Revenue Bonds, Series of 2002, (Series of 2002 Bonds) in the aggregate principal amount of \$3,500,000. The IDA appointed M&T Bank to serve as trustee, bond registrar and paying agent for the bonds. The Bonds are limited obligations of the IDA, payable solely from the funds pledged by the County under an agreement titled "Repayment Agreement by and between Dauphin County Industrial Development Authority and County of Dauphin, Pennsylvania Regarding \$3,500,000 Dauphin County Industrial Development Authority County Guaranteed Revenue Bonds, Series of 2002." (The Repayment Agreement.)

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)

Dauphin County Industrial Development Authority (Continued)

County Guaranteed Revenue Bonds, Series of 2002 (Continued)

Pursuant to the Repayment Agreement, the IDA lent the full proceeds of the Series of 2002 Bonds to the County to finance road and transportation improvements related to tourism and regional promotion and to pay costs incurred to issue the bonds. The County is obligated to make payments in amounts equal to scheduled principal and interest on the Series of 2002 Bonds, along with certain annual administrative expenses of the IDA, until the bonds mature in 2012.

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

Other Projects Financed by Limited Obligation Mortgages and Bond Issues

The IDA serves as a financing vehicle for industrial development in the County of Dauphin, using tax exempt and taxable bonds as well as mortgage financing. Such projects are amortized through lease rentals received from respective tenants. The terms range from 15 to 27 years with various interest rate structures. Industrial projects are leased or sold to tenants under the provisions of long-term noncancellable leases or installment sales agreements. The leases provide a purchase option under which the tenant may acquire the property by assuming the unpaid principal balance of the mortgage or bond issue.

The bond issues are limited obligations of the IDA, payable from the payments required to be made by the projects or tenant. No recourse can be made against the IDA for payment of principal or interest. The mortgages are arranged between private contractors and the banks by the IDA, but are not obligations of the IDA. The installment sales agreements provide for a purchase price equal to the indebtedness of the IDA. Industrial development bond and mortgage balances outstanding as of September 30, 2005 were approximately \$84 million.

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. Rental income for the year ended September 30, 2005 was \$48,554.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 42,496	\$ 15,769	3.63%	2006
44,065	14,200	3.63%	2007
45,691	12,574	3.63%	2008
47,376	10,887	3.63%	2009
49,126	9,138	3.63%	2010
224,988	17,782	3.63%	2011 - 2014
<u>\$ 453,742</u>	<u>\$ 80,350</u>		

\$900,000 Guaranteed Lease Revenue Note, Series of 2005, due in monthly installments of interest only through June 1, 2006 and in monthly installments of \$6,319 through June 1, 2006. Interest is at 5.75%.

The proceeds of the note, dated June 1, 2005, were used for and towards the acquisition of a building located at 112 Market Street in the City of Harrisburg, Dauphin County, known as the Veterans Building; certain renovations and improvements thereto; and paying the costs and expenses related to the foregoing purposes and to the issuance of the note.

The Authority's payment obligations under the note and loan agreement are secured by a pledge of the Authority's right, title and interest in and to the receipts, revenues and moneys derived by the Authority in any manner from the operation of the Veterans Building. The County guarantees payment of principal and interest on the note. This note is a limited obligation of the Authority secured solely as provided in the loan agreement.

The following maturity schedule for the Guaranteed Lease Revenue Note, Series of 2005 includes the subsequent event detailed in Note 32:

Principal	Interest	Interest Rate	Maturity Date
\$ 5,760	\$ 50,537	5.75%	2006
24,341	50,484	5.75%	2007
25,657	50,168	5.75%	2008
27,335	48,490	5.75%	2009
28,972	46,853	5.75%	2010
172,912	206,213	5.75%	2011 - 2015
231,219	147,906	5.75%	2016 - 2020
383,804	71,906	5.75%	2021 - 2026
<u>\$ 900,000</u>	<u>\$ 673,557</u>		

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

The following is a summary of long-term debt for the year ended September 30, 2005:

	Balance October 1 2004	Additions	Deletions	Balance September 30, 2005
Guaranteed lease revenue notes:				
Series of 2004	\$ -	\$ 488,000	\$34,256	\$ 453,744
Series of 2005	-	502,934	-	502,934
Total	\$ -	\$ 990,934	\$34,256	\$ 956,678

Dauphin County Economic Development Corporation

Long-term debt at December 31, 2005, consisted of the following:

Note payable available of \$2,200,000 to a bank, payable in variable annual installments plus interest at LIBOR rate determined and in effect on applicable adjustment date not to exceed 10%, initial principal payment due 2006, final payment due December 2030, bank has the option to call the note in December 2014, secured by assignment of leases and rentals	\$ 2,108,266
Less current portion	<u>(45,000)</u>
Long-term debt	<u>\$ 2,063,266</u>

Maturities of long-term debt are as follows:

2006	\$ 45,000
2007	45,000
2008	45,000
2009	60,000
2010	60,000
Thereafter	<u>1,853,266</u>
	<u>\$2,108,266</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 10: INTEREST RATE SWAPS

2005 SWAPS

A. *Objectives and terms of the swaps.* In August 2005 the County executed fixed to floating rate swaps. The 2005C fixed to floating rate swaps will hedge \$11,320,000 of the remaining \$16,975,000 fixed rate bonds, Series of 2005C to a variable rate, thus creating a contingent "synthetic variable rate" liability starting at the earliest in November 2005. The 2002A fixed to floating rate swap will hedge \$11,150,000 of the remaining \$16,490,000 fixed rate bonds, Series A of 2002 to a variable rate, thus creating a contingent "synthetic variable rate" liability starting at the earliest in November 2005. The Series B of 2005 fixed to floating rate swaps will hedge \$12,465,000 of the remaining \$12,895,000 fixed rate bonds, Series B of 2005 to a variable rate, thus creating a contingent "synthetic variable rate" liability starting at the earliest in November 2005.

The terms, fair values, and credit ratings of the outstanding transactions as of December 31, 2005, were as follows:

Transaction Type	Associated Bonds	County Pays	County Receives	Trade Date	Effective Date	Maturity Date	Initial Notional	Counterparty	Counterparty Credit Rating	Fair Value
Swaption	Series 2002/ Series 2005C	BMA	4.00%	4/29/2004	11/15/2004	11/15/2024	\$ 11,320,000	Royal Bank of Canada	Aa2/ AA-/ AA-	\$ (435,465)
Swaption	Series 2002A	BMA	4.00%	4/29/2004	11/15/2004	11/15/2024	\$ 11,150,000	Royal Bank of Canada	Aa2/ AA-/ AA-	\$ (426,052)
Swaption	Series 2001/ Series 2005B	BMA	4.00%	4/29/2004	11/15/2004	11/15/2022	\$ 12,465,000	Royal Bank of Canada	Aa2/ AA-/ AA-	\$ (459,244)

Fair Market Values. The swaps had negative fair market values as of December 31, 2005. The fair market values are a calculation of the mid-market value were the County to exit the swaps. Mid-market values exclude transaction costs. These are estimated using the zero-coupon method and market standard option pricing methods. This method calculates the future net settlement payments required by the swaps, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk. As of December 31, 2005, the County was not exposed to counterparty credit risk on its outstanding swaps. The fair market values were negative. However, should interest rates change, and the Counterparty exercises the swaptions, and the fair market values of the swaps become positive, the County would be exposed to credit risk in the amount of the derivatives' fair value.

The County also entered into master netting agreements when the County enters into more than one derivative transaction with one counterparty. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair value so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk. The swaps increase the County's exposure to interest rate risk.

Termination Risk. The swaps were issued pursuant to the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The County or counterparty may terminate the swaps if the other party fails to perform under the terms of the contract. If the swaps are terminated, the County will be responsible for the underlying fixed rate bond obligations. Also, if at the time of termination the swaps have a negative fair value, the County would be liable to the counterparty for a payment equal to the swaps fair values.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

B. *Objectives and terms of the swap.* In October 2005, the County entered into a basis swap with the Royal Bank of Canada as the Counterparty. The basis swap is structured such that the notional principle schedule matches the principle amortization of the County's General Obligation Notes, Series D of 2004. The County will pay the Counterparty the weekly BMA Index Rate, while the Counterparty will pay the County 67% of the month LIBOR plus a pre-determined .31% per annum.

The terms, fair values, and credit ratings of the basis swap as of December 31, 2005 were as follows. The notional amount of the swap match the principal amount of the 2004 D Series Notes.

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Fair Value	Swap Termination Date	Counterparty Credit Rating
Series D of 2004 GON	\$ 14,805,000	10/1/2005	BMA	67% of USD-LIBOR + .39%	\$ (104,243)	3/1/2019	Aa2/ AA/ AA-

Fair market value. The swaps had a negative fair market value as of December 31, 2005. The fair market values 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. The swaps fair value represented the County's exposure to the counterparty as of December 31, 2005. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the County faced a maximum possible loss equivalent to the swap fair value. As of December 31, 2005, the counterparty was rated Aa2 by Moody's Investors Service, AA by Fitch Ratings, and AA- by Standard & Poor's.

The County's Master Swap Agreement contains netting provisions applicable to circumstances in which 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 swap increases the County's exposure to interest rate risk.

Termination Risk. The swap was issued pursuant to the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The County or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the County will be responsible for the underlying variable rate bond obligation. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 11: 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. The term of the lease 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 refunded in 2004. 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>
2006	\$ 1,297,288	\$ 364,221	\$ 1,661,509
2007	1,286,988	365,837	1,652,825
2008	1,143,739	367,176	1,510,915
2009	1,092,224	362,422	1,454,646
2010	643,999	361,503	1,005,502
2011	530,088	365,377	895,465
2012	527,888	365,705	893,593
2013	529,500	360,255	889,755
2014	525,063	364,055	889,118
2015	528,913	361,960	890,873
2016	526,813	364,150	890,963
2017	529,000	360,390	889,390
2018	529,250	360,870	890,120
2019	528,500	-	528,500
2020	526,750	-	526,750
2021	529,000	-	529,000
2022	525,000	-	525,000
	<u>\$ 11,800,003</u>	<u>\$ 4,723,921</u>	<u>\$ 16,523,924</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

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

The net investment in direct financing leases consists of the following at December 31, 2005:

	County Building Bond Fund	100 Chestnut Street Fund	Total
Total Minimum Lease			
Payments to be Received	\$ 11,800,003	\$ 4,723,921	\$16,523,924
Less: Unearned Income	2,862,500	1,106,616	3,969,116
	<u>\$ 8,937,503</u>	<u>\$3,617,305</u>	<u>\$12,554,808</u>
Current Portion	\$ 1,000,000	\$ 252,305	\$ 1,252,305
Noncurrent Portion	7,937,503	3,365,000	11,302,503
	<u>\$ 8,937,503</u>	<u>\$3,617,305</u>	<u>\$12,554,808</u>

NOTE 12: CAPITAL LEASE OBLIGATIONS

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 2.10% to 5.00% and for the Chestnut Street Building that is accounted for in the Governmental Activities bearing interest rates from 1.90% to 5.875%. The County also has a lease payable to the Industrial Development Authority for a District Justice Office that is accounted for in the Governmental Activities bearing an interest rate of 3.63%. The County has also entered into capital lease agreements for automobiles, computer equipment, and office equipment which are accounted for in the Governmental Activities. Also, the County has entered into capital lease agreements for automobiles, office equipment, and computer systems in the County Home Fund and 911 Fund and Solid Waste Fund that are accounted for as Enterprise Funds.

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, 2005:

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>County Home Enterprise Fund</u>	<u>911 Enterprise Fund</u>	<u>Solid Waste Fund</u>
2006	\$ 959,409	\$ 1,297,288	\$ 11,488	\$ 25,010	\$ 1,939
2007	668,758	1,286,988	7,510	1,527	1,940
2008	588,874	761,088	1,878	382	485
2009	458,251	765,888	-	-	-
2010	445,638	765,888	-	-	-
2011-2015	2,042,775	3,701,452	-	-	-
2016-2020	1,085,410	2,640,313	-	-	-
2021-2022	-	1,054,000	-	-	-
Total Minimum Lease Payments	6,249,115	12,272,505	20,876	26,919	4,634
Less: Amount Representing Interest	1,285,098	2,862,505	757	701	203
Total Present Value of Net Minimum Lease Payments	4,964,017	9,410,000	20,119	26,218	4,161
Less: Amounts Due within One Year	758,220	1,000,000	10,960	24,350	1,802
	<u>\$ 4,205,797</u>	<u>\$ 8,410,000</u>	<u>\$ 9,159</u>	<u>\$ 1,868</u>	<u>\$ 2,359</u>

NOTE 13: CAPITALIZED INTEREST

Component Unit - Capitalized InterestDauphin County General Authority

During the construction period of the Dauphin Highlands Golf Course, the General Authority capitalized interest costs, net of interest income, as a component of the costs of construction. For Dauphin Highlands, construction was completed in 1995, at which point interest costs began to be expensed. Interest costs capitalized during the construction period totaled \$820,954, and are being amortized over 30 years. Capitalized interest amortized in 2005, was \$27,365. Accumulated amortization at December 31, 2005, was \$281,881.

During the construction period of the Pittsburgh Hyatt Hotel and Conference Center located at the Pittsburgh International Airport, the General Authority capitalized interest costs, net of interest income, as a component of the cost of construction. For the Hyatt Hotel, construction was completed in June 2000, at which point interest costs began to be expensed. Interest costs capitalized during the construction period totaled \$2,090,432 and are being amortized over 30 years. Capitalized interest amortized in 2005 was \$69,681. Accumulated amortization at December 31, 2005 was \$383,246.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 14: NOTES PAYABLE

Component Unit - Notes PayableDauphin County Mental Health/Mental Retardation Case Management Unit

The Case Management Unit has a \$600,000 line of credit with a bank secured by all accounts receivable which expires March 4, 2006. Interest on outstanding borrowings is due monthly at .5% above the bank's prime rate, which was 6.75% at June 30, 2005. There were \$1,540,000 in borrowings on the line and \$1,720,000 in repayments for the year ended June 30, 2005. There was no principle balance on the line as of June 30, 2005.

NOTE 15: RESERVED FUND BALANCES/NET ASSETS

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

Governmental FundsGeneral Fund

<u>Workers Compensation</u>	<u>\$ 255,298</u>
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This reserve represents cash and accrued interest that is held in trust for workers compensation (See Note 6 for further detail).

<u>Debt Service</u>	<u>\$ 24,554</u>
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This reserve represents sinking and settlement funds related to the General Obligation Bonds, Series D of 2005

Special Revenue Funds

<u>Restricted Contributions/Fees</u>	<u>\$ 912,783</u>
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This reserve represents unexpended contributions and fees that are to be utilized to fund future expenditures of various programs.

<u>Program Purposes</u>	<u>\$ 7,925,177</u>
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This reserve represents amounts reserved for the payment of specific program expenditures.

<u>Capital Projects Fund</u>	<u>\$ 1,667,315</u>
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This reserve represents the restriction of funds for capital projects.

<u>Permanent Fund</u>	<u>\$ 782,809</u>
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This reserve represents unexpended contributions that are to be used to fund future expenditures of the Fort Hunter Trust Fund.

<u>Fiduciary Funds</u>	<u>\$ 168,982,637</u>
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This reserve represents funds restricted to the retirement fund use for future payments of members' benefits.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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

Component Units-Reserved Fund Balance/Net AssetsDauphin County Executive Commission on Drug and Alcohol, Inc.

Temporarily restricted net assets of \$648,592 is comprised of two components. The first component is DUI fines in the amount of \$578,542 received through the County Court System, including interest earned on the funds, that is restricted for activities related to the DUI program. The second component in the amount of \$70,050 represents the balance of Dauphin County's contribution to the Commission's 401 (k) plan. As disclosed in Note 21, the County transferred \$139,641 to the Commission in 2004 and as of June 30, 2005 \$70,050 is the balance in this account. This net asset balance is restricted for the Commission's pension plan contributions.

Dauphin County Economic Development Corporation ("DCEDC")

Temporarily restricted net assets are available for the following as of December 31, 2005:

Tourism and regional promotion	\$1,224,949
State of the County event	11,420
Team PA Calling Program	62,550
	<u>\$1,298,919</u>

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2005:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 3,752,494	\$ 988,518
Special Revenue Funds		
Mental Health/Mental Retardation Fund	59,409	8,086
Children and Youth Families Fund	63,909	2,424,591
Domestic Relations Fund	-	11,500
Weatherization Program Fund	-	743
Hazard Material Emergency Response	6,866	-
State Grants Fund	170,027	590,313
Human Services Development Fund	-	96,489
Aging Fund	14,860	99,418
Drug Forfeited State Property Fund	-	4,309
Hotel Tax Fund	-	114
Total Governmental Funds	<u>4,067,565</u>	<u>4,224,081</u>
Proprietary Funds :		
Enterprise Funds:		
County Home Fund	621,823	495,593
Health Choices Fund	-	46,277
Human Services Building Fund	12,004	255
Solid Waste Fund	-	909
Emergency 911 Operating Fund	93,052	6,183
Total Proprietary Funds	<u>726,879</u>	<u>549,217</u>
Fiduciary and Agency Funds :		
Retirement Fund	-	21,146
Total Fiduciary and Agency Funds	<u>-</u>	<u>21,146</u>
	<u>\$ 4,794,444</u>	<u>\$ 4,794,444</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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.

Component Unit-Interfund Receivables and Payables

	Due From Component <u>Units</u>	Due to Primary <u>Government</u>
Dauphin County Conservation District	\$125,706	\$125,706
Dauphin County Executive Commission on Drugs and Alcohol	1,250	-
	<u>\$126,956</u>	<u>\$125,706</u>

The difference in balances between the County and Dauphin County Executive Commission on Drugs and Alcohol ("Commission") is because the Commission's balance is for the period July 1, 2004 through June 30, 2005.

Dauphin County General Authority

Working capital for Dauphin Highlands Golf Course is being provided by the Dauphin General Authority Administrative Fund. At December 31, 2005, the Administrative Fund has advanced \$1,798,744 to the Dauphin Highlands Golf Course Fund. Effective January 1, 2001 the General Authority began accruing interest on the advance balance at a simple interest rate of 6% per annum. Dauphin Highlands Golf Course had accrued interest of \$380,893 at December 31, 2005. The Dauphin Highlands Golf Course expects to repay the amount from future operating revenues.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 17: INTERFUND OPERATING TRANSFERS

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

	Transfers from Other Funds	Transfers to Other Funds
Governmental Funds:		
General Fund	\$3,357,529	\$19,655,653
Special Revenue Funds		
Mental Health/Mental Retardation Fund	3,039,389	2,126,184
Children and Youth Families Fund	6,062,629	3,424
Domestic Relations	1,120,460	-
Weatherization Program Fund	208,394	18,578
Hazard Materials Emergency Response Fund	10,918	-
State Grants Fund	237,034	673,424
Human Services Development Fund	-	175,587
Aging Fund	90,000	27,530
Drug and Alcohol Fund	134,636	-
Drug Forfeited State Property Fund	158	-
Drug Forfeited Federal Property Fund	-	158
Low Income Housing Grant	-	30,000
Total Special Funds	<u>10,903,618</u>	<u>3,054,885</u>
Permanent Fund		
Fort Hunter Trust	-	40,000
Total Governmental Funds	<u>\$14,261,147</u>	<u>\$22,750,538</u>
Proprietary Funds :		
Enterprise Funds:		
County Home Fund	6,887,234	451,915
Health Choice Fund	-	10,132
Human Services Building Fund	105,410	-
Fort Hunter Operating Fund	40,000	-
Emergency 911 Operating Fund	1,918,794	-
Total Proprietary Funds	<u>8,951,438</u>	<u>462,047</u>
	<u>\$23,212,585</u>	<u>\$23,212,585</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 17: INTERFUND OPERATING TRANSFERS (CONTINUED)

Component Unit - Interfund Operating Transfers

	<u>Transfers From Component Unit</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	\$487,111	\$487,111
	<u>Transfers From Primary Government</u>	<u>Transfers To Component Unit</u>
Dauphin County Executive Commission on Drugs and Alcohol	\$133,936	\$ -

The difference in transfers between the County and Dauphin County Executive Commission on Drugs and Alcohol ("Commission") is because the Commission's balance is for the period July 1, 2004 through June 30, 2005.

NOTE 18: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through July 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Real estate property taxes levied for 2002 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2005 and expected to be collected within the first sixty (60) days of 2005 are recognized as revenue in 2005. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility.

The rate of taxation in 2005 was 6.876 mills, for general purposes. In addition, a special tax of .35 mills was approved for the County Library System.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County incurred debt to finance the initial start-up of the Solid Waste Enterprise Fund that is backed by the full faith and credit of the County. Summary financial information is presented below.

	<u>Solid Waste Enterprise Fund</u>
CONDENSED STATEMENT OF NET ASSETS	
Assets:	
Current Assets	\$ 1,257,564
Capital Assets	2,069,460
Other Assets	3,839
Total Assets	3,330,863
Liabilities:	
Due to Other Funds	909
Other current liabilities	298,907
Noncurrent liabilities	314,463
Total Liabilities	614,279
Net Assets:	
Invested in capital assets, net of related debt	2,065,299
Unrestricted	651,285
Total Net Assets	2,716,584
 CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS	
Operating revenues	\$ 698,181
Depreciation and amortization expense	(90,979)
Other operating expenses	(733,202)
Operating Loss	(126,000)
Nonoperating revenues (expenses):	
Interest income	47,285
Interest expense	(28,228)
Grants	90,350
Change in net assets	(16,593)
Beginning net assets	2,733,177
Ending net assets	2,716,584

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:	
Operating activities	\$ (306,157)
Noncapital financing activities	90,350
Capital and related financing activities	(638,363)
Investing activities	47,285
Net decrease	<u>(806,885)</u>
Beginning cash and cash equivalents	<u>1,959,746</u>
Ending cash and cash equivalents	<u>\$1,152,861</u>

Component Units -- Segment Information for Enterprise Funds

Dauphin County General Authority

The General Authority has issued revenue bonds to finance various activities. The pooled financing funds consist of School Pool I, School Pool II, Municipal Pool, Education and Health Program, AllHealth Pool and the Special Obligation Bond Fund. The nonmajor enterprise funds consist of the County Building Bond Fund, 100 Chestnut Street Fund and the Dauphin Highlands Golf Course Fund. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the funds is presented below:

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

CONDENSED BALANCE SHEET

	School Pool I	School Pool II	Municipal Pool	Education and Health Program	All Health Pool	Special Obligation Bond Fund
ASSETS						
Current assets	\$ 2,565,000	\$ 455,000	\$ 21	\$ 3,615,000	\$ 173,131	\$ 25,858
Noncurrent notes receivable	144,040,000	132,825,000	-	49,815,000	-	-
Restricted assets	54,340,412	17,284,276	6,895	154,578	-	-
Other noncurrent assets	1,494,775	677,043	-	415,067	-	-
Total assets	\$ 202,440,187	\$ 151,241,319	\$ 6,916	\$ 53,999,645	\$ 173,131	\$ 25,858
LIABILITIES						
Current liabilities	\$ 893,826	\$ 428,877	\$ 6,916	\$ 3,772,732	\$ 173,131	\$ 25,858
Noncurrent liabilities	200,000,000	150,000,000	-	49,815,000	-	-
Total liabilities	200,893,826	150,428,877	6,916	53,587,732	173,131	25,858
NET ASSETS						
Restricted	1,546,361	812,442	-	411,913	-	-
Total liabilities and net assets	\$ 202,440,187	\$ 151,241,319	\$ 6,916	\$ 53,999,645	\$ 173,131	\$ 25,858

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)
Component Units -- Segment Information for Enterprise Funds (Continued)

Dauphin County General Authority (Continued)

CONDENSED STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN NET ASSETS

	School Pool I	School Pool II	Municipal Pool	Education and Health Program	AllHealth Pool	Special Obligation Bond Fund
Operating revenues	\$ 6,613,553	\$ 4,406,949	\$ (71,128)	\$ 1,554,950	\$ 13,308	\$ 6,519
Operating expenses	(6,663,108)	(4,422,184)	(17,898)	(1,623,833)	(40,513)	(100,986)
Operating (loss)	(49,555)	(15,235)	(89,026)	(68,883)	(27,205)	(94,467)
Transfers	-	-	73,084	-	(173,131)	(135,707)
Change in net assets	(49,555)	(15,235)	(15,942)	(68,883)	(200,336)	(230,174)
Beginning net assets	1,595,916	827,677	15,942	480,796	200,336	230,174
Ending net assets	\$ 1,546,361	\$ 812,442	\$ -	\$ 411,913	\$ -	\$ -

CONDENSED STATEMENT OF CASH FLOWS

	School Pool I	School Pool II	Municipal Pool	Education and Health Program	AllHealth Pool	Special Obligation Bond Fund
Net cash provided by (used in):						
Operating activities	\$ (2,855,308)	\$ 6,712,218	\$ 122,397	\$ 4,809,978	\$ 878,098	\$ (99,147)
Investing activities	8,812,957	(2,801,843)	5,853	34,707	-	203,519
Noncapital financing activities	(5,947,649)	(3,910,375)	(128,250)	(4,844,685)	(6,315,000)	(109,849)
Net increase (decrease)	10,000	-	-	-	(5,436,903)	(5,477)
Cash and cash equivalents -- beginning	160,000	-	-	-	5,610,034	31,335
Cash and cash equivalents -- ending	\$ 170,000	\$ -	\$ -	\$ -	\$ 173,131	\$ 25,858

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

Component Units – Segment Information for Enterprise Funds (Continued)

Dauphin County General Authority (Continued)

	County Building Bond Fund	100 Chestnut Street Fund	Dauphin Highlands Golf Course Fund
ASSETS			
Current assets	\$ 1,000,000	\$ 266,232	\$ 263,401
Noncurrent investment in Direct financing lease	7,937,503	3,365,000	6,850,190
Capital asset	-	-	130,331
Restricted assets	112,371	1,118,147	382,216
Other noncurrent assets	-	-	-
Total assets	<u>\$ 9,049,874</u>	<u>\$ 4,749,379</u>	<u>\$ 7,626,138</u>
LIABILITIES			
Current liabilities	\$ 1,051,144	\$ 891,312	\$ 189,981
Noncurrent liabilities	7,937,503	3,365,000	11,945,723
Total liabilities	<u>8,988,647</u>	<u>4,256,312</u>	<u>12,135,704</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	-	(2,544,280)
Restricted	61,227	493,067	-
Unrestricted	-	-	(1,965,286)
Total net assets	<u>61,227</u>	<u>493,067</u>	<u>(4,509,566)</u>
Total liabilities and net assets	<u>\$ 9,049,874</u>	<u>\$ 4,749,379</u>	<u>\$ 7,626,138</u>

CONDENSED BALANCE SHEET

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

CONDENSED STATEMENT OF
REVENUES, EXPENSES AND CHANGES
IN NET ASSETS

Operating revenue	\$ 483,412	\$ 349,392	\$ 1,732,312
Operating expenses	(480,621)	(351,116)	(2,215,795)
Operating income (loss)	<u>2,791</u>	<u>(1,724)</u>	<u>(483,483)</u>
Beginning net assets	58,436	494,791	(4,026,083)
Ending net assets	<u>\$ 61,227</u>	<u>\$ 493,067</u>	<u>\$ (4,509,566)</u>

CONDENSED STATEMENT OF CASH
FLOWS

Net cash provided by (used in):			
Operating activities	\$ 1,283,640	\$ 411,131	\$ 583,358
Investing activities	223	(39,866)	92,000
Capital and related financing	-	(154,386)	(504,891)
Noncapital financing activities	<u>(1,283,863)</u>	<u>(205,000)</u>	<u>(600)</u>
Net increase (decrease)	-	11,879	169,867
Cash and cash equivalents -- beginning	3,318	59,063	52,432
Cash and cash equivalents -- ending	<u>\$ 3,318</u>	<u>\$ 70,942</u>	<u>\$ 222,299</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 20: LEGAL COMPLIANCE

Component Unit/DeficitDauphin County General Authority

The following funds of the General Authority had negative net assets as of December 31, 2005:

<u>Fund</u>	<u>Amount</u>
Dauphin Highlands Golf Course	\$ 4,509,566
Riverfront Office Center	\$ 5,434,516
Pittsburgh Hyatt Hotel and Conference Center	\$ 14,496,316

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

NOTE 21: EMPLOYEES RETIREMENT PLAN

Plan Description

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 21: EMPLOYEES RETIREMENT PLAN (Continued)

At December 31, 2005, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	750
Terminated Employees Entitled to Benefits but not yet Receiving Them	89
Active Plan Participants	1,807
Total Membership	2,646

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

Employees are required to contribute a portion of their salaries (5% of earnings in 2005) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, 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 Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the aggregate actuarial cost funding method.

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2005. The aggregate actuarial cost method of funding was used in the valuation which does not identify and separately amortize unfunded actuarial liabilities. 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 3.75% to 4.5%; graduated .25% increments over three years; and (c) no postretirement benefit increases. Both (a) and (b) include an inflation component of 3%. The method used to determine the actuarial value of assets is a five year smoothed market.

Annual Pension Cost and Pension Obligation

The County's Annual Required Contribution for 2005 was determined as part of the December 31, 2005 actuarial valuation. The County's annual pension costs, annual required contributions and net pension benefit obligation to the County's Employees Retirement Trust Fund Plan are as follows for 2005, 2004, and 2003.

<u>Annual Pension Cost – Three Year Trend Information</u>			
<u>Years Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2005	\$7,329,921	100%	\$ -
December 31, 2004	\$6,782,318	100%	\$ -
December 31, 2003	\$6,548,736	100%	\$ -

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 21: EMPLOYEES RETIREMENT PLAN (Continued)

Annual Pension Cost and Pension Obligation (Continued)Schedule of Contributions from the Employer - Six Year Trend Information

<u>Years Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of Annual Required Contribution</u>
December 31, 2005	\$7,329,921	100%
December 31, 2004	\$6,782,318	100%
December 31, 2003	\$6,548,736	100%
December 31, 2002	\$4,206,139	100%
December 31, 2001	\$1,688,363	100%
December 31, 2000	\$1,272,410	100%

Component Unit – Employees Retirement PlanDauphin County Executive Commission on Drugs and Alcohol, Inc.

The Dauphin County Executive Commission on Drugs and Alcohol, Inc., provides pension benefits for all of its full-time employees through a 401(k) plan. Employees are eligible to participate in the plan 30 days after date of hire. The Commissioner's 401 (k) plan has three components.

The first component allows all employees to voluntarily contribute a percentage of their salary to the 401 (k) plan. The Commission matches these contributions up to 3% of the employee's salary. This employer contribution of \$14,757, for the year ended June 30, 2005, is included in the program services and supporting services expenses on the statement of activities. The Commission's contributions for each employee (and interest allocated to the employee's account) are fully vested after six years of service.

The second component of the 401 (k) plan involves a profit sharing provision that includes all employees. The amount credited to each employee's pension account is to be distributed based on the employee's salary and is subject to the plan's vesting schedule. For the year ended, June 30, 2005, the Commission made a profit sharing contribution of \$15,000 which is included in the program services and supporting services expenses on the statement of activities.

The third component of the 401 (k) plan provides for an additional contribution received from Dauphin County for those vested employees that transferred from the County to the Commission. This County contribution of \$139,641 was transferred to the Commission in July 2004 and is to be distributed to the employee's pension accounts in accordance with a Commission Board approved six year distribution plan. Transactions related to this component of the pension plan are reflected in the temporarily restricted column of the statement of activities. Pension expense for the year was \$28,891.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 22: 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.

Component Units-Compensated AbsencesDauphin County Executive Commission on Drug and Alcohol, Inc.

The Commission's Paid Time Off (PTO) program provides employees with earned time off to be used for vacation, personal, family and medical issues. Time accrues at various rates based on length of service. Employees are encouraged to utilize earned paid time off by June 30 of each year; however, current practice allows for the carryover of 50 unused PTO days to the subsequent fiscal year. Time carried over in this manner is considered vested.

NOTE 23: LEASES

Operating Leases

The County leases office space under several operating leases with expiration dates through 2020.

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

2006	\$1,200,060
2007	1,190,370
2008	1,128,142
2009	899,290
2010	892,596
2011-2015	2,140,027
2016-2020	65,400
2021 - 2024	<u>39,900</u>

Total minimum payments required \$7,555,785

Total rental expense for these leases during 2005 approximated \$1,178,876.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 23: LEASES (CONTINUED)

Component Units – LeasesDauphin County Mental Health/Mental Retardation Case Management Fund

The Case Management Unit leased its principal office space. Rent expense totaled \$497,940 for the fiscal year ended June 30, 2005.

In October 2003, CMU occupied a new building and entered into a new lease agreement.

The lease agreement is for a period of ten consecutive years with two additional five-year renewal periods. Monthly rent for the first lease year, which began October 24, 2003, was \$40,673. Monthly rent will increase 2.75% at the beginning of each lease year thereafter.

In May 2005, CMU entered into a new lease for the Millersburg, Pennsylvania office. The lease agreement is for a period of three years with one year renewal options. Rent for this lease is \$21,600 per year payable in four equal quarterly installments commencing on June 1, 2005.

Future minimum lease payments under the lease are as follows:

Year ending June 30,	Amount
2006	\$ 532,291
2007	546,334
2008	555,363
2009	553,992
2010	569,228
Thereafter	2,011,024
	<u>\$4,768,232</u>

Dauphin County Executive Commission on Drugs and Alcohol, Inc.

The Commission leases office space from Dauphin County under an operating lease with an expiration date greater than one year. Minimum rental payments at June 30, 2005, are as follows:

2006	\$ 106,590
2007	109,521
2008	112,533
2009	115,628
2010	118,808
Thereafter	419,736
	<u>\$ 982,816</u>

Rental expense totaled \$103,737 for the year ended June 30, 2005.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 24: RELATED PARTY TRANSACTIONS

The Dauphin County General Authority's audit report contains an uncertainty pertaining to the technical default of the General Authority to make certain bond payments on the Office and Parking Revenue Bonds-Series A, B, and C that pertain to Forum Place. The County does not pledge its taxing power to support the payments of these bonds; therefore there should be no impact on the County's financial statements pertaining to any payment default on these Bonds.

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 2005, were \$1,738,818.

Dauphin County Industrial Development Authority

The County of Dauphin pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. The IDA's management and support staff are employees of the County, the IDA's offices are provided rent-free in a building owned by 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 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.

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.

Dauphin County Mental Health/Mental Retardation Case Management Unit

The Dauphin County Mental Health/Mental Retardation Case Management Unit is a component unit of the County. The operating lease described in Note 23 is held with the County and the lease payments are at market value.

Dauphin County Economic Development Corporation

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

Component Units - Related Party Transactions (Continued)

Dauphin County Economic Development Corporation (Continued)

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. DCEDC's offices are provided rent-free in a building owned by the County, and other significant operating expenses such as telephone, office maintenance and insurance are paid directly by the County. The value of donated management services and donated facilities for the year ended December 31, 2005 were \$13,650 and \$10,500 respectively.

The County also provides significant operating revenue, primarily through Hotel Tax distributions passed-through to DCEDC. Revenue from the County was \$1,631,046 in 2005, representing 91.3% of total revenue.

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.

At December 31, 2005 due from related party was comprised of the following pass-through items:

Dauphin County Executive Commission in on Drug and Alcohol, Inc.

The County has committed to providing funding to the Commission in the amount of \$103,396 on January 1 and July 1 each year in accordance with the contract between the Commission and the County. Per the contract, any unspent County funds must be returned to the County.

NOTE 25: 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, 2005.
- B. In 2000 the County entered into a contract for the purpose of renovating the Courthouse. The contract value approximated \$13,656,045 of which \$13,365,104 has been expended at December 31, 2005.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 25: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies

Dauphin County General Authority

Payments in Lieu of Taxes and Real Estate Taxes

The General Authority, as part of its construction of the Hyatt Hotel Project, committed to make payments in lieu of property taxes to the County of Allegheny in return for exempting this property from real estate taxes. This payment in lieu of taxes (PILOT) will be made from the respective funds if sufficient resources exist to make such payments are available, on an annual basis, from the respective funds revenues after meeting operating costs and debt service payments. The PILOTs for the Hyatt Hotel Project have been accrued for the years ended December 31, 2000, 2001, 2002, 2003, 2004, and 2005 in the amounts of \$460,000, \$537,000, \$614,000, \$680,000, \$767,000, and \$767,000 respectively.

Project Viability

The continued operation of the Dauphin Highlands Golf Course is dependent on the Administrative Fund providing working capital to fund any deficits created by operations of this golf course. The Dauphin County General Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course, as discussed in Note 16. The Administrative Fund provided \$221,000 of working capital advances during 2005 to the Dauphin Highlands Golf Course. As of December 31, 2005, \$221,000 was repaid to the Administrative Fund.

The Pittsburgh Hyatt Hotel and Conference Center project viability is dependent upon the facility maintaining sufficient operating cash flows to meet debt service payments. Operations of the facility commenced June 29, 2000, and the bond proceeds included a working capital reserve that approximated eighteen (18) months of working capital necessary for operations. In 2002 funds sufficient to meet the debt service payments were transferred from the construction fund. In 2003, the project generated sufficient cash flows from operations to meet debt service requirements on the project. However, the General Authority entered into technical default in January 2004, when an unscheduled withdrawal was made on the bond redemption improvement fund in order to satisfy the January 2004 interest payment. The Authority remains in technical default due to unscheduled withdraws from the bond reserve fund in order to satisfy the July 2005 and January 2006 debt service payments. Neither the bond redemption and improvement fund nor the bond reserve fund have been replenished as required by the trust indenture..

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 25: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Units - Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Cease and Desist Order

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

Consultant Agreement

The General Authority's Executive Director resigned, as of January 31, 2006. As a result of this, a consulting agreement was signed between the Authority and the former Executive Director. This agreement is effective February 1, 2006 until July 31, 2006, which requires the former Director to provide consulting services on an as needed basis. In return, the former Director will receive any reimbursements for out of pocket expenses, as well as a full payment of \$40,000, payable on February 1, 2006. This payment was made in full on February 1, 2006.

NOTE 26: ADMINISTRATIVE AND BOND ISSUE FEES

Component Units - Administrative and Bond Issue 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 2005, these fees, as paid by each fund, are as follows:

Administrative Fees:	
Administrative Fund	
County Building Bonds	\$ 20,000
Municipal Pool	60,000
School Pools	43,100
Riverfront Office Center	265,596
Chestnut Street	29,577
Dauphin Highlands Golf Course	24,000
Education and Health Program	10,000
Pittsburgh Hyatt Hotel & Convention Center	35,204
Nonrecourse Debt Issues	53,772
Total Administrative Fees	<u>\$541,249</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 27: HOTEL TAX REVENUE AND RELATED EXPENSES

Component Units -- Hotel Tax Revenue and Related Expenses

Dauphin County Economic Development Corporation

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 County's Board of 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.

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 3% hotel tax, but requires that distribution of revenue from the first 2% of the tax be kept separate from distribution of revenue from the remaining 1%, and restricts the use of such revenue to promotion of tourism and regional development.

After the costs of collecting the tax have been deducted, the remaining 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 the 1% Hotel Tax revenue. DCEDC had transfers in from Dauphin County of \$1,549,688 for the year ended December 31, 2005.

After the costs of collecting the tax have been deducted, the County distributes 20% of this revenue to the City of Harrisburg, 70% to the Derry Township Industrial Authority and 10% to DCEDC to be used solely for tourism and regional promotion purposes. During 2005, DCEDC remitted a portion of this revenue to the Pennsylvania Capital Region Vacations Bureau (Bureau), based upon an annual budget established by the County Commissioners. In September 2005, the County Commissioners signed Resolution 37-2005 directing DCEDC to turn over 100% of these funds to the Bureau. DCEDC's 2% Hotel Tax revenue for 2005 was \$81,358.

NOTE 28: RESTATEMENT

Net assets for at January 1, 2005 for the governmental activities have been decreased by \$3,218,258 to reflect deferred interest from refunding that should have been written off in prior years. As a result of this restatement, the governmental activities' net asset balance at January 1, 2005 decreased from \$(12,851,624) to \$(16,069,882). The deferred interest from refunding asset balance has also been reduced by \$3,218,258 as a result of this restatement.

Component Units--Prior Period Adjustments

Dauphin County General Authority

The net assets for December 31, 2004 in the 100 Chestnut Street fund have been decreased by \$460,521 to defer prepayments on the lease receivable that can be applied to the debt service of the project or returned to the lessor, the County of Dauphin. As a result of this restatement, the 100 Chestnut Street fund net asset balance at December 31, 2004 decreased by \$460,521 from \$955,312 to \$494,791. Had the excess payments been deferred for the year ended December 31, 2004, the change in net assets for the 100 Chestnut Street fund would have decreased by \$49,363.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 28: RESTATEMENT (CONTINUED)

Component Units-Prior Period Adjustments (Continued)

Dauphin County Economic Development Corporation

Net assets in the beginning of 2005 have been adjusted to properly report temporarily restricted and unrestricted net assets of DCEDC in prior years. The adjustment has no effect on the results of the current year's activities; however, the cumulative effect decreases unrestricted net assets at the beginning of the year by \$35,630 and increases temporarily restricted net assets at the beginning of the year by \$30,227.

NOTE 29: ECONOMIC DEPENDENCY

Component Units-Economic Dependency

Dauphin County Executive Commission of Drugs and Alcohol, Inc.

Since 96% of the Commission's revenues come from federal and state funding, any significant reduction in funding of the Commission's programs by any of these sources would result in corresponding curtailment of the Commission's activities.

NOTE 30: LITIGATION

Component Unit -- Litigation

Dauphin County General Authority

The General Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2005. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

NOTE 31: MANAGEMENT PLAN

Component Unit -- Management Plan

Dauphin County Mental Health/Mental Retardation Case Management Unit

The Case Management Unit has a deficit balance in restricted net assets in the amount of \$105,089 at June 30, 2005. If program losses continue the Case Management Unit will begin to experience cash flow problems and have difficulty in meeting its current obligations as they become due; however, management does not believe operations will be discontinued. Management of the Case Management Unit has developed a plan to address the deficit and is reviewing operations to reduce costs and increase efficiencies. The possible effects of these events cannot be presently determined and, accordingly, no additional adjustments that may result have been recorded in the financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 32: ESCROW OBLIGATION

Component Unit – Escrow Obligation

Dauphin County Economic Development Corporation

DCEDC acts in an agency capacity for the County's Community Development Block Grant and HOME programs. DCEDC holds funds and processes disbursements solely as directed by employees of the County. At December 31, 2005, both accounts had bank overdrafts resulting in an Escrow Receivable as reported on the financial statements.

NOTE 33: SUBSEQUENT EVENTS

- A. In June of 2006, the Commissioners voted to sell the Spring Creek Nursing Home to a private entity. This action is expected to save money as an annual subsidy will no longer be required from the General Fund.
- B. On June 7, 2006, the County entered into a floating to fixed rate Swap with Duetsche Bank AG which was designed to manage interest rate risk on the County's \$16,700,000 General Obligation Bonds, Series of 2007 (the "Bonds"). The Bonds were incurred on June 7, 2006, and are expected to be issued by December 1, 2007.
- C. On July 1, 2006 the County issued General Obligations Bonds Series of 2006 in the amount of \$16,450,000. The proceeds of the Series of 2006 are to be used to fund the County's Emergency Communications Project and to pay the costs related to issuing the bonds. The bonds carry interest rates from 3.55% to 5% and have a final maturity in 2023.
- D. On June 7, 2006, the County entered into a floating to fixed rate Swap with Duetsche Bank AG which was designed to manage interest rate risk on the County's \$16,700,000 General Obligation Bonds, Series of 2007 (the "Bonds"). The Bonds were incurred on June 7, 2006, and are expected to be issued by December 1, 2007.
- E. On August 9, 2006, the County entered into two Constant Maturity Swaps with the Royal Bank of Canada on its General Obligation Notes, Series D of 2004 and its General Obligation Bonds, Series of 2006. The effective date of the Swaps are September 1, 2007 and August 15, 2007, respectively.

Component Units – Subsequent Events

Dauphin County Industrial Development Authority

In October 2005, the IDA drew down the final amount, \$397,066, on their Guaranteed Lease Revenue Note, Series of 2005. The maturities schedule in Note 9 reflects the total note balance of \$900,000.

REQUIRED
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$	\$	\$	\$
Taxes	78,634,805	78,634,805	89,302,293	10,667,488
Intergovernmental	7,051,522	7,706,828	8,360,631	653,803
Charges for Services	16,900,547	17,080,420	16,897,841	(182,579)
License and Permits	73,400	73,400	56,989	(16,411)
Court Costs and Fines	3,684,850	3,831,611	3,585,717	(1245,894)
Interest and Rents	768,750	768,850	1,507,195	738,345
Miscellaneous Revenue	-	-	635,707	635,707
Depreciation in Fair Market Value of Investments	-	-	-	-
Total Revenues	107,113,874	108,095,914	120,346,373	12,250,459
Expenditures				
General Government	17,703,939	10,768,560	8,864,916	1,903,644
Judicial	32,893,486	38,645,202	36,632,251	2,012,951
Public Safety	31,031,661	32,609,998	31,637,857	972,141
Human Services	1,776,922	1,862,141	2,185,948	(303,807)
Culture and Recreation	1,246,874	1,546,763	1,482,528	64,235
Conservation and Development	2,466,525	2,684,884	2,832,774	(137,880)
Debt Service	455,228	455,228	923,372	(468,144)
Principle	3,843,683	3,843,683	3,630,153	213,530
Interest	-	-	-	-
Total Expenditures	91,420,318	92,446,459	88,189,799	4,256,660
Excess of Revenues Over (Under) Expenditures	15,693,556	15,649,455	32,156,574	16,507,119
Other Financing Sources (Uses)				
Operating Transfer In	273,435	317,536	3,357,529	3,039,993
Operating Transfer (Out)	(16,471,991)	(16,471,991)	(19,655,653)	(3,183,662)
Transfer from Component Units	-	-	487,111	487,111
Proceeds from Sale of Fixed Assets	505,000	505,000	516,848	11,848
Payment to Refunded Bond Escrow Agent	-	-	(26,584,475)	(26,584,475)
Net Premium on Bonds Issued	-	-	1,121,260	1,121,260
Capital Lease Proceeds	-	-	461,021	461,021
Proceeds of General Obligation Debt	-	-	25,895,000	25,895,000
Total Other Financing Sources (Uses)	(15,693,556)	(15,649,455)	(14,401,359)	1,248,096
Net Change in Fund Balances	-	-	17,755,215	17,755,215
Fund Balances - January 1	-	-	10,845,670	10,845,670
Fund Balances - December 31	-	-	28,600,885	28,600,885

OTHER
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2005

	<u>Other Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 10,869,548	\$ 1,730,948	\$ -	\$ 12,600,496
Investments	-	-	782,809	782,809
Receivables:				
Accounts	173,310	-	-	173,310
Interest and Dividends	11,070	1,556	-	12,626
Due From Other Funds	191,753	-	-	191,753
Due From Other Governments	1,699,014	-	-	1,699,014
Due From Component Units	1,250	-	-	1,250
Other Assets	41,113	-	-	41,113
Total Assets	\$ 12,987,058	\$ 1,732,504	\$ 782,809	\$ 15,502,371
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 2,120,837	\$ 65,189	\$ -	\$ 2,186,026
Accrued Liabilities	243,740	-	-	243,740
Deferred Revenues	981,635	-	-	981,635
Due to Other Funds	802,886	-	-	802,886
Total Liabilities	4,149,098	65,189	-	4,214,287
<u>Fund Balances</u>				
Reserved for Program Purposes	7,925,177	-	-	7,925,177
Reserved for Restricted				
Contributions/Fees	912,783	-	-	912,783
Reserved for Capital Projects	-	1,667,315	-	1,667,315
Reserved for Permanent Fund	-	-	782,809	782,809
Total Fund Balances	8,837,960	1,667,315	782,809	11,288,084
Total Liabilities and Fund Balances	\$ 12,987,058	\$ 1,732,504	\$ 782,809	\$ 15,502,371

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Other Special Revenue Funds	Capital Projects	Fort Hunter Permanent Fund	Total Other Governmental Funds
Revenues				
Hotel Taxes	\$ 4,673,459	\$ -	\$ -	\$ 4,673,459
Intergovernmental	34,069,825	25,000	-	34,094,825
Charges for Services	1,047,171	-	-	1,047,171
Court Costs and Fines and Fees	958,244	-	-	958,244
Interest and Rent	259,023	60,844	24,511	344,378
Appreciation in Fair Market Value of Investments	-	-	9,629	9,629
Miscellaneous Revenue	1,543,090	84,415	-	1,627,505
Total Revenues	42,550,812	170,259	34,140	42,755,211
Expenditures				
Current:				
Judicial	6,478,278	-	-	6,478,278
Public Safety	704,009	-	-	704,009
Public Works	414,836	-	-	414,836
Human Services	27,705,153	-	-	27,705,153
Conservation and Development	2,859,302	-	-	2,859,302
Culture and Recreation	4,230,774	-	-	4,230,774
Debt Service				
Principle	407,345	-	-	407,345
Interest	106,853	-	-	106,853
Capital Projects	-	672,183	-	672,183
Total Expenditures	42,906,550	672,183	-	43,578,733
Excess of Revenues Over (Under)				
Expenditures	(355,738)	(501,924)	34,140	(823,522)
Other Financing Sources (Uses)				
Transfers In	1,801,600	-	-	1,801,600
Transfers Out	(925,277)	-	(40,000)	(965,277)
Total Other Financing Sources (Uses)	876,323	-	(40,000)	836,323
Net Change in Fund Balances	520,585	(501,924)	(5,860)	12,801
Fund Balances - Beginning of Year	8,317,375	2,169,239	788,669	11,275,283
Fund Balances - End of Year	\$ 8,837,960	\$ 1,667,315	\$ 782,809	\$ 11,288,084

COUNTY OF DAUPHIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	State Grants	Human Services Development Fund	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Property
Assets									
Cash and Cash Equivalents	\$ 5,066,782	\$ 57,403	\$ 263,322	\$ 106,892	\$ 2,160,736	\$ 143,274	\$ 922,295	\$ 725,757	\$ 151,540
Receivables:									
Accounts	-	10,000	20,878	463	44,359	-	54,459	10,573	-
Interest and Dividends	4,280	64	223	100	1,966	203	2,580	412	94
Due From Other Funds	-	-	-	6,866	170,027	-	14,860	-	-
Due From Other Governments	-	801,181	-	3,579	313,834	2,479	577,841	-	-
Due From Component Units	-	-	-	-	-	-	-	1,250	-
Other Assets	-	325	40,372	-	-	-	416	-	-
Total Assets	\$ 5,071,062	\$ 868,973	\$ 324,795	\$ 117,900	\$ 2,690,922	\$ 145,956	\$ 1,572,551	\$ 737,992	\$ 151,634
Liabilities and Fund Balances									
Liabilities									
Accounts Payable	\$ 9,884	\$ 36,839	\$ 56,449	\$ 8,762	\$ 475,477	\$ 46,632	\$ 323,713	\$ 737,992	\$ 74,027
Accrued Liabilities	282	107,358	12,529	-	26,028	1,934	94,602	-	-
Deferred Revenues	-	-	255,074	-	725,660	901	-	-	-
Due to Other Funds	-	11,500	743	-	590,313	96,489	99,418	-	4,309
Total Liabilities	10,166	155,697	324,795	8,762	1,817,478	145,956	517,733	737,992	78,336
Fund Balances									
Reserved for Program Purposes	5,060,896	713,276	-	109,138	873,444	-	142,035	-	73,298
Reserved for Restricted Contributions/Fees	-	-	-	-	-	-	912,783	-	-
Total Fund Balances (Deficit)	5,060,896	713,276	-	109,138	873,444	-	1,054,818	-	73,298
Total Liabilities and Fund Balances	\$ 5,071,062	\$ 868,973	\$ 324,795	\$ 117,900	\$ 2,690,922	\$ 145,956	\$ 1,572,551	\$ 737,992	\$ 151,634

COUNTY OF DAUPHIN
 COMBINED BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2005

	Drug Act- Forfeited Federal Property	Low Income Housing Grant	Hotel Tax Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 122,041	\$ 819,946	\$ 329,560	\$ 10,669,546
Receivables:				
Accounts	-	32,578	-	173,310
Interest and Dividends	109	666	373	11,070
Due From Other Funds	-	-	-	191,753
Due From Other Governments	-	-	-	1,699,014
Due From Component Units	-	-	-	1,250
Other Assets	-	-	-	41,113
Total Assets	\$ 122,150	\$ 853,190	\$ 329,933	\$ 12,987,058
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 250	\$ 22,000	\$ 328,812	\$ 2,120,837
Accrued Liabilities	-	-	1,007	243,740
Deferred Revenues	-	-	-	981,635
Due to Other Funds	-	-	114	802,886
Total Liabilities	250	22,000	329,933	4,149,098
Fund Balances				
Reserved for Program Purposes	121,900	831,190	-	7,929,177
Reserved for Restricted Contributions/Fees	-	-	-	912,783
Total Fund Balances	121,900	831,190	-	8,837,960
Total Liabilities and Fund Balances	\$ 122,150	\$ 853,190	\$ 329,933	\$ 12,987,059

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Liquid Fuels Fund	Domestic Relations Fund	Weather- ization Program	Hazard Material Emergency Response	State Grants	Human Services Development Fund	Aging Fund
Revenues	\$	\$	\$	\$	\$	\$	\$
Hotel Taxes	803,563	3,457,737	476,153	30,086	19,210,552	791,182	5,922,083
Intergovernmental	-	114,605	131,841	48,836	-	-	210,707
Charges for Services	-	-	-	-	489,515	-	-
Court Costs and Fines and Fees	-	-	-	4,239	-	7,766	33,422
Interest and Rent	154,661	4,568	2,129	-	-	-	1,543,090
Miscellaneous Revenue	-	-	-	-	-	-	-
Total Revenues	958,224	3,576,910	609,823	83,161	19,700,067	798,948	7,709,302
Expenditures							
Current:							
Judicial	-	4,705,323	-	-	1,428,758	-	-
Public Safety	-	-	-	73,989	630,020	-	-
Public Works	414,836	-	-	-	-	-	-
Human Services	-	-	798,412	-	14,978,444	622,766	7,642,174
Conservation and Development	-	-	-	-	2,580,371	-	-
Culture and Recreation	-	-	-	-	-	-	-
Debt Service	-	10,863	1,131	-	28,851	498	4,307
Principle	-	1,111	96	-	1,554	97	679
Interest	-	-	-	-	-	-	-
Total Expenditures	414,836	4,717,297	799,639	73,989	19,647,996	623,361	7,647,160
Excess of Revenues Over (Under)	543,388	(1,140,387)	(189,816)	9,172	52,069	175,587	62,142
Other Financing Sources (Uses)							
Transfers In	-	1,120,460	208,394	10,918	237,034	-	90,000
Transfers Out	-	-	(18,578)	-	(673,424)	(175,587)	(27,530)
Total Other Financing Sources (Uses)	-	1,120,460	189,816	10,918	(436,390)	(175,587)	62,470
Net Change in Fund Balances	543,388	(19,927)	-	20,090	(384,321)	-	124,612
Fund Balances - Beginning of Year	4,517,508	733,203	-	89,048	1,257,765	-	930,206
Fund Balances (Deficits) - End of Year	5,060,896	713,276	-	109,138	873,444	-	1,054,818

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Drug and Alcohol Fund	Drug Act-Forfeited State Fund	Drug Act-Forfeited Federal Fund	Low Income Housing Grant	Hotel Tax Fund	Totals
Revenues						
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,673,459	\$ 4,673,459
Intergovernmental	3,378,469	-	-	-	-	34,069,825
Charges for Services	146,945	-	-	394,537	-	1,047,171
Court Costs and Fines and Fees	-	338,819	129,911	-	-	956,244
Interest and Rent	10,805	1,364	2,392	22,849	14,828	259,023
Miscellaneous Revenue	-	-	-	-	-	1,543,090
Total Revenues	3,536,219	340,182	132,303	417,386	4,688,287	42,550,812
Expenditures						
Current:						
Judicial	-	252,636	91,561	-	-	6,478,278
Public Safety	-	-	-	-	-	704,009
Public Works	-	-	-	-	-	414,836
Human Services	3,663,357	-	-	-	-	27,705,153
Conservation and Development	-	-	-	278,931	-	2,859,302
Culture and Recreation	-	-	-	-	4,230,774	4,230,774
Debt Service	6,695	-	-	-	355,000	407,345
Principle	803	-	-	-	102,513	106,853
Interest	-	-	-	-	-	-
Total Expenditures	3,670,855	252,636	91,561	278,931	4,688,287	42,906,550
Excess of revenues Over (Under) Expenditures	(134,636)	87,546	40,742	138,455	-	(355,738)
Other Financing Sources(Uses)						
Transfers In	134,636	158	-	-	-	1,801,800
Transfers Out	-	-	(158)	(30,000)	-	(925,277)
Total Other Financing Sources (Uses)	134,636	158	(158)	(30,000)	-	876,323
Net Change in Fund Balances	-	87,704	40,484	108,455	-	520,585
Fund Balances - Beginning of Year	-	(14,406)	81,316	722,735	-	8,317,375
Fund Balances (Deficits) - End of Year	\$ -	\$ 73,298	\$ 121,900	\$ 931,190	\$ -	\$ 8,837,960

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2005

	Solid Waste Fund	Fort Hunter Operating Fund	Emergency 911 Operating Fund	Act 56 Wireless 911 Fund	Totals
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,152,861	\$ 118,251	\$ 92	\$ 13,855	\$ 1,285,059
Accounts Receivables	104,703	-	504,005	6,858	615,566
Due From Other Funds	-	-	93,052	-	93,052
Other Assets	3,839	-	158	12	4,009
Total current assets	1,261,403	118,251	597,307	20,725	1,997,686
Noncurrent Assets:					
Capital assets (Net)	2,069,460	683,215	1,807,050	-	4,559,725
Total noncurrent assets	2,069,460	683,215	1,807,050	-	4,559,725
Total assets	\$ 3,330,863	\$ 801,466	\$ 2,404,357	\$ 20,725	\$ 6,557,411
LIABILITIES					
Current liabilities:					
Accounts Payable	\$ 85,462	\$ -	\$ 66,683	\$ -	\$ 152,145
Accrued Liabilities	20,575	-	110,282	-	130,857
Due to Other Funds	909	-	6,183	-	7,092
Obligation Under Capital Lease	1,802	-	24,350	-	26,152
General Obligation Debt	191,068	-	-	-	191,068
Total current liabilities	299,816	-	207,498	-	507,314
Noncurrent liabilities:					
Obligation Under Capital Lease	2,359	-	1,868	-	4,227
General Obligation Debt	304,501	-	-	-	304,501
Accrued Compensated Absences	7,603	-	172,070	-	179,681
Total noncurrent liabilities	314,463	-	173,946	-	488,409
Total liabilities	614,279	-	381,444	-	995,723
NET ASSETS					
Invested in Capital Assets	2,065,299	683,215	1,780,832	-	4,529,346
Net of Related Debt	651,285	118,251	242,081	20,725	1,032,342
Unrestricted	-	-	-	-	-
Total net assets	\$ 2,716,584	\$ 801,466	\$ 2,022,913	\$ 20,725	\$ 5,561,688

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Solid Waste Fund	Fort Hunter Operating Fund	Emergency 911 Operating Fund	Act 56 Wireless 911 Fund	Totals
Operating Revenues					
Charges for Services	698,181	38,317	3,039,836	20,573	3,796,907
Total Operating Revenues	698,181	38,317	3,039,836	20,573	3,796,907
Operating Expenses					
Personnel Services	300,574	-	3,499,438	-	3,800,012
Contracted Services	271,572	576	221,583	-	493,731
Supplies and Materials	18,591	-	21,469	-	40,060
Repairs and Maintenance	32,042	-	227,511	-	259,553
Utilities	2,344	10,679	533,137	-	546,160
Other Services and Charges	108,079	29,148	122,255	-	259,482
Depreciation and Amortization	90,579	69,846	341,540	-	502,365
Total Operating Expenses	824,181	110,249	4,966,933	-	5,901,363
Operating Income (Loss)	(126,000)	(71,932)	(1,927,097)	20,573	(2,104,456)
Nonoperating Revenues (Expenses)					
Interest Income	47,285	837	1,148	152	49,422
Interest Expense	(28,226)	-	(2,441)	-	(30,669)
Grants	90,350	-	-	-	90,350
Total Nonoperating Revenues	109,407	837	(1,293)	152	109,103
Income (Loss) Before Operating Transfers In (Out)	(16,593)	(71,095)	(1,928,390)	20,725	(1,995,353)
Transfers In	-	40,000	1,918,794	-	1,958,794
Changes in Net Assets	(16,593)	(31,095)	(9,596)	20,725	(36,559)
Total Net Assets - Beginning of Year	2,733,177	832,561	2,032,509	-	5,598,247
Total Net Assets - End of Year	\$ 2,716,584	\$ 801,466	\$ 2,022,913	\$ 20,725	\$ 5,561,688

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Solid Waste Fund	Fort Hunter Operating Fund	Emergency 911 Operating Fund	Act 56 Wireless 911 Fund	Totals
Cash Flows From Operating Activities					
Receipts from Recycling Services	\$ 716,160	\$ -	\$ -	\$ -	\$ 716,160
Receipts from Emergency Communications Services	-	-	2,873,741	13,703	2,887,444
Receipts from Recreational Activities	-	38,317	-	-	38,317
Payments to Employees	(300,691)	-	(3,468,541)	-	(3,769,232)
Payments to Suppliers	(722,399)	(40,403)	(1,157,528)	-	(1,920,330)
Internal Activity - Payments to other funds	773	-	(45,211)	-	(44,438)
Net Cash Provided by (Used In) Operating Activities	(306,157)	(2,086)	(1,797,539)	13,703	(2,092,079)
Cash Flow From Noncapital Financing Activities					
Operating Transfers In	-	40,000	1,918,794	-	1,958,794
Operating Grants Received	90,350	-	-	-	90,350
Net Cash Provided by Noncapital Financing Activities	90,350	40,000	1,918,794	-	2,049,144
Cash Flows from Capital and Related Financing Activities					
Purchase of Fixed Assets	(426,720)	-	(116,207)	-	(542,927)
Interest Paid	(28,228)	-	(2,441)	-	(30,669)
Principal Payments on Capital Lease	(1,730)	-	(30,397)	-	(32,127)
Principal Payments on Bonds	(181,685)	-	-	-	(181,685)
Net Cash Used in Capital and Related Financing Activities	(638,363)	-	(149,045)	-	(787,408)
Cash Flows from Investing Activities					
Interest Income	47,285	837	1,148	152	49,422
Net Cash Provided by Investing Activities	47,285	837	1,148	152	49,422
Net Increase in Cash and Cash Equivalents	(806,885)	38,751	(26,642)	13,855	(780,921)
Cash and Cash Equivalents, Beginning of Year	1,959,746	19,500	26,734	-	2,065,980
Cash and Cash Equivalents, End of Year	\$ 1,152,861	\$ 118,251	\$ 92	\$ 13,855	\$ 1,285,059

COUNTY OF DAUPHIN
 STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Solid Waste Fund	Fort Hunter Operating Fund	Emergency 911 Operating Fund	Act 56 Wireless 911 Fund	Totals
Reconciliation of Operating loss to net cash provided (used) by operating activities	(126,000)	(71,932)	(1,927,097)	20,573	(2,104,456)
Operating Loss					
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities	90,979	69,846	341,540	-	502,365
Depreciation and Amortization Expense					
Change in assets and liabilities					
Accounts Receivable	17,979	-	(166,064)	(6,858)	(154,943)
Other Assets	(1,066)	-	(31)	(12)	(1,109)
Accounts Payable	(288,705)	-	(31,573)	-	(320,278)
Accrued Expenses	(3,853)	-	13,107	-	9,254
Accrued Vacation and Sick Pay	3,736	-	17,790	-	21,526
Due To/Due From Other funds	773	-	(45,211)	-	(44,438)
Net Cash Provided by (Used in) Operating Activities	(306,157)	(2,086)	(1,797,539)	13,703	(2,092,079)

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2005

	Tax Claim Agency Fund	Revolving Loan 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	Fines and Costs Agency Fund	Children and Youth Agency Fund	Totals
Cash and Cash Equivalents	\$ 2,227,721	\$ 99,014	\$ 172,151	\$ 760,387	\$ 8,206	\$ 61,593	\$ 1,177,806	\$ 504,829	\$ 1,171,956	\$ 43,831	\$ 51,706	\$ 98,535	\$ 43,557	\$ 6,421,392
Loans Receivable	-	48,069	-	-	-	-	-	-	-	-	-	-	-	48,069
Other Assets	-	89	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 2,227,721	\$ 147,172	\$ 172,151	\$ 760,387	\$ 8,206	\$ 61,593	\$ 1,177,806	\$ 504,829	\$ 1,171,956	\$ 43,831	\$ 51,706	\$ 98,535	\$ 43,557	\$ 6,469,550
Liabilities														
Accounts Payable	\$ 676,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 676,492
Funds Held in Escrow	1,551,229	147,172	172,151	760,387	8,206	61,593	1,177,806	504,829	1,171,956	43,831	51,706	98,535	43,557	4,050,811
Due To Other Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	1,742,347
Total Liabilities	\$ 2,227,721	\$ 147,172	\$ 172,151	\$ 760,387	\$ 8,206	\$ 61,593	\$ 1,177,806	\$ 504,829	\$ 1,171,956	\$ 43,831	\$ 51,706	\$ 98,535	\$ 43,557	\$ 6,469,550

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government				
Commissioners - Governing Body				
Personal Services	\$ 1,209,175	\$ 1,209,175	\$ 1,099,404	\$ 109,771
Supplies and Services	1,575,661	1,383,926	1,507,408	(123,482)
Capital Outlay	9,788	9,788	-	9,788
	<u>2,794,624</u>	<u>2,602,889</u>	<u>2,606,812</u>	<u>(3,923)</u>
Finance				
Personal Services	230,927	230,927	230,798	129
Supplies and Services	51,815	52,081	36,836	15,245
Capital Outlay	-	-	-	-
	<u>282,742</u>	<u>283,008</u>	<u>267,634</u>	<u>15,374</u>
Purchasing				
Personal Services	348,264	349,996	330,602	19,394
Supplies and Services	514,309	514,929	480,321	34,608
Capital Outlay	19,532	19,532	-	19,532
	<u>882,105</u>	<u>884,457</u>	<u>810,923</u>	<u>73,534</u>
Voter's Registration				
Personal Services	336,705	342,462	334,928	7,534
Supplies and Services	290,886	452,953	452,343	610
Capital Outlay	-	-	-	-
	<u>627,591</u>	<u>795,415</u>	<u>787,271</u>	<u>8,144</u>
Tax Assessment				
Personal Services	1,243,690	1,243,690	1,225,192	18,498
Supplies and Services	580,498	1,418,406	1,156,640	261,766
Capital Outlay	145,800	105,800	-	105,800
	<u>1,969,988</u>	<u>2,767,896</u>	<u>2,381,832</u>	<u>386,064</u>
Treasurer				
Personal Services	263,660	263,660	254,507	9,153
Supplies and Services	11,505	11,505	10,024	1,481
Capital Outlay	-	-	-	-
	<u>275,165</u>	<u>275,165</u>	<u>264,531</u>	<u>10,634</u>
Tax Collectors				
Personal Services	209,918	209,918	197,938	11,980
Supplies and Services	24,000	37,016	42,126	(5,110)
Capital Outlay	39,000	39,000	-	39,000
	<u>272,918</u>	<u>285,934</u>	<u>240,064</u>	<u>45,870</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Personnel				
Personal Services	657,150	656,123	646,537	9,586
Supplies and Services	104,090	105,889	28,163	77,726
Capital Outlay	-	-	-	-
	<u>761,240</u>	<u>762,012</u>	<u>674,700</u>	<u>87,312</u>
Controller				
Personal Services	744,178	745,020	726,825	18,195
Supplies and Services	196,945	196,945	145,110	51,835
Capital Outlay	-	-	-	-
	<u>941,123</u>	<u>941,965</u>	<u>871,935</u>	<u>70,030</u>
Solicitor				
Personal Services	380,438	380,438	358,412	22,026
Supplies and Services	116,474	116,474	205,465	(88,991)
Capital Outlay	-	-	-	-
	<u>496,912</u>	<u>496,912</u>	<u>563,877</u>	<u>(66,965)</u>
Public Defender				
Personal Services	1,917,324	1,926,253	1,880,870	45,383
Supplies and Services	180,270	583,105	570,845	12,260
Capital Outlay	30,000	22,271	15,698	6,573
	<u>2,127,594</u>	<u>2,531,629</u>	<u>2,467,413</u>	<u>64,216</u>
Recorder of Deeds				
Personal Services	577,587	579,032	502,770	76,262
Supplies and Services	122,009	475,369	393,727	81,642
Capital Outlay	450,000	352,470	102,350	250,120
	<u>1,149,596</u>	<u>1,406,871</u>	<u>998,847</u>	<u>408,024</u>
Facilities Management				
Personal Services	2,119,007	2,111,763	2,060,209	51,554
Supplies and Services	2,370,425	2,202,505	2,088,148	114,357
Capital Outlay	18,324	18,324	-	18,324
	<u>4,507,756</u>	<u>4,332,592</u>	<u>4,148,357</u>	<u>184,235</u>
Printing				
Personal Services	106,525	106,525	106,836	(311)
Supplies and Services	75,222	75,222	75,524	(302)
Capital Outlay	-	-	-	-
	<u>181,747</u>	<u>181,747</u>	<u>182,360</u>	<u>(613)</u>
Data Processing				
Personal Services	1,657,568	1,659,280	1,579,249	80,031
Supplies and Services	843,242	818,730	718,064	100,666
Capital Outlay	244,982	269,494	192,982	76,512
	<u>2,745,792</u>	<u>2,747,504</u>	<u>2,490,295</u>	<u>257,209</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Veterans' Affairs				
Personal Services	74,050	74,050	74,651	(601)
Supplies and Services	95,065	151,474	142,085	9,389
Capital Outlay	-	-	-	-
	<u>169,115</u>	<u>225,524</u>	<u>216,736</u>	<u>8,788</u>
Gasoline Center				
Supplies and Services	112,605	192,605	184,161	8,444
Capital Outlay	5,326	5,326	-	5,326
	<u>117,931</u>	<u>197,931</u>	<u>184,161</u>	<u>13,770</u>
Less: Indirect Cost Reimbursement	<u>(2,600,000)</u>	<u>(10,950,891)</u>	<u>(11,292,832)</u>	<u>341,941</u>
Total General Government	<u>\$ 17,703,939</u>	<u>\$ 10,768,560</u>	<u>\$ 8,864,916</u>	<u>\$ 1,903,644</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Personnel				
Personal Services	657,150	656,123	646,537	9,586
Supplies and Services	104,090	105,889	28,163	77,726
Capital Outlay	-	-	-	-
	<u>761,240</u>	<u>762,012</u>	<u>674,700</u>	<u>87,312</u>
Controller				
Personal Services	744,178	745,020	726,825	18,195
Supplies and Services	196,945	196,945	145,110	51,835
Capital Outlay	-	-	-	-
	<u>941,123</u>	<u>941,965</u>	<u>871,935</u>	<u>70,030</u>
Solicitor				
Personal Services	380,438	380,438	358,412	22,026
Supplies and Services	116,474	116,474	89,663	26,811
Capital Outlay	-	-	-	-
	<u>496,912</u>	<u>496,912</u>	<u>448,075</u>	<u>48,837</u>
Public Defender				
Personal Services	1,917,324	1,926,253	1,880,870	45,383
Supplies and Services	180,270	583,105	570,845	12,260
Capital Outlay	30,000	22,271	15,698	6,573
	<u>2,127,594</u>	<u>2,531,629</u>	<u>2,467,413</u>	<u>64,216</u>
Recorder of Deeds				
Personal Services	577,587	579,032	502,770	76,262
Supplies and Services	122,009	475,369	393,727	81,642
Capital Outlay	450,000	352,470	102,350	250,120
	<u>1,149,596</u>	<u>1,406,871</u>	<u>998,847</u>	<u>408,024</u>
Facilities Management				
Personal Services	2,119,007	2,111,763	2,060,209	51,554
Supplies and Services	2,370,425	2,202,505	2,088,148	114,357
Capital Outlay	18,324	18,324	-	18,324
	<u>4,507,756</u>	<u>4,332,592</u>	<u>4,148,357</u>	<u>184,235</u>
Printing				
Personal Services	106,525	106,525	106,836	(311)
Supplies and Services	75,222	75,222	75,524	(302)
Capital Outlay	-	-	-	-
	<u>181,747</u>	<u>181,747</u>	<u>182,360</u>	<u>(613)</u>
Data Processing				
Personal Services	1,657,568	1,659,280	1,579,249	80,031
Supplies and Services	843,242	818,730	718,064	100,666
Capital Outlay	244,982	269,494	192,982	76,512
	<u>2,745,792</u>	<u>2,747,504</u>	<u>2,490,295</u>	<u>257,209</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Veterans' Affairs				
Personal Services	74,050	74,050	74,651	(601)
Supplies and Services	95,065	151,474	142,085	9,389
Capital Outlay	-	-	-	-
	<u>169,115</u>	<u>225,524</u>	<u>216,736</u>	<u>8,788</u>
Gasoline Center				
Supplies and Services	112,605	192,605	184,161	8,444
Capital Outlay	5,326	5,326	-	5,326
	<u>117,931</u>	<u>197,931</u>	<u>184,161</u>	<u>13,770</u>
Less: Indirect Cost Reimbursement	<u>(2,600,000)</u>	<u>(10,950,891)</u>	<u>(11,292,832)</u>	<u>341,941</u>
Total General Government	<u>\$ 17,703,939</u>	<u>\$ 10,768,560</u>	<u>\$ 8,749,114</u>	<u>\$ 2,019,446</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial				
Courts				
Personal Services	\$ 1,544,685	\$ 1,488,167	\$ 1,361,902	\$ 126,265
Supplies and Services	1,059,555	2,260,691	2,197,483	63,208
Capital Outlay	-	-	-	-
	<u>2,604,240</u>	<u>3,748,858</u>	<u>3,559,385</u>	<u>189,473</u>
Court Reporters				
Personal Services	951,260	955,859	945,830	10,029
Supplies and Services	28,094	56,326	45,777	10,549
Capital Outlay	-	-	-	-
	<u>979,354</u>	<u>1,012,185</u>	<u>991,607</u>	<u>20,578</u>
Jury Commissioners				
Personal Services	-	-	-	-
Supplies and Services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District Justices				
Personal Services	3,659,496	3,683,196	3,369,757	313,439
Supplies and Services	1,231,323	1,788,149	1,606,070	182,079
Capital Outlay	41,015	26,015	14,658	11,357
	<u>4,931,834</u>	<u>5,497,360</u>	<u>4,990,485</u>	<u>506,875</u>
Law Library				
Personal Services	156,722	156,722	154,678	2,044
Supplies and Services	174,299	263,439	313,286	(49,847)
Capital Outlay	-	-	-	-
	<u>331,021</u>	<u>420,161</u>	<u>467,964</u>	<u>(47,803)</u>
Night Court				
Personal Services	258,398	258,398	237,137	21,261
Supplies and Services	18,927	18,927	12,924	6,003
Capital Outlay	-	-	-	-
	<u>277,325</u>	<u>277,325</u>	<u>250,061</u>	<u>27,264</u>
Clerk of Courts				
Personal Services	1,258,440	1,258,440	1,173,019	85,421
Supplies and Services	136,444	406,738	350,310	56,428
Capital Outlay	-	-	-	-
	<u>1,394,884</u>	<u>1,665,178</u>	<u>1,523,329</u>	<u>141,849</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Coroner				
Personal Services	391,000	397,587	404,961	(7,374)
Supplies and Services	270,474	343,396	402,607	(59,211)
Capital Outlay	-	25,979	20,775	5,204
	<u>661,474</u>	<u>766,962</u>	<u>828,343</u>	<u>(61,381)</u>
District Attorney				
Personal Services	2,606,101	2,677,107	2,572,352	104,755
Supplies and Services	378,030	932,601	957,699	(25,098)
Capital Outlay	-	-	-	-
	<u>2,984,131</u>	<u>3,609,708</u>	<u>3,530,051</u>	<u>79,657</u>
Criminal Investigation				
Personal Services	1,211,387	1,205,365	1,193,849	11,516
Supplies and Services	199,031	512,887	478,566	34,321
Capital Outlay	4,238	4,238	-	4,238
	<u>1,414,656</u>	<u>1,722,490</u>	<u>1,672,415</u>	<u>50,075</u>
Prothonotary				
Personal Services	800,137	800,137	791,952	8,185
Supplies and Services	118,111	331,372	302,807	28,565
Capital Outlay	-	-	-	-
	<u>918,248</u>	<u>1,131,509</u>	<u>1,094,759</u>	<u>36,750</u>
Registrar of Wills				
Personal Services	418,703	422,098	402,951	19,147
Supplies and Services	31,812	231,166	225,411	5,755
Capital Outlay	-	-	-	-
	<u>450,515</u>	<u>653,264</u>	<u>628,362</u>	<u>24,902</u>
Sheriff				
Personal Services	2,477,068	2,481,698	2,482,207	(509)
Supplies and Services	223,593	651,899	579,947	71,952
Capital Outlay	8,902	8,902	-	8,902
	<u>2,709,563</u>	<u>3,142,499</u>	<u>3,062,154</u>	<u>80,345</u>
Cost & Fines				
Personal Services	163,121	163,121	161,125	1,996
Supplies and Services	6,263	54,315	53,214	1,101
Capital Outlay	-	-	-	-
	<u>169,384</u>	<u>217,436</u>	<u>214,339</u>	<u>3,097</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	7,239,451	7,258,971	7,226,498	32,473
Supplies and Services	556,125	1,443,757	1,423,805	19,952
Capital Outlay	217,417	217,417	-	217,417
	<u>8,012,993</u>	<u>8,920,145</u>	<u>8,650,303</u>	<u>269,842</u>
Juvenile Probation				
Personal Services	3,795,728	3,804,937	3,472,480	332,457
Supplies and Services	505,227	1,115,602	882,608	232,994
Capital Outlay	132,860	132,860	74,569	58,291
	<u>4,433,815</u>	<u>5,053,399</u>	<u>4,429,657</u>	<u>623,742</u>
Victim Witness				
Personal Services	48,693	48,693	47,501	1,192
Supplies and Services	356,276	542,950	490,841	52,109
	<u>404,969</u>	<u>591,643</u>	<u>538,342</u>	<u>53,301</u>
Pretrial				
Supplies and Services	215,080	215,080	200,695	14,385
	<u>215,080</u>	<u>215,080</u>	<u>200,695</u>	<u>14,385</u>
 Total Judicial	 <u>\$ 32,893,486</u>	 <u>\$ 38,645,202</u>	 <u>\$ 36,632,251</u>	 <u>\$ 2,012,951</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 22,902,800	\$ 22,959,778	\$ 22,439,984	519,794
Supplies and Services	7,393,523	8,378,446	8,050,603	327,843
Capital Outlay	11,182	73,078	358,541	(285,463)
	<u>30,307,505</u>	<u>31,411,302</u>	<u>30,849,128</u>	<u>562,174</u>
Emergency Services				
Personal Services	519,345	556,275	534,383	21,892
Supplies and Services	204,811	642,421	254,346	388,075
Capital Outlay	-	-	-	-
	<u>724,156</u>	<u>1,198,696</u>	<u>788,729</u>	<u>409,967</u>
Total Public Safety	<u>\$ 31,031,661</u>	<u>\$ 32,609,998</u>	<u>\$ 31,637,857</u>	<u>\$ 972,141</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 189,788	\$ 189,788	\$ 219,983	\$ (30,195)
Supplies and Services	1,587,134	1,692,353	1,965,965	(273,612)
Capital Outlay	-	-	-	-
Total Human Services	<u>\$ 1,776,922</u>	<u>\$ 1,882,141</u>	<u>\$ 2,185,948</u>	<u>\$ (303,807)</u>
Culture and Recreation				
Parks				
Personal Services	\$ 921,592	\$ 921,592	\$ 933,623	\$ (12,031)
Supplies and Services	324,675	599,927	524,492	75,435
Capital Outlay	607	25,244	24,413	831
Total Culture and Recreation	<u>\$ 1,246,874</u>	<u>\$ 1,546,763</u>	<u>\$ 1,482,528</u>	<u>\$ 64,235</u>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 221,712	\$ 195,564	\$ 196,188	\$ (624)
Supplies and Services	186,624	224,740	224,439	301
Capital Outlay	2,638	2,638	-	2,638
Total Conservation and Development	<u>410,974</u>	<u>422,942</u>	<u>420,627</u>	<u>2,315</u>
Conservation Programs				
Personal Services	857,566	860,501	845,293	15,208
Supplies and Services	687,935	756,438	767,863	(11,425)
Capital Outlay	-	16,251	16,251	-
Total Conservation Programs	<u>1,545,501</u>	<u>1,633,190</u>	<u>1,629,407</u>	<u>3,783</u>
Economic Development				
Personal Services	363,228	394,113	379,748	14,365
Supplies and Services	148,822	244,639	402,992	(158,353)
Capital Outlay	-	-	-	-
Total Economic Development	<u>512,050</u>	<u>638,752</u>	<u>782,740</u>	<u>(143,988)</u>
Total Conservation and Development	<u>\$ 2,468,525</u>	<u>\$ 2,694,884</u>	<u>\$ 2,832,774</u>	<u>\$ (137,890)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
Debt Service				
Principal	\$ 455,228	\$ 455,228	\$ 923,372	\$ (468,144)
Interest	3,843,683	3,843,683	3,630,153	213,530
Total Debt Service	<u>\$ 4,298,911</u>	<u>\$ 4,298,911</u>	<u>\$ 4,553,525</u>	<u>\$ (254,614)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ -	\$ -	\$ 1,120,460	\$ (1,120,460)
MH/MR Fund	90,000	90,000	2,949,348	(2,859,348)
Office of Aging Fund	500,000	500,000	90,000	410,000
Drug and Alcohol Fund	-	-	134,636	(134,636)
Children, Youth, and Families Fund	-	-	5,929,420	(5,929,420)
Spring Creek	4,234,316	4,234,316	6,887,234	(2,652,918)
State Grant Fund	9,465,823	9,465,823	84,574	9,381,249
Human Services Development Fund	882,700	882,700	-	882,700
Hazard Materials Emergency Response Fund	-	-	10,918	(10,918)
Weatherization	207,871	207,871	208,394	(523)
911 - EMA Communications Fund	1,016,281	1,016,281	1,918,794	(902,513)
Capital Projects Fund	60,000	60,000	-	60,000
Human Service Building Fund	-	-	105,410	(105,410)
General Fund	15,000	15,000	216,465	(201,465)
Total Interfund Transfers	<u>\$ 16,471,991</u>	<u>\$ 16,471,991</u>	<u>\$ 19,655,653</u>	<u>\$ (3,183,662)</u>