

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2014

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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 the County of Dauphin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County of Dauphin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements for the Dauphin County General Authority, which represents 44.67 percent and 20.79 percent of the assets and revenue, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dauphin County General Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Dauphin County General Authority and the Dauphin County Industrial Development Authority were not audited in accordance with *Governmental Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dauphin, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Governmental Accounting Standards Board Principles

As discussed in Note 1 to the financial statements, in 2014 the County of Dauphin adopted the provisions of GASB Statement No. 67, "*Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*", GASB Statement No. 69, "*Government Combinations and Disposals of Government Operations*", and GASB Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*". Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer contributions and funding progress – employees retirement plan, schedule of changes in the net pension liability and related ratios, schedule of employer contributions – last 10 years, schedule of investment returns, schedule of funding progress – postretirement benefits other than pension, and budgetary comparison information on pages 4 through 19, 134, 135, 136, 137, 138, and 139 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Dauphin's basic financial statements. The combining nonmajor fund financial statements and schedule of departmental expenditures on pages 141 through 151 and 152 through 160 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining nonmajor fund financial statements and schedule of departmental expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining nonmajor fund financial statements and schedule of departmental expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Requirements of Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 22, 2015, on our consideration of the County of Dauphin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County of Dauphin's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD, LLC

Harrisburg, Pennsylvania
September 22, 2015

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, 2014. 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, 2014.

Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2014.
- On December 18, 2013, the Board of Commissioners approved the \$173,858,077 General Fund Budget for 2014 maintaining the 6.876 millage rate for the tenth straight year. No budgeted drawdown on fund balance was necessary in order to cover the initial expenditure budget. No new positions were approved for this budget, and five full-time positions were eliminated saving over \$200,000. The approved 2014 budget was over \$7,000,000 less than the 2013 budget.
- On February 26, 2014, the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2014 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019. As of December 31, 2014, \$3.0 million has been paid on this guaranty.
- In April 2014, the County settled on the \$9,880,000 General Obligation Bonds Series of 2014 that refinanced a portion of the Series of 2009 bonds. This action resulted in a net present value savings of approximately \$542,000.
- The County guarantees on the Harrisburg Incinerator Debt were eliminated with the December 2013 incinerator sale and parking asset lease agreement settled by the city. Dauphin County has some limited guarantees on the parking deal that are explained in more detail in the footnotes to the financial statements. The County is obligated however to pay 4% interest annually on a \$24 million bond issue that was part of the incinerator sale. These \$480,000 payments are due semi-annually on 6/15 and 12/15 of each year through 2033, at which time the entire principal amount is due. The County made the first two of these payments in 2014.
- In July 2014, the County authorized the execution of a fixed receiver swaption on the \$24,000,000 Series of 2013 Incinerator Bonds. The execution of this swaption agreement is contingent upon favorable market conditions. To date, this has not been executed.
- In December 2014, the County settled on the \$8,200,000 General Obligation Bonds Series A of 2014 that refinanced the remaining Series of 2009 bonds. This action resulted in a net present value savings of approximately \$878,000.
- The County's credit rating from Standard & Poor's was reaffirmed in December 2014 as part of the Series A of 2014 refunding. It remains at 'AA/Stable Outlook'.
- At December 31, 2014, the General Fund's Unassigned Fund Balance was \$27,247,543. This is down slightly from the \$27,750,848 balance at the end of 2013.
- The County's total unrestricted net position decreased by \$9,710,897 in 2014. Unrestricted net position at year-end was \$20,545,851.

Overview of the Financial Statements

The financial section of this report consists of four parts:

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

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

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

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

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

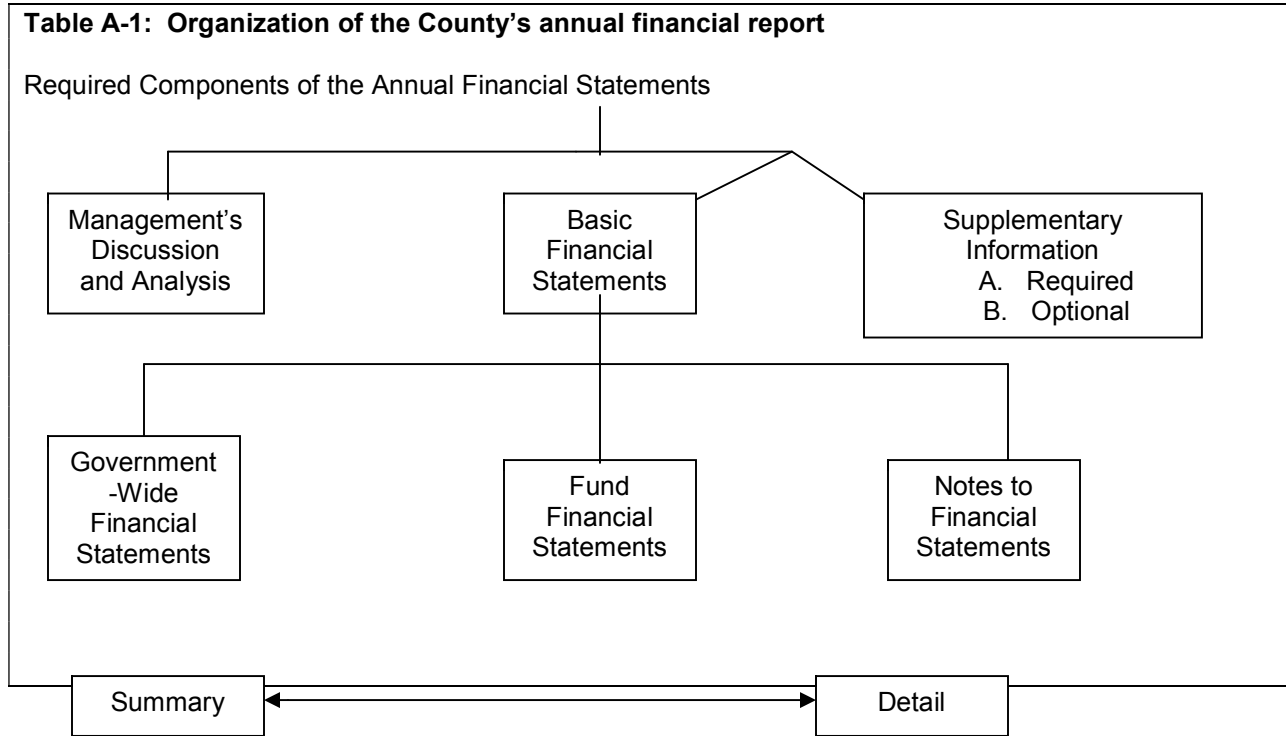


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

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

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

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

Government-wide Financial Statements

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

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

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

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

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

There are two categories of activities for the primary government.

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

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

Implementation of GASB No. 34

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

Government-Wide Financial Statements

Net Position

Dauphin County's total assets and deferred outflows of resources were \$216,996,271 at December 31, 2014. Of this amount, \$116,886,278 was capital assets and construction-in-progress.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2013	2014	2013	2014	2013	2014	
Current & Other Assets	\$ 91,936,288	\$ 95,896,786	\$ 3,030,852	\$ 2,363,260	\$ 94,967,140	\$ 98,260,046	3.5%
Capital Assets	113,740,794	111,298,972	5,988,073	5,587,306	119,728,867	116,886,278	-2.4%
Total Assets	205,677,082	207,195,758	9,018,925	7,950,566	214,696,007	215,146,324	0.2%
Deferred Charge on Refunding	2,090,234	1,796,130	66,097	53,817	2,156,331	1,849,947	-14.2%
Total Deferred Outflows of Resources	2,090,234	1,796,130	66,097	53,817	2,156,331	1,849,947	-14.2%
Long-Term Debt Outstanding	140,153,892	138,116,911	4,291,797	4,173,450	144,445,689	142,290,361	-1.5%
Other Liabilities	22,164,858	21,617,023	1,897,747	390,901	24,062,605	22,007,924	-8.5%
Total Liabilities	162,318,750	159,733,934	6,189,544	4,564,351	168,508,294	164,298,285	-2.5%
Net Position:							
Net Investment in Capital Assets	5,955,867	10,755,684	2,223,121	1,950,577	8,178,988	12,706,261	55.4%
Restricted	18,862,587	19,445,874	-	-	18,862,587	19,445,874	3.1%
Unrestricted	20,630,112	19,056,396	672,357	1,489,455	21,302,469	20,545,851	-3.6%
Total Net Position	\$ 45,448,566	\$ 49,257,954	\$ 2,895,478	\$ 3,440,032	\$ 48,344,044	\$ 52,697,986	9.0%

The following statement of activities represents changes in net position for the year ended December 31, 2014. 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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total % Change
	2013	2014	2013	2014	2013	2014	
Revenues							
Program Revenues							
Charges for Services	\$ 27,035,152	\$ 24,716,588	\$ 73,823,574	\$ 74,047,742	\$ 100,858,726	\$ 98,764,330	-2.1%
Operating Grants & Contributions	122,031,345	129,268,611	283,543	5,229	122,314,888	129,273,840	5.7%
General Revenues							
Property Taxes	100,484,797	101,557,300	-	-	100,484,797	101,557,300	1.1%
Hotel Taxes	9,725,114	10,680,070	-	-	9,725,114	10,680,070	9.8%
In Lieu of Taxes	1,772,152	1,793,658	-	-	1,772,152	1,793,658	1.2%
Unrestricted Investment Earnings	170,979	267,267	6,887	9,286	177,866	276,553	55.5%
Gain/(Loss) on Asset Disposal (Depreciation)/Appreciation in	(36,738)	-	-	-	(36,738)	-	-100.0%
Fair Market Value of Investments	90,003	58,978	-	-	90,003	58,978	-34.5%
Transfers From Component Units	1,100,606	1,677,955	-	-	1,100,606	1,677,955	52.5%
Transfers In/(Out)	(2,669,177)	(3,577,026)	2,669,177	3,577,026	-	-	0.0%
Special Item							
Proceeds From Incinerator Settlement	7,045,600	-	-	-	7,045,600	-	-100.0%
Total Revenues	266,749,833	266,443,401	76,783,181	77,639,283	343,533,014	344,082,684	0.2%
Program Expenses							
General Government	14,090,858	14,428,931	-	-	14,090,858	14,428,931	2.4%
Judicial	60,193,569	60,458,985	-	-	60,193,569	60,458,985	0.4%
Public Safety	40,498,919	40,632,074	6,959,370	6,792,874	47,458,289	47,424,948	-0.1%
Public Works	1,546,509	6,994,131	1,378,435	1,415,363	2,924,944	8,409,494	187.5%
Human Services	106,199,978	105,191,082	67,326,191	67,945,429	173,526,169	173,136,511	-0.2%
Culture & Recreation	12,233,173	12,911,870	-	-	12,233,173	12,911,870	5.5%
Conservation & Development	18,674,685	15,025,743	-	-	18,674,685	15,025,743	-19.5%
Interest on Long Term Debt	3,456,514	6,991,197	-	-	3,456,514	6,991,197	102.3%
Other Programs	-	-	1,656,111	941,063	1,656,111	941,063	-43.2%
Special Item							
Allowance for Incinerator Debt Payments	6,043,741	-	-	-	6,043,741	-	-100.0%
Total Program Expenses	262,937,946	262,634,013	77,320,107	77,094,729	340,258,053	339,728,742	-0.2%
Change in Net Position	3,811,887	3,809,388	(536,926)	544,554	3,274,961	4,353,942	32.9%
Net Position - Beginning	41,636,679	45,448,566	3,432,404	2,895,478	45,069,083	48,344,044	7.3%
Net Position - Ending	\$ 45,448,566	\$ 49,257,954	\$ 2,895,478	\$ 3,440,032	\$ 48,344,044	\$ 52,697,986	9.0%

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 2014, general property taxes brought in \$101,557,300. Table A-5 depicts the net program expenses for the year ended December 31, 2014.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 14,428,931	\$ 8,562,215
Judicial	60,458,985	39,862,629
Public Safety	47,424,948	35,962,413
Public Works	8,409,494	(421,754)
Human Services	173,136,511	9,587,783
Culture & Recreation	12,911,870	11,645,044
Conservation & Development	15,025,743	(1,190,794)
Interest on Long Term Debt	6,991,197	6,991,197
Other Programs	941,063	691,839
Total	\$ 339,728,742	\$ 111,690,572

The County relied on property taxes and other general revenues to fund 32.9% of its governmental and business-type activities in 2014.

The property tax is based on the assessed value of real property. The County's 2014 millage rate of 6.876 is unchanged from 2013 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 59.3% of general government spending in 2014. The remainder of the cost was funded by grants and fees for specific services. 65.9% of judicial system spending came from the property tax and other general revenues with the remainder coming from grants, fines and court costs. Property taxes and other general revenue covered 75.8% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Public Works required no tax or other general revenue dollars to cover its expenses in 2014. This area of the County's operations includes the management of a parking garage; the maintenance and replacement of county bridges; and the solid waste and recycling programs.

Program expenditures for Culture & Recreation and Interest on Long Term Debt were 90.2% and 100% respectively funded by property taxes and other general revenues, while Human Services expenses required only 5.5% from these sources, with most of the remainder being picked up by state and federal grants.

Conservation and Development program expenditures required no tax dollars in 2014. This area of County Government includes Gaming monies from the Hollywood Casino located in Dauphin County.

Capital Assets

The County's investment in capital assets at December 31, 2014, net of accumulated depreciation, was \$116,886,278 which is down \$2.8 million from 2013. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2014.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Total % Change
	2013	2014	2013	2014	2013	2014	
Construction in Progress	\$ 15,165,026	\$ 12,188,890	\$ 10,200	\$ 10,200	\$ 15,175,226	\$ 12,199,090	-19.6%
Infrastructure - Construction-in-Progress	155,468	422,737	-	-	155,468	422,737	171.9%
Intangibles	527,118	608,190	-	-	527,118	608,190	15.4%
Land	498,551	498,551	111,492	111,492	610,043	610,043	0.0%
Infrastructure	17,031,217	17,031,217	-	-	17,031,217	17,031,217	0.0%
Buildings & Improvements	86,397,669	92,337,428	3,864,346	3,880,189	90,262,015	96,217,617	6.6%
Machinery & Equipment	50,613,156	50,919,549	10,664,334	10,684,229	61,277,490	61,603,778	0.5%
Furniture & Fixtures	-	-	23,220	23,220	23,220	23,220	0.0%
Leasehold Assets	22,021,979	22,333,338	15,832,241	16,142,261	37,854,220	38,475,599	1.6%
Accumulated Depreciation	(78,669,390)	(85,040,928)	(24,517,760)	(25,264,285)	(103,187,150)	(110,305,213)	-6.9%
Total Capital Assets	\$ 113,740,794	\$ 111,298,972	\$ 5,988,073	\$ 5,587,306	\$ 119,728,867	\$ 116,886,278	-2.4%

'Construction in Progress' decreased in 2014 as the remaining projects funded by the 2009 construction bonds were completed. These projects included a Juvenile Judicial Center in the County's Human Services Building; a Female Work Release Center at the site of the County's Male Work Release Center; and a new Judicial/Booking Center at the site of the old female work release center.

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

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

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

Debt Administration

Long Term Debt:

At December 31, 2014, the County had \$142,290,361 of long-term debt outstanding. This was a decrease of \$4,131,945 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	\$ 103,991,500	\$ 22,352,723	\$ (25,916,500)	\$ 100,427,723
Unamortized Bond Premium/Discount (Net)	1,976,617	83,204	(463,258)	1,596,563
Guaranty Obligation	8,954,279	-	(1,500,000)	7,454,279
Compensated Absences	8,908,972	22,156	(56,140)	8,874,988
Estimated Workers Comp. Claims	1,502,686	689,778	(204,825)	1,987,639
Other Post-Employment Benefits	4,112,159	1,906,935	(1,066,117)	4,952,977
Capital Leases	16,976,093	1,722,654	(1,702,555)	16,996,192
Total Long Term Debt and Capital Leases	\$ 146,422,306	\$ 26,777,450	\$ (30,909,395)	\$ 142,290,361

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, 2014 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$100 million, which is well below the limit.

At year-end, the County had \$100,427,723 million in bonds and notes outstanding. This figure is down from 2013 as principal continues to be retired. There were no new bond issuances in 2014 that would have added to the outstanding debt. The only activity in this area in 2014 included two refunding issues that saved over \$1.4 million and the issuance of a \$4.3 million Liquid Fuels Revenue Note for the establishment of the Dauphin County Infrastructure Bank.

More detailed information about the County's long-term liabilities is presented in Note 8, Note 11, and Note 32 to the financial statements.

Bond Rating

The County's bond rating through Standard & Poor's is 'AA Stable Outlook' as of December 31, 2014. The current combined net non-electoral and net lease rental debt limit is approximately \$1.3 billion.

Governmental Funds

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

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

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

Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2014 and December 31, 2013 were as follows. Table A-8 also presents changes from 2013 to 2014.

Source	2014	2013	Changes from 2013 to 2014
Property Taxes	\$ 101,593,952	\$ 100,610,002	\$ 983,950
Hotel Taxes	10,680,070	9,725,114	954,956
Intergovernmental	128,946,120	121,467,341	7,478,779
Charges for Services	19,112,027	21,465,080	(2,353,053)
License and Permits	105,213	110,694	(5,481)
Court Costs and Fines	5,596,484	5,438,374	158,110
Interest and Rents	235,030	234,155	875
Appreciation Fair Market Value Investments	58,978	90,003	(31,025)
Miscellaneous Revenue	2,051,250	2,293,984	(242,734)
Transfers from Component Units	1,677,955	1,100,606	577,349
Proceeds from Sale of Fixed Assets	-	(36,738)	36,738
Capital Lease Proceeds	1,412,634	9,010,129	(7,597,495)
Bonds/Notes Proceeds	22,435,927	15,905,000	6,530,927
Proceeds from Incinerator Settlement	-	7,045,600	(7,045,600)
Operating Transfers In	15,006,095	16,116,304	(1,110,209)
Total Revenues	\$ 308,911,735	\$ 310,575,648	\$(1,663,913)

Governmental fund revenues totaled \$308,911,735 for the year ended December 31, 2014. This is a decrease of \$1.66 million from the revenue total in 2013.

The 'Intergovernmental' revenue category shows a large increase in 2014 due to the pass-through of a \$6 million RACP State Grant to the Lancaster County Solid Waste Management Authority as part of the sales agreement for the Harrisburg Incinerator.

The 'Bonds/Notes Proceeds' line shows an increase of \$6.5 million as a result of the two refunding issues completed in 2014 as detailed in the 'Financial Highlights' section on page one of this report.

The large reductions in the 'Capital Lease Proceeds' and 'Proceeds from Incinerator Settlement' lines are due to the one-time activity in 2013 for both of these categories. Dauphin County Industrial Development Authority's purchase and subsequent lease back to the County of the building at 1100 Cameron Street in Harrisburg was the bulk of the 2013 activity in the capital lease category. No such large purchase occurred in 2014. There was no payment toward the incinerator settlement in 2014, hence the reduction shown here.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2014 and December 31, 2013 were as follows. Table A-9 also presents changes from 2013 to 2014.

Function	2014	2013	Changes from 2013 to 2014
General Government	\$ 12,568,616	\$ 20,606,693	\$ (8,038,077)
Judicial	60,991,551	59,453,828	1,537,723
Public Safety	37,522,009	39,311,668	(1,789,659)
Public Works	6,855,353	1,194,333	5,661,020
Human Services	104,690,413	105,885,655	(1,195,242)
Culture & Recreation	12,822,560	12,131,061	691,499
Conservation & Development	16,583,950	18,761,162	(2,177,212)
Debt Service Principal	19,088,532	43,660,909	(24,572,377)
Debt Service Interest	5,661,010	5,508,225	152,785
Bond Issuance Costs	269,393	184,383	85,010
Capital Projects	1,396,911	1,087,821	309,090
Payment to Refunded Bond Escrow Agent	8,080,000	14,955,000	(6,875,000)
Operating Transfers Out	18,583,121	18,785,481	(202,360)
Allowance for Incinerator Debt Payments	-	6,043,741	(6,043,741)
Total Expenditures	\$ 305,113,419	\$ 347,569,960	\$ (42,456,541)

Governmental fund expenditures totaled \$305,113,419 for the year ended December 31, 2014. This represents a decrease of approximately \$42.5 million from 2013.

The 'General Government' category is showing a large decrease in 2014 due to the \$8.2 million expensing of the 1100 Cameron Street lease purchase in 2013. There were no such transactions in 2014.

The 'Public Works' category is showing a large increase in 2014 due to the pass-through of a \$6 million RACP State Grant to the Lancaster County Solid Waste Management Authority as part of the sales agreement for the Harrisburg Incinerator. This is the same transaction that caused the increase in the 'Intergovernmental Revenue' category as detailed in revenue section above.

The large decrease in the 'Debt Service Principal' category is primarily due to the December 2013 payoff of the County's \$34.7 million note with PNC Bank. This note was part of the guaranteed Harrisburg Incinerator Debt that was paid off with the sale of the incinerator and the leasing of Harrisburg's parking assets. There was no large payoff in 2014.

The last materially significant component of the overall large reduction in expenditures in 2014 is found in the 'Allowance for Incinerator Debt Payments' category. As previously noted, the incinerator deal and all associated transactions occurred in 2013; therefore, there was a big drop in these types of expenses in 2014 as nothing equivalent occurred that year.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net position for proprietary funds at December 31, 2014.

Fund	Governmental Funds	Proprietary Funds
General Fund	\$44,571,291	\$ -
Children & Youth Fund	-	-
Low Income Housing Fund	1,016,391	-
Gaming Fund	13,081,248	-
Capital Projects Fund	4,696,010	-
Other Governmental Funds	6,712,779	-
Health Choices Fund	-	52,276
Human Services Building Fund	-	(320,655)
Other Enterprise Funds	-	3,708,411
Total	\$70,077,719	\$3,440,032

The County's governmental funds reported a combined fund balance of \$70,077,719 at December 31, 2014. Of that total, \$27,247,543 was unassigned in the General Fund and is available to meet the County's current and future needs. This unassigned portion is a slight decrease of approximately \$500,000 from the total at the end of 2013. The Proprietary Funds are showing a balance of \$3,440,032 at year-end, which is up from the \$2,895,478 balance from the year before.

A detailed breakdown of ending fund balance for the \$11,408,789 in 'Other Governmental Funds' and the \$3,708,411 in 'Other Enterprise Funds' can be found in the 'Other Supplementary Information' section of the financial statements.

Budgetary Highlights

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

On December 18, 2013 the Dauphin County Commissioners approved the 2014 General Fund Budget totaling \$173,858,077. For the first time since 2007, no draw down on fund balance was necessary to balance the budget. Throughout the year, budget amendments of \$(159,279) were approved. These amendments resulted in a final General Fund budget for 2014 in the amount of \$173,698,798.

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at approximately 4.4%. Pennsylvania's average unemployment rate is 5.4% and the national unemployment rate is 5.3%.

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

The County is home to many great companies such as the Hershey Company; with the completion of a new 300,000,000 production facility in Derry Township, HE&R, Milton S. Hershey/Penn State University Medical Center, Phoenix Development Corporation, Pinnacle Health System, Capital Blue Cross, Tyco, ArcelorMittal, FedEx (developing additional transfer facility in Lower Swatara Township), and the Commonwealth of Pennsylvania.

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

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

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

To support these growth patterns, new economic development projects continue to evolve such as the expansion of the TecPort, The Hershey Center for Applied Research, Hollywood Casino, The Swatara Market Place, and other ongoing developments and redevelopments of commercial space throughout the county. There are also proposals for the continued development of the mid-town and downtown sections of Harrisburg, including the construction of additional retail/office space, Federal Building will be relocated in the Mid-Town area, expansion of HACC Mid-Town campus. Advances also exist for a proposed regional rail service, Red Rose Capital Corridor and Corridor 2 (Premium Bus Service), Middletown Inter-Model Center, and many alternative energy projects underway, including the Dauphin County IDA completed 2 mega-watt Solar Farm. The Lykens Hotel 27 Mixed Income Rental Units Housing Development project called the Union Street Apartments was just awarded a \$11.5 million dollar PHFA Historical Tax Credit. These developments will provide economic vitality for Dauphin County for years to come.

Next Year's Budget

On December 17, 2014, the Board of Commissioners approved the \$177,754,340 General Fund Budget for 2015 maintaining the 6.876 millage rate for the eleventh straight year. A \$5,673,324 drawdown on fund balance was necessary in order to cover the initial expenditure budget. Four new positions were approved which adds approximately \$220,000 to the expenses. The approved 2015 budget was \$4.1 million or 2.33% greater than the final 2014 budget.

On February 26, 2015, the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2015 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019. To date, \$4.5 million has been paid on this guaranty.

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

On February 27, 2015, the County settled on the \$19,425,000 General Obligation Bonds Series of 2015 that completed the refinancing of the Series B & C Bonds of 2005. This action resulted in a net present value savings of approximately \$1,600,000. As part of this transaction, the County terminated its Forward Starting Swap that was put in place on 11/15/11.

The County has approximately 50% of its total employees represented by six separate bargaining units. These bargaining units are AFSCME, Pennsylvania Social Services Union, the County Detectives Association, and three Teamsters contracts representing the Court Related Non-Professional employees, the Court Appointed Professional employees, and the employees at Dauphin County Prison. In December 2014 the County and the Teamster Court Related Non-Professional unit arrived at a negotiated settled for a three-year contract that will end on December 31, 2017. Contracts with the Pennsylvania Social Services Union and the County Detectives Association will also run through December 31, 2017. The AFSCME contract will expire on December 31, 2016. Finally, the County is proceeding through the arbitration process to determine labor agreements with the Teamsters for the Professional employees and the employees at the Prison. Both contracts expired on December 31, 2014.

Contacting the County's Financial Management

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

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

COUNTY OF DAUPHIN
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 32,674,720	\$ 2,866,346	\$ 35,541,066	\$ 3,901,077
Investments	772,915	67,010	839,925	2,438,730
Inventory	-	-	-	34,548
Receivables:				
Accounts, Net of Allowance	12,385,894	283,599	12,669,493	1,404,605
Taxes	8,050,620	-	8,050,620	-
Interest and Dividends	-	-	-	5,073
Program Loans	3,939,727	-	3,939,727	424,212
Unearned Loans	4,444,658	-	4,444,658	-
Internal Balances	855,645	(855,645)	-	-
Due From Other Governments	25,782,381	-	25,782,381	425,980
Due From Component Units	4,569,525	-	4,569,525	-
Investment in Direct Financing Leases, Current	-	-	-	1,149,417
Prepaid Expenses	1,097,288	-	1,097,288	438,990
Other Assets	8,424	1,950	10,374	-
Due From Related Party	-	-	-	271,271
Bond Discount	-	-	-	180,311
Loans Receivable, Net of Current Portion	-	-	-	3,350,591
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	14,394,580
Restricted Cash	1,307,075	-	1,307,075	24,884,696
Restricted Investments	7,914	-	7,914	7,432,285
Capital Assets, Not Being Depreciated	13,718,368	121,692	13,840,060	2,349,542
Capital Assets Being Depreciated, Net	97,580,604	5,465,614	103,046,218	34,468,216
Total Assets	207,195,758	7,950,566	215,146,324	97,554,124
<u>Deferred Outflows of Resources</u>				
Deferred Charge on Refunding	1,796,130	53,817	1,849,947	360,259
Total Deferred Outflows of Resources	1,796,130	53,817	1,849,947	360,259
<u>Liabilities</u>				
Accounts Payable	8,462,299	239,222	8,701,521	1,272,616
Accrued Liabilities	3,481,652	151,679	3,633,331	2,564,608
Unearned Revenues	7,569,988	-	7,569,988	913,839
Due to Primary Government	-	-	-	4,589,847
Due to Other Governments	-	-	-	3,481,837
Funds Held in Escrow	431,961	-	431,961	-
Funds Held in Fiduciary Capacity	557,799	-	557,799	-
Security Deposits	-	-	-	10,590
Other Liabilities	1,113,324	-	1,113,324	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	1,200,496	515,282	1,715,778	8,260
General Obligation Debt	7,605,967	-	7,605,967	2,745,225
Notes Payable	396,951	-	396,951	635,236
Guaranty Obligation	1,499,337	-	1,499,337	-
Loans Payable	-	-	-	64,957
Portion Due or payable after one year:				
Obligation Under Capital Lease	12,105,150	3,175,264	15,280,414	8,609
General Obligation Debt	90,145,596	-	90,145,596	57,356,645
Notes Payable	3,875,772	-	3,875,772	13,066,695
Guaranty Obligation	5,954,942	-	5,954,942	-
Loans Payable	-	-	-	1,622,656
Accrued Compensated Absences	8,392,084	482,904	8,874,988	-
Estimated Workers' Compensation Claims	1,987,639	-	1,987,639	-
Unfunded Other Postemployment Benefits	4,952,977	-	4,952,977	-
Total Liabilities	159,733,934	4,564,351	164,298,285	88,341,620
Net Position				
Net Investment in Capital Assets	10,755,684	1,950,577	12,706,261	(15,163,091)
Restricted for:				
Program Purposes	13,506,005	-	13,506,005	8,788,137
Gaming Program	-	-	-	11,963,592
Revolving Loan Program	-	-	-	607,934
Debt Service	-	-	-	253,400
Capital Projects	4,696,010	-	4,696,010	-
Permanent Fund	1,243,859	-	1,243,859	-
Unrestricted	19,056,396	1,489,455	20,545,851	3,122,791
Total Net Position	\$ 49,257,954	\$ 3,440,032	\$ 52,697,986	\$ 9,572,763

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

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General Government	\$ 24,417,463	\$ (9,988,532)	\$ 5,856,365	\$ 10,351	\$ -	\$ (8,562,215)	\$ -	\$ (8,562,215)	
Judicial	54,993,262	5,465,723	12,038,691	8,557,665	-	(39,862,629)	-	(39,862,629)	
Public Safety	39,036,174	1,595,900	4,108,454	2,931,595	-	(33,592,025)	-	(33,592,025)	
Public Works	6,982,260	11,871	-	7,462,593	-	468,462	-	468,462	
Human Services	103,694,696	1,496,386	1,956,182	93,579,940	-	(9,654,960)	-	(9,654,960)	
Culture and Recreation	12,354,951	556,919	261,016	1,005,810	-	(11,645,044)	-	(11,645,044)	
Conservation and Development	14,900,958	124,785	495,880	15,720,657	-	1,190,794	-	1,190,794	
Interest and Fiscal Charges on Long Term Debt	6,991,197	-	-	-	-	(6,991,197)	-	(6,991,197)	
Total government activities	263,370,961	(736,948)	24,716,588	129,268,611	-	(108,648,814)	-	(108,648,814)	
Business-type activities:									
Human Services - Health Choices Fund	67,936,230	9,199	68,012,606	-	-	-	67,177	67,177	
Public Works - Human Service Building	877,526	537,837	1,368,655	-	-	-	(46,708)	(46,708)	
Other Programs:									
Public Works - Solid Waste Fund	794,468	58,616	195,323	5,229	-	-	(652,532)	(652,532)	
Public Safety - Emergency 911	6,661,578	131,296	4,422,486	-	-	-	(2,370,388)	(2,370,388)	
Culture and Recreation - Fort Hunter	87,979	-	48,672	-	-	-	(39,307)	(39,307)	
Total Other Programs	7,544,025	189,912	4,666,481	5,229	-	-	(3,062,227)	(3,062,227)	
Total business-like activities	76,357,781	736,948	74,047,742	5,229	-	-	(3,041,758)	(3,041,758)	
Total Primary government	\$ 339,728,742	\$ -	\$ 98,764,330	\$ 129,273,840	\$ -	\$ (108,648,814)	\$ (3,041,758)	\$ (111,690,572)	
Component Units:									
Conservation District	\$ 370,238	\$ -	\$ 412,571	\$ 633,653	\$ -	-	-	-	\$ 675,986
General Authority	10,017,402	-	8,446,191	-	-	-	-	-	(1,571,211)
Mental Health/Mental Retardation Case Management Unit	10,638,676	-	207,277	10,871,126	-	-	-	-	439,727
Industrial Development Authority	12,585,288	-	954,124	14,703,536	-	-	-	-	3,072,372
Dauphin County Economic Development Corporation	3,974,744	-	280,646	4,722,541	-	-	-	-	1,028,443
Total Component Units	\$ 37,586,348	\$ -	\$ 10,300,809	\$ 30,930,856	\$ -	-	-	-	3,645,317
General revenues:									
Taxes:									
Property taxes, levied for general purposes						101,557,300	-	101,557,300	-
Hotel taxes						10,680,070	-	10,680,070	-
In-lieu of taxes						1,793,658	-	1,793,658	-
Unrestricted investment income						267,267	9,286	276,553	247,370
Appreciation in Fair Market Value of Investments						58,978	-	58,978	-
Transfers from/(to) Primary Government						1,677,955	-	1,677,955	(1,603,398)
Transfers in/(out)						(3,577,026)	3,577,026	-	-
Total general revenues and transfers						112,458,202	3,586,312	116,044,514	(1,356,028)
Change in net position						3,809,388	544,554	4,353,942	2,289,289
Net position - beginning, as restated (See Note 34)						45,448,566	2,895,478	48,344,044	7,283,474
Net position - ending						\$ 49,257,954	\$ 3,440,032	\$ 52,697,986	\$ 9,572,763

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

<u>Assets</u>	<u>General</u>	<u>Children and Youth</u>	<u>Low Income Housing</u>	<u>Gaming</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 13,551,557	\$ 4,227,300	\$ 900,449	\$ 1,147,326	\$ 12,848,088	\$ 32,674,720
Investments	361,929	105,368	19,963	28,615	1,559,187	2,075,062
Receivables						
Accounts, net	12,178,898	93,880	18,070	-	95,046	12,385,894
Taxes, net	8,050,620	-	-	-	-	8,050,620
Loans	-	-	-	3,700,000	239,727	3,939,727
Unearned Loans	-	-	4,444,658	-	-	4,444,658
Due From Other Funds	15,630,839	-	-	250,000	-	15,880,839
Due From Other Governments	1,032,507	14,775,194	-	7,957,307	2,017,373	25,782,381
Due From Component Units	4,440,622	-	128,903	-	-	4,569,525
Prepaid Expenses	1,019,390	77,898	-	-	-	1,097,288
Other Assets	6,114	-	-	-	2,310	8,424
Restricted Assets						
Cash	1,307,075	-	-	-	-	1,307,075
Investments	7,914	-	-	-	-	7,914
Total Assets	\$ 57,587,465	\$ 19,279,640	\$ 5,512,043	\$ 13,083,248	\$ 16,761,731	\$ 112,224,127

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2014

<u>Liabilities and Fund Balances</u>	<u>General</u>	<u>Children and Youth</u>	<u>Low Income Housing</u>	<u>Gaming</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities						
Accounts Payable	\$ 2,497,139	\$ 3,590,418	\$ 50,994	\$ 2,000	\$ 2,321,748	\$ 8,462,299
Accrued Liabilities	2,404,793	201,558	-	-	372,570	2,978,921
Unearned Revenues - Other	4,236	712,470	4,444,658	-	2,408,624	7,569,988
Due to Other Funds	-	14,775,194	-	-	250,000	15,025,194
Funds Held in Escrow	431,961	-	-	-	-	431,961
Funds Held in Fiduciary Capacity	557,799	-	-	-	-	557,799
Other Liabilities	1,113,324	-	-	-	-	1,113,324
Total Liabilities	7,009,252	19,279,640	4,495,652	2,000	5,352,942	36,139,486
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	6,006,922	-	-	-	-	6,006,922
Total Deferred Inflows of Resources	6,006,922	-	-	-	-	6,006,922
Fund Balances:						
Nonspendable	11,650,424	-	-	3,700,000	207,114	15,557,538
Restricted	-	-	1,016,391	7,020,694	11,201,675	19,238,760
Assigned	5,673,324	-	-	2,360,554	-	8,033,878
Unassigned	27,247,543	-	-	-	-	27,247,543
Total Fund Balances	44,571,291	-	1,016,391	13,081,248	11,408,789	70,077,719
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 57,587,465	\$ 19,279,640	\$ 5,512,043	\$ 13,083,248	\$ 16,761,731	\$ 112,224,127

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

COUNTY OF DAUPHIN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2014

Total fund balances for governmental funds		\$ 70,077,719
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	498,551	
Intangible Assets	608,190	
Construction in progress - Infrastructure	422,737	
Construction in progress	12,188,890	
Infrastructure, net of \$7,506,859 accumulated depreciation	9,524,358	
Buildings and improvements, net of \$46,859,647 accumulated depreciation	45,477,781	
Machinery and Tools, net of \$19,034,679 accumulated depreciation	31,884,870	
Leasehold assets, net of \$11,639,743 accumulated amortization	10,693,595	
Total capital assets		111,298,972
The County is self insured for the costs of worker's compensation. The liability for workers' compensation is included in the statement of net position in the following amount:		
		(1,987,639)
Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue - property taxes in the funds.		
		6,006,922
Assets/Liabilities not available to pay for current period's expenditures and therefore not reported in the funds,		
Investments in derivative instruments		(1,302,147)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.		
Balances at December 31, 2014 are:		
Accrued interest on bonds	(502,731)	
General obligation debt	(96,155,000)	
Less: Deferred charge on refunding	1,796,130	
Liquid Fuel Revenue Bonds	(4,272,723)	
Capital leases payable	(13,305,646)	
Guaranty Obligation	(7,454,279)	
Compensated absences	(8,392,084)	
Unamortized bond premium/discount (net)	(1,596,563)	
Unfunded other postemployment benefits	(4,952,977)	
		(134,835,873)
Total net position of governmental activities		\$ 49,257,954

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, 2014

	<u>General</u>	<u>Children and Youth</u>	<u>Low Income Housing</u>	<u>Gaming</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Property Taxes	\$ 101,593,952	\$ -	\$ -	\$ -	\$ -	\$ 101,593,952
Hotel Taxes	-	-	-	-	10,680,070	10,680,070
Intergovernmental	38,559,532	31,340,953	128,903	13,506,338	45,410,394	128,946,120
Charges for Services	16,177,520	981,756	288,472	-	1,664,279	19,112,027
License and Permits	105,213	-	-	-	-	105,213
Court Costs and Fines	3,900,024	-	-	-	1,696,460	5,596,484
Interest and Rents	148,977	-	2,284	18,048	65,721	235,030
Appreciation in Fair Market Value of Investments	-	-	-	-	58,978	58,978
Miscellaneous Revenue	86,182	-	-	-	1,965,068	2,051,250
Total Revenues	160,571,400	32,322,709	419,659	13,524,386	61,540,970	268,379,124
Expenditures						
Current:						
General Government	12,568,337	-	-	-	279	12,568,616
Judicial	53,474,191	-	-	313,251	7,204,109	60,991,551
Public Safety	37,334,975	-	-	-	187,034	37,522,009
Public Works	-	-	-	-	6,855,353	6,855,353
Human Services	27,989,925	39,830,289	-	-	36,870,199	104,690,413
Culture and Recreation	2,139,718	-	-	-	10,682,842	12,822,560
Conservation and Development	5,139,949	-	414,500	11,029,501	-	16,583,950
Debt Service						
Principle	18,940,967	12,565	-	-	135,000	19,088,532
Interest	5,630,603	9,538	-	-	20,869	5,661,010
Bond Issuance Costs	269,393	-	-	-	-	269,393
Capital Projects	-	-	-	-	1,396,911	1,396,911
Total Expenditures	163,488,058	39,852,392	414,500	11,342,752	63,352,596	278,450,298
Excess of Revenues Over (Under)						
Expenditures	(2,916,658)	(7,529,683)	5,159	2,181,634	(1,811,626)	(10,071,174)
Other Financing Sources (Uses)						
Transfer In	3,923,004	7,587,283	-	-	3,495,808	15,006,095
Transfer Out	(11,370,180)	(57,600)	-	(7,066,454)	(88,887)	(18,583,121)
Transfer from Component Unit	1,668,398	-	-	9,557	-	1,677,955
Bond Premium	116,368	-	-	-	-	116,368
Bond Discount	(33,164)	-	-	-	-	(33,164)
Payment to Refunding Bond Escrow Agent	(8,080,000)	-	-	-	-	(8,080,000)
Proceeds of Refunding General Obligation Debt	18,080,000	-	-	-	-	18,080,000
Note Proceeds	4,272,723	-	-	-	-	4,272,723
Capital Lease Proceeds	1,412,634	-	-	-	-	1,412,634
Total Other Financing Sources (Uses)	9,989,783	7,529,683	-	(7,056,897)	3,406,921	13,869,490
Net change in fund balances	7,073,125	-	5,159	(4,875,263)	1,595,295	3,798,316
Fund Balances - Beginning of Year	37,498,166	-	1,011,232	17,956,511	9,813,494	66,279,403
Fund Balances - End of Year	\$ 44,571,291	\$ -	\$ 1,016,391	\$ 13,081,248	\$ 11,408,789	\$ 70,077,719

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, 2014

Net change in fund balances - total governmental funds \$ 3,798,316

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$6,371,538) exceeded capital outlays (\$3,929,716) and net book value of disposed fixed assets (\$0) in the current period. (2,441,822)

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

Debt issued:			
Capital Leases		(1,412,634)	
General Obligation Debt		(18,080,000)	
Bond Premium		(116,368)	
Bond Discount		33,164	
Revenue Note		(4,272,723)	
Repayments:			
General Obligation Debt		17,836,500	
Capital Leases		1,252,032	
Guaranty Obligation		1,500,000	
Debt Defeased:			
General Obligation Debt		8,080,000	
Net adjustment		8,080,000	4,819,971

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

Compensated absences expense	56,140	
Other postemployment benefits expense	(840,818)	
Investment gain from derivative instruments	(1,358,764)	
Amortization of debt premium/discount	463,258	
Amortization of deferred interest from refunding	(294,104)	
Accrued interest on long-term debt	128,816	
Combined adjustment	128,816	(1,845,472)

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned real estate tax revenue from 12/31/13 to 12/31/14. (36,652)

The County is self insured for the costs of worker's compensation. The increase in liability related to the worker's compensation is reported as an increase in expenditures of the governmental activities. (484,953)

Change in net position of governmental activities \$ 3,809,388

COUNTY OF DAUPHIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Health Choices Fund	Human Service Building	Nonmajor Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 161,013	\$ 467,975	\$ 2,237,358	\$ 2,866,346
Investments	-	11,669	55,341	67,010
Accounts Receivables	-	21,800	261,799	283,599
Other Assets	-	-	1,950	1,950
Total current assets	161,013	501,444	2,556,448	3,218,905
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	-	121,692	121,692
Capital Assets, Being Depreciated (Net)	-	2,562,644	2,902,970	5,465,614
Total noncurrent assets	-	2,562,644	3,024,662	5,587,306
Total assets	161,013	3,064,088	5,581,110	8,806,211
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	-	53,817	-	53,817
Total Deferred Outflows of Resources	-	53,817	-	53,817
LIABILITIES				
Current liabilities:				
Accounts Payable	108,737	39,310	91,175	239,222
Accrued Liabilities	-	29,250	122,429	151,679
Due to Other Funds	-	-	855,645	855,645
Obligation Under Capital Lease	-	375,000	140,282	515,282
Total current liabilities	108,737	443,560	1,209,531	1,761,828
Noncurrent liabilities:				
Obligation Under Capital Lease	-	2,995,000	180,264	3,175,264
Accrued Compensated Absences	-	-	482,904	482,904
Total noncurrent liabilities	-	2,995,000	663,168	3,658,168
Total liabilities	108,737	3,438,560	1,872,699	5,419,996
NET POSITION				
Net Investment in Capital Assets	-	(753,539)	2,704,116	1,950,577
Unrestricted	52,276	432,884	1,004,295	1,489,455
Total net position	\$ 52,276	\$ (320,655)	\$ 3,708,411	\$ 3,440,032

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

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Health Choice Fund	Human Service Building	Nonmajor Enterprise Funds	Total
Operating Revenues				
Charges for Services	\$ 68,012,606	\$ 1,368,655	\$ 4,666,481	\$ 74,047,742
Total Operating Revenues	<u>68,012,606</u>	<u>1,368,655</u>	<u>4,666,481</u>	<u>74,047,742</u>
Operating Expenses				
Personnel Services	234,780	-	4,979,499	5,214,279
Contracted Services	30,426	109,876	208,627	348,929
Supplies and Materials	634	4,692	15,086	20,412
Repairs and Maintenance	-	128,026	1,340,827	1,468,853
Utilities	361	178,478	375,062	553,901
Other Services and Charges	31,144	537,837	380,991	949,972
Claims Expense	67,648,084	-	-	67,648,084
Depreciation and Amortization	-	332,610	426,195	758,805
Total Operating Expenses	<u>67,945,429</u>	<u>1,291,519</u>	<u>7,726,287</u>	<u>76,963,235</u>
Operating Income (Loss)	<u>67,177</u>	<u>77,136</u>	<u>(3,059,806)</u>	<u>(2,915,493)</u>
Nonoperating Revenues (Expenses)				
Interest Income	1,099	1,711	6,476	9,286
Interest Expense	-	(123,844)	(7,650)	(131,494)
Grants	-	-	5,229	5,229
Total Nonoperating Revenues (Expenses)	<u>1,099</u>	<u>(122,133)</u>	<u>4,055</u>	<u>(116,979)</u>
Income (Loss) Before Operating Transfers	<u>68,276</u>	<u>(44,997)</u>	<u>(3,055,751)</u>	<u>(3,032,472)</u>
Transfers In	-	57,925	3,597,161	3,655,086
Transfers Out	(78,060)	-	-	(78,060)
Total Transfers In (Out)	<u>(78,060)</u>	<u>57,925</u>	<u>3,597,161</u>	<u>3,577,026</u>
Change In Net Position	(9,784)	12,928	541,410	544,554
Total Net Position - Beginning of Year	<u>62,060</u>	<u>(333,583)</u>	<u>3,167,001</u>	<u>2,895,478</u>
Total Net Position - End of Year	<u>\$ 52,276</u>	<u>\$ (320,655)</u>	<u>\$ 3,708,411</u>	<u>\$ 3,440,032</u>

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

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Health Choice Fund	Human Service Building	Nonmajor Enterprise Funds	Totals
Cash Flows From Operating Activities				
Receipts from Health Choices Services	\$ 69,336,936	\$ -	\$ -	\$ 69,336,936
Receipts from Recycling Services	-	-	4,709,474	4,709,474
Receipts from Recreational Activities	-	-	48,672	48,672
Receipts from Space and Parking Rentals	-	1,352,841	-	1,352,841
Payments to Employees	(234,780)	-	(4,942,822)	(5,177,602)
Payments to Suppliers	(1,405,638)	(956,712)	(2,391,253)	(4,753,603)
Payments for Claims	(67,648,084)	-	-	(67,648,084)
Internal Activity - Payments to other funds	-	-	855,645	855,645
Net Cash Provided by (Used in) Operating Activities	48,434	396,129	(1,720,284)	(1,275,721)
Cash Flow From Noncapital Financing Activities				
Grants	-	-	161,823	161,823
Operating Transfers In (Out)	(78,060)	57,925	3,597,161	3,577,026
Net Cash Provided by (Used in) Noncapital Financing Activities	(78,060)	57,925	3,758,984	3,738,849
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets, Net of Disposals	-	-	(345,758)	(345,758)
Interest Paid	-	(123,844)	(7,650)	(131,494)
Increase in Capital Lease Obligations	-	-	310,020	310,020
Principal Payments on Capital Lease	-	(365,000)	(85,523)	(450,523)
Net Cash (Used in) Capital and Related Financing Activities	-	(488,844)	(128,911)	(617,755)
Cash Flows from Investing Activities				
Interest Income	1,099	1,711	6,476	9,286
Investment Purchases	-	(11,669)	(55,341)	(67,010)
Net Cash Provided by (Used In) Investing Activities	1,099	(9,958)	(48,865)	(57,724)
Net Increase (Decrease) in Cash and Cash Equivalents	(28,527)	(44,748)	1,860,924	1,787,649
Cash and Cash Equivalents, Beginning of Year	189,540	512,723	376,434	1,078,697
Cash and Cash Equivalents, End of Year	\$ 161,013	\$ 467,975	\$ 2,237,358	\$ 2,866,346
Supplemental Disclosure of Noncash Transactions:				
Assets Acquired under Capital Lease	\$ -	\$ -	\$ 310,020	\$ 310,020

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Health Choice Fund	Human Service Building	Nonmajor Enterprise Funds	Totals
Reconciliation of Operating income (loss) to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 67,177	\$ 77,136	\$ (3,059,806)	\$ (2,915,493)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	332,610	426,195	758,805
Change in assets and liabilities				
Accounts Receivable	1,324,330	(17,200)	91,665	1,398,795
Other Assets	-	1,386	109,831	111,217
Accounts Payable	(1,343,073)	4,478	(180,491)	(1,519,086)
Accrued Expenses	-	(2,281)	14,521	12,240
Accrued Vacation and Sick Pay	-	-	22,156	22,156
Due To/Due From Other Funds	-	-	855,645	855,645
Net Cash Provided by (Used In) Operating Activities	<u>\$ 48,434</u>	<u>\$ 396,129</u>	<u>\$ (1,720,284)</u>	<u>\$ (1,275,721)</u>

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

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,851,298	\$ 9,285,188	\$ 13,136,486
Investments			
CDARS	9,912	90,611	100,523
U.S. Government Securities	19,864,090	-	19,864,090
Corporate Bonds	29,922,501	-	29,922,501
Common Stocks	45,323,602	-	45,323,602
Equity Funds	108,974,586	-	108,974,586
Savings, CD's and Time Deposits	5,859,651	-	5,859,651
Municipal Obligations	110,914	-	110,914
Other	73,672,536	-	73,672,536
Total Investments	283,737,792	90,611	283,828,403
Interest and Dividends Receivable	374,781	-	374,781
Employee Contributions Receivable	3,511	-	3,511
Total Assets	\$ 287,967,382	\$ 9,375,799	\$ 297,343,181
LIABILITIES			
Accounts Payable	\$ -	\$ 644,618	\$ 644,618
Benefits Payable	187,119	-	187,119
Funds Held in Escrow	-	6,469,419	6,469,419
Due To Other Governments	-	2,261,762	2,261,762
Total Liabilities	187,119	9,375,799	9,562,918
NET POSITION			
Net Position Restricted for Pensions	\$ 287,780,263	\$ -	\$ 287,780,263

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

COUNTY OF DAUPHIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,414,489
Employer	7,296,208
	11,710,697
Total Contributions	11,710,697
Investment Income:	
Net Appreciation in Fair Value of Investments	17,504,898
Interest	1,343,346
Dividends	2,393,955
Miscellaneous Revenue	28,634
	21,270,833
Less: Investment Expense	789,464
	20,481,369
Net Investment Income	20,481,369
Total Additions	32,192,066
Deductions:	
Benefits	14,462,925
Refunds of Contributions	654,462
Administrative Expenses	185,842
	15,303,229
Total Deductions	15,303,229
Net Increase	16,888,837
Net Position Restricted for Pensions - Beginning of Year	270,891,426
Net Position Restricted for Pensions - End of Year	\$ 287,780,263

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

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2014

<u>Assets</u>	Conservation <u>District</u>	General <u>Authority</u>	Case Management <u>Unit</u>	Industrial Development <u>Authority</u>	Dauphin County Economic Development <u>Corporation</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 787,435	\$ 1,661,489	\$ 242,324	\$ 1,165,669	\$ 44,160	\$ 3,901,077
Investments	694,466	1,744,264	-	-	-	2,438,730
Inventory	-	34,548	-	-	-	34,548
Receivables:						
Accounts, Net of Allowance	13,522	40,594	1,349,489	1,000	-	1,404,605
Interest and Dividends	4,604	469	-	-	-	5,073
Loans, Current	-	-	-	424,212	-	424,212
Due from Other Governments	129,763	-	-	-	296,217	425,980
Investment in Direct Financing Leases, Current	-	689,869	-	459,548	-	1,149,417
Prepaid Expenses	10,251	252,914	175,825	-	-	438,990
Due from Related Party	-	-	-	24,519	246,752	271,271
Bond Discount	-	180,311	-	-	-	180,311
Loans Receivable, Net of Current Portion	-	-	-	3,350,591	-	3,350,591
Investment in Direct Financing Leases, net of Current Portion	-	3,970,000	-	10,424,580	-	14,394,580
Restricted Cash	149,642	3,091,833	-	16,930,850	4,712,371	24,884,696
Restricted Investments	-	7,432,285	-	-	-	7,432,285
Capital Assets, Not Being Depreciated	-	2,067,432	-	282,110	-	2,349,542
Capital Assets, Being Depreciated, Net	676,578	22,417,471	156,221	9,633,334	1,584,612	34,468,216
Total Assets	2,466,261	43,583,479	1,923,859	42,696,413	6,884,112	97,554,124
<u>Deferred Outflows of Resources</u>						
Deferred Charge on Refunding	-	360,259	-	-	-	360,259
Total Deferred Outflows of Resources	-	360,259	-	-	-	360,259
<u>Liabilities</u>						
Accounts Payable	14,543	260,293	88,303	571,653	337,824	1,272,616
Accrued Liabilities	-	1,628,601	753,692	111,586	70,729	2,564,608
Unearned Revenues - Other	185,718	496,451	10,917	-	220,753	913,839
Due to Primary Government	167,899	-	-	4,293,045	128,903	4,589,847
Due to Other Governments	-	-	-	3,481,837	-	3,481,837
Security Deposits	-	-	-	10,590	-	10,590
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	8,260	-	-	-	8,260
General Obligation Debt	-	2,440,225	-	-	305,000	2,745,225
Notes Payable	-	-	-	635,236	-	635,236
Loans Payable	-	-	-	64,957	-	64,957
Portion Due or payable after one year:						
Capital Lease Obligation	-	8,609	-	-	-	8,609
General Obligation Debt	-	53,876,645	-	-	3,480,000	57,356,645
Notes Payable	-	-	-	13,066,695	-	13,066,695
Loans Payable	-	-	-	1,622,656	-	1,622,656
Total Liabilities	368,160	58,719,084	852,912	23,858,255	4,543,209	88,341,620
<u>Net Position</u>						
Net Investment in Capital Assets	676,578	(21,277,604)	156,221	5,442,102	(160,388)	(15,163,091)
Restricted for:						
Program Purposes	526,167	2,903,125	914,726	-	4,444,119	8,788,137
Gaming Program	-	-	-	11,963,592	-	11,963,592
Revolving Loan Program	-	-	-	607,934	-	607,934
Debt Service	-	253,400	-	-	-	253,400
Unrestricted	895,356	3,345,733	-	824,530	(1,942,828)	3,122,791
Total Net Position	\$ 2,098,101	\$ (14,775,346)	\$ 1,070,947	\$ 18,838,158	\$ 2,340,903	\$ 9,572,763

COUNTY OF DAUPHIN
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
<u>Conservation District</u>										
Conservation and Development	\$ 370,238	\$ 412,571	\$ 633,653	\$ -	\$ 675,986	-	-	-	-	\$ 675,986
<u>General Authority</u>										
General Authority Operations	10,017,402	8,446,191	-	-	-	(1,571,211)	-	-	-	(1,571,211)
<u>Case Management Unit</u>										
Human Services	10,638,676	207,277	10,871,126	-	-	-	439,727	-	-	439,727
<u>Industrial Development Authority</u>										
Conservation and Development	12,585,288	954,124	14,703,536	-	-	-	-	3,072,372	-	3,072,372
<u>Dauphin County Economic Development Corporation</u>										
Tourism and Economic Development	3,974,744	280,646	4,722,541	-	-	-	-	-	1,028,443	1,028,443
Total Component Units	\$ 37,586,348	\$ 10,300,809	\$ 30,930,856	\$ -	\$ 675,986	\$ (1,571,211)	\$ 439,727	\$ 3,072,372	\$ 1,028,443	\$ 3,645,317
General revenues:										
Unrestricted investment earnings					7,469	179,255	-	49,183	11,463	247,370
Transfer from / (to) primary government					(612,960)	-	-	(515,438)	(475,000)	(1,603,398)
Total general revenues and transfers					(605,491)	179,255	-	(466,255)	(463,537)	(1,356,028)
Change in net position					70,495	(1,391,956)	439,727	2,606,117	564,906	2,289,289
Net position - beginning					2,027,606	(13,383,390)	631,220	16,232,041	1,775,997	7,283,474
Net position - ending					\$ 2,098,101	\$ (14,775,346)	\$ 1,070,947	\$ 18,838,158	\$ 2,340,903	\$ 9,572,763

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

A. Reporting Entity

The County of Dauphin (the "County") operates under the direction of an elected Board of Commissioners, and provides the following services: general administrative services, tax assessments and collections, judicial, public improvements, public safety and human services programs. The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", for purposes of determining the scope of its reporting entity. The criteria include financial accountability and the nature and significance of the relationship. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Dauphin (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

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

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

The District operates and reports on a calendar year basis.

Dauphin County General Authority ("General Authority"):

The Dauphin County General Authority (Authority), a component unit of the County of Dauphin (County), Pennsylvania, was incorporated on March 7, 1984, by the County. The Authority was created for the purpose of acquiring, financing, holding, constructing, improving, maintaining and operating, owning, and leasing, either in the capacity of lessor or lessee, projects of the kind and character contemplated by law for the general purpose authority, as authorized and permitted by, and also as limited by, provisions of the Pennsylvania Municipality Authorities Act, the Act of May 2, 1945, P.L. 382, as amended. Accordingly, the Authority is not subject to income taxes. The Authority is a special purpose government engaged in business-type activities.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

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

The General Authority reports on a calendar year basis. The separate audited financial statements of the General Authority may be obtained by contacting the General Authority.

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County Industrial Development Authority ("IDA"): The IDA was organized in 1967 as a standing authority of Dauphin County. It operates in compliance with the Industrial Development Authority Law, Act No. 102, August 23, 1967. For financial reporting purposes only, the Authority is a discretely presented component unit of the reporting entity of the County of Dauphin. The IDA's serves as a financing vehicle for industrial development in Dauphin County. The IDA arranges financing through tax exempt and taxable bonds as well as mortgages for manufacturers, non-profits and companies establishing corporate headquarters in the County. The IDA participates in new construction and rehabilitation each year through its industrial recruitment and expansion projects. The IDA also owns several commercial properties which it leases. The County pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. IDA's management and support staff are employees of the County. In addition the County has the sole power to appoint members of the IDA's Board of Directors and guarantees the IDA's debts.

The IDA operates on a fiscal year ending September 30. The separate audited financial statements of the IDA may be obtained by contacting the IDA.

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

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

The DCEDC operates and reports on a calendar year end basis. The separate audited financial statements of the DCEDC may be obtained by contacting the DCEDC.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Related Organizations

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

Authorities

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

Advisory Boards

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures

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

<u>Name of Organization</u>	<u>Cumberland, Dauphin Harrisburg Transit Authority</u>	<u>Tri-County Regional Planning Commission</u>
Services Provided	Bus Services	Regional Planning
Dauphin County Board Representation	3 of 7 Members	9 of 28 Members
Fiscal Year	June 30, 2014	December 31, 2014
Current Assets	\$ 3,915,309	\$ 766,261
Total Assets	\$ 28,618,902	\$ 968,593
Net Position/Fund Balance	\$ 24,703,593	\$ 838,758
Operating Revenues	\$ 6,943,554	\$ 2,594,383
Operating Income (Loss)	\$ (15,996,285)	\$ 252,171
Net Income (Loss)	\$ (3,392,127)	\$ 253,844
Dauphin County Contribution to Operations	\$ 412,140	\$ 333,272
Dauphin County Working Capital Advances	None	None

D. Government-Wide and Fund Financial Statements

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental funds:

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

1. Cash and Cash Equivalents

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

- Interfund Receivables and Payables

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

3. Investments

Investments for the County are reported at fair value.

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

COUNTY OF DAUPHIN
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (continued)

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

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

6. Allowance for Doubtful Accounts

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

7. Compensated Absences

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

8. Long-Term Obligations

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Unearned Revenues

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

10. Interfund Transactions

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

11. Net Position/Fund Balances

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position or Fund Balances (Continued)11. Net Position/Fund Balances (Continued)

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

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

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. As deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

13. Accounting Estimates

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

G. Adoption of Governmental Accounting Standards Board Statements

The County adopted provisions of GASB Statement No. 67, "*Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*", GASB Statement No. 69, "*Government Combinations and Disposals of Government Operations*", and GASB Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*".

The adoption of GASB Statement No. 67 resulted in the modification of Note 19 and the addition of three schedules presented as required supplementary information. The adoption of GASB Statement No. 70 resulted in the restatement of net position (see Note 34). The adoption of the other statements had no effect on previously reported amounts.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles

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

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

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

In June 2015, the GASB issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The County is required to adopt Statement No. 73 for its calendar year 2017 financial statements.

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

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

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

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

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

I. Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County Conservation District (Continued)

Capital Assets

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

Dauphin County General Authority

Basis of Accounting

The financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, and liabilities (whether current or noncurrent) associated with their activities are included on their balance sheet. Net position is segregated into "net investment in capital assets", "restricted" and "unrestricted" components.

The financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Conduit Debt Issues

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

Use of Estimates

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

Cash and Cash Equivalents

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County General Authority (Continued)

Investments

Investments are stated at fair value.

Direct Financing Lease Transactions

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

Capital Assets

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

Inventory

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

Bond Discount

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

Restricted Assets

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County General Authority (Continued)

Net Position

Net Position is classified in the following three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position which is not restricted for any project or other purpose.

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

Operating Revenues and Expenses

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

Case Management Unit

Basis of Presentation

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Case Management Unit (Continued)

Revenue Recognition

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

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

Use of Estimates

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

Capital Assets

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Case Management Unit (Continued)

Income Taxes

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

Compensated Absences

The Case Management Unit policy permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the financial statements. A liability for these amounts is recorded in accrued compensation on the Statements of Net Position.

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

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

Cash and Cash Equivalents

The IDA considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at September 30, 2014 consist of cash held in bank accounts.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at outstanding principal. Account balances generally are written off when management judges such balances uncollectible, such as an account in bankruptcy. Management continually monitors and reviews loan receivable balances. Interest at rates ranging from 2.5 - 4.5% is charged on unpaid balances and is recognized in revenue upon receipt. The IDA's management evaluates this risk and, when determined to be necessary, provides an allowance for loans which may become uncollectible. Loans receivable are shown net of an allowance of \$78,749.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Direct Financing Lease Transactions

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

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants. Restricted assets also consist of cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses as well as security deposits for the property management fund. Additionally, restricted assets include cash drawn down on the Magisterial District Justice project within the financing fund which was unexpended at year end. At September 30, 2014, the restricted cash balance was \$16,930,850.

Use of Estimates

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

Capital Assets

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

Long-Term Obligations

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Net Position

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

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

Deferred Outflows / Inflows of Resources

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dauphin County Economic Development Corporation ("DCEDC")

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

DCEDC's financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Under this basis, revenues are recorded when they are earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The DCEDC applies Governmental Accounting Standard Board (GASB) pronouncements.

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

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

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

Cash

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

COUNTY OF DAUPHIN
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Restricted Assets

Restricted assets represent cash balances from hotel tax and grant program distributions received from Dauphin County. These distributions are restricted for the purpose of promoting tourism and regional development and for the CDBG, Home and Section 108 programs. At December 31, 2014 the restricted cash balance was \$4,712,371.

Capital Assets

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

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

Long-Term Liabilities

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Net Position

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

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

Deferred Outflows and Deferred Inflows of Resources

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Accounting Estimates

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

Income Taxes

DCEDC is tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files Form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose could be subject to federal income taxes, however management believes that there is no tax liability as of December 31, 2014.

NOTE 2: BUDGETARY DATA

County Budget Process

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

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

Legal Requirements

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

Level of Control

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

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2014 were as follows:

Governmental Funds	
CDARS	\$ 839,117
Fort Hunter Permanent Fund	
Fixed Income Mutual Funds - Bonds	620,906
Fixed Income Mutual Funds - Stocks	622,953
Total Permanent Fund	<u>1,243,859</u>
Total Governmental Funds	<u>2,082,976</u>
Investment Derivatives	<u>(1,302,147)</u>
Total Governmental Activities	<u>780,829</u>
Enterprise Funds	
CDARS	<u>67,010</u>
Total Enterprise Funds	67,010
Fiduciary Funds	
Retirement Fund	
CDARS	9,912
U.S. Government Securities	19,864,090
Corporate Bonds	29,922,501
Common Stocks	45,323,602
Equity Funds	108,974,586
Savings, CD's and Time Deposits	5,859,651
Municipal Obligations	110,914
Other	73,672,536
Total Retirement Fund	<u>283,737,792</u>
Agency Funds	
CDARS	<u>90,611</u>
Total Fiduciary Funds	<u>283,828,403</u>
Total Investments	<u>\$ 284,676,242</u>

As of December 31, 2014, 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	\$ 620,906	\$ -	\$ -	\$ 620,906	\$ -
Investment Derivatives	<u>(1,302,147)</u>	-	-	<u>(1,302,147)</u>	-
Total	<u>\$ (681,241)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (681,241)</u>	<u>\$ -</u>

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2014, 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	\$ 12,251,658	\$ 602,378	\$ 10,079,292	\$ 1,569,988	\$ -
U.S. Government Agencies	7,612,432	-	876,450	5,099,357	1,636,625
Corporate Bonds	29,922,501	265,002	14,831,792	10,436,374	4,389,333
Municipal Obligations	110,914	-	110,914	-	-
Total	<u>\$ 49,897,505</u>	<u>\$ 867,380</u>	<u>\$ 25,898,448</u>	<u>\$ 17,105,719</u>	<u>\$ 6,025,958</u>

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

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

The County is invested in two forward-starting fixed payor swaps with notional amounts totaling \$34,735,000. At December 31, 2014, the swaps had a total fair value of (\$1,302,147). See Note 9 for more detail on the terms of each swap.

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

As of December 31, 2014, the County's operating investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Fixed Income Mutual Funds	US Government	59%
Fixed Income Mutual Funds	Aaa	10%
Fixed Income Mutual Funds	Aa	4%
Fixed Income Mutual Funds	A	13%
Fixed Income Mutual Funds	Baa	14%

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Investment Type	Credit Quality Rating	% of Investment Type
U.S. Government Treasuries	GOV	100%
U.S. Government Agencies	GOV	100%
Corporate Bonds	Aa1	4%
Corporate Bonds	Aa2	8%
Corporate Bonds	Aa3	5%
Corporate Bonds	Aaa	1%
Corporate Bonds	A1	14%
Corporate Bonds	A2	16%
Corporate Bonds	A3	13%
Corporate Bonds	Baa1	13%
Corporate Bonds	Baa2	10%
Corporate Bonds	Baa3	5%
Corporate Bonds	Not Rated	11%
Municipal Obligations	Aa3	100%

Custodial Credit Risk. For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2014, \$49,674,479 of the County's deposits were exposed to custodial credit risk, of which \$49,556,816 are collateralized with securities held by the pledging financial institution and uninsured, and \$117,663 are uncollateralized and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2014.

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

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

At December 31, 2014, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

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

As of December 31, 2014 the Conservation District's cash balance was \$937,077, and its bank balance was \$957,063. Of this bank balance, \$628,918 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured. The District's cash equivalents of \$78,147 were not subject to custodial credit risk, as they were invested in a state investment pool.

In addition, at December 31, 2014, the Conservation District held \$694,466 certificates of deposit which are classified as investments on the financial statements. Of the investments balance, \$267,903 are in fixed interest rate certificates of deposit which are subject to FDIC coverage, and therefore \$17,903 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured.

As of December 31, 2014, the District had the following debt investments and maturities that are classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 78,147	\$ 78,147	\$ -	\$ -	\$ -

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

Credit risk. As of December 31, 2014 all of the District's investments in the state investment pool were rated AAAm by Standard and Poors.

Dauphin County General AuthorityDeposits and Investments

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County General Authority (Continued)

Deposits and Investments (Continued)

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

Deposits

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At December 31, 2014, the book balance of the Authority's unrestricted deposits was \$1,661,489 and the bank balance was \$1,671,396. Of the unrestricted bank balance, \$1,000,000 was covered by federal depository insurance, and \$671,396 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2014, the book balance of the Authority's restricted deposits was \$3,091,833 and the bank balance was \$3,105,386. Of the restricted bank balance, \$40,983 was covered by federal depository insurance, and \$3,064,403 was collateralized under Act 72.

Investments

Total General Authority investments reported on the balance sheet at December 31, 2014 are as follows:

	Fair Value
Unrestricted	
Money market funds	\$ 1,742,738
U.S. Government obligations	1,526
	\$ 1,744,264
Restricted	
Money market funds	\$ 7,432,285

Concentration of credit risk. The Authority places no limit on the amount the Authority may invest in any one issuer. No issue held more than five percent of the Authority's investments as of December 31, 2014.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Credit Risk. The Authority does not have a formal policy that would limit investment choices with regard to credit risk. The Authority's investments had the following level of exposure to credit risk as of December 31, 2014:

	<u>Fair Value</u>	<u>Rating</u>
Unrestricted		
Money market funds	\$ 1,742,738	Unrated
U.S. Government obligations	1,526	AA+
Restricted		
Money market funds	\$ 7,432,285	Unrated

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>2015</u>	<u>2016-2020</u>	<u>2021-2025</u>
Unrestricted				
Money market funds	\$ 1,742,738	\$ 1,742,738	\$ -	\$ -
U.S. Government obligations	1,526	-	-	1,526
	<u>\$ 1,744,264</u>	<u>\$ 1,742,738</u>	<u>\$ -</u>	<u>\$ 1,526</u>
Restricted				
Money market funds	\$ 7,432,285	\$ 7,432,285	\$ -	\$ -

Case Management UnitCash Concentrations

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, CMU will not be able to recover the value of its deposits that are in the possession of an outside party. As of June 30, 2014, CMU's cash balance was \$242,324 and its bank balance was \$444,377. Of this bank balance for June 30, 2014, \$194,258 of CMU's deposits were exposed to custodial credit risk.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of September 30, 2014, the IDA’s cash balance was \$18,096,519, and its bank balance was \$18,279,294. At September 30, 2014, \$16,776,317 of the IDA’s deposits were collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. The IDA does not have a formal policy to limit its exposure to custodial credit risk.

Dauphin County Economic Development Corporation (“DCEDC”)Deposits

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the DCEDC will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of December 31, 2014, the DCEDC’s cash balance was \$4,756,531, and its bank balance was \$4,864,807. At December 31, 2014 \$3,776,522 of the DCEDC’s deposits were collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. The DCEDC does not have a formal policy to limit its exposure to custodial credit risk.

NOTE 4: RESTRICTED ASSETS

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

	<u>Cash and Investments</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 431,961
Amounts held in fiduciary capacity District Attorney’s Office	557,799
Amounts Reserved for Workers’ Compensation Liabilities	<u>325,229</u>
Total General Fund	<u>1,314,989</u>
Total Governmental Funds	<u>\$ 1,314,989</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 5: RISK MANAGEMENT

The County is exposed to risk of loss related to self-insurance activities for workers' compensation. The County records the liability for the risk associated with the workers' compensation. The County has excess workers' compensation insurance with a self-insured retention per occurrence of \$800,000, and a maximum indemnity per occurrence of \$1,000,000.

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust amount for workers' compensation. The cash/investments balance at December 31, 2014, was \$325,229 and is included in the restricted cash/investments amount in the General Fund. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act in case the County could not pay claims.

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

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are discounted at 3.5% for workers' compensation.

The following summary provides aggregate information on the workers' compensation self-insurance liability, incurred claims, and payments during the years ended December 31, 2014 and 2013.

<u>2014</u>			
January 1, 2014, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2014, <u>Liability</u>
<u>\$1,502,686</u>	<u>\$689,778</u>	<u>\$(204,825)</u>	<u>\$1,987,639</u>
<u>2013</u>			
January 1, 2013, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2013, <u>Liability</u>
<u>\$1,995,525</u>	<u>\$(412,650)</u>	<u>\$(80,189)</u>	<u>\$1,502,686</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 5: RISK MANAGEMENT (CONTINUED)

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

Component Units – Risk ManagementCase Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. As of June 30, 2014, CMU is liable for all claims up to an aggregate of \$1,971,176 or \$85,000 per individual for any one plan year. Once the deductible has been met, all future stop loss reimbursements for that contract year are payable. CMU purchased stop loss insurance to cover all claims incurred in excess of these deductible points. As of June 30, 2014, CMU has recorded a liability for claims incurred. No settlements exceeded insurance coverage for each of the past three years. The claims liability is included in Accrued Expenses on the Statement of Net Position.

	<u>2014</u>	<u>2013</u>
Balance as of June 30, 2013	\$ 194,421	\$ 153,476
Add: Incurred claims relating to:		
Current year	1,821,965	1,784,549
	<u>2,016,386</u>	<u>1,938,025</u>
Less: Payment of claims relating to:		
Prior years	194,421	153,476
Current year	1,663,466	1,590,308
	<u>1,857,887</u>	<u>1,743,784</u>
Balance as of June 30, 2014	<u>\$ 158,499</u>	<u>\$ 194,241</u>

Dauphin County Industrial Development Authority ("IDA")

The IDA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages during 2014. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ -	\$ -	\$ 498,551
Intangible Assets	527,118	81,072	-	608,190
Construction in Progress - Infrastructure	155,468	267,269	-	422,737
Construction in Progress	15,165,026	2,963,623	(5,939,759)	12,188,890
Total Capital Assets, Not Being Depreciated	16,346,163	3,311,964	(5,939,759)	13,718,368
Capital Assets, Being Depreciated				
Infrastructure	17,031,217	-	-	17,031,217
Buildings and Improvements	86,397,669	5,939,759	-	92,337,428
Machinery and Equipment	50,613,156	306,393	-	50,919,549
Leasehold Assets	22,021,979	311,359	-	22,333,338
Total Capital Assets, Being Depreciated	176,064,021	6,557,511	-	182,621,532
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(7,100,812)	(406,047)	-	(7,506,859)
Buildings and Improvements	(45,349,482)	(1,510,165)	-	(46,859,647)
Machinery and Equipment	(15,855,240)	(3,179,439)	-	(19,034,679)
Leasehold Assets	(10,363,856)	(1,275,887)	-	(11,639,743)
Total Accumulated Depreciation and Amortization	(78,669,390)	(6,371,538)	-	(85,040,928)
Total Capital Assets, Being Depreciated, Net	97,394,631	185,973	-	97,580,604
Governmental Activities Capital Assets, Net	\$ 113,740,794	\$ 3,497,937	\$ (5,939,759)	\$ 111,298,972
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 111,492	\$ -	\$ -	\$ 111,492
Construction in Progress	10,200	-	-	10,200
Total Capital Assets, Not Being Depreciated	121,692	-	-	121,692
Capital Assets, Being Depreciated				
Buildings and Improvements	3,864,346	15,843	-	3,880,189
Machinery and Equipment	10,664,334	19,895	-	10,684,229
Furniture and Fixtures	23,220	-	-	23,220
Leasehold Assets	15,832,241	310,020	-	16,142,261
Total Capital Assets, Being Depreciated	30,384,141	345,758	-	30,729,899
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(2,164,904)	(94,333)	-	(2,259,237)
Machinery and Equipment	(9,528,468)	(166,081)	-	(9,694,549)
Furniture and Fixtures	(23,456)	-	-	(23,456)
Leasehold Assets	(12,800,932)	(486,111)	-	(13,287,043)
Total Accumulated Depreciation and Amortization	(24,517,760)	(746,525)	-	(25,264,285)
Total Capital Assets, Being Depreciated, Net	5,866,381	(400,767)	-	5,465,614
Business-Type Activities Capital Assets, Net	\$ 5,988,073	\$ (400,767)	\$ -	\$ 5,587,306

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities:</u>	
General Government	\$ 1,293,307
Judiciary	1,139,489
Conservation and Development	7,335
Human Services	425,233
Culture and Recreation	86,383
Public Safety	3,013,744
Public Works	<u>406,047</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 6,371,538</u>
<u>Business-Type Activities:</u>	
Public Works	\$ 103,935
Public Safety	267,080
Human Services	320,330
Culture and Recreation	<u>55,180</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 746,525</u>

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,200,553	20-40 years
Machinery and Equipment	196,409	3-6 years
Leasehold Assets	15,241	4 years
	<u>1,522,298</u>	
Less: Accumulated Amortization and Depreciation	<u>845,720</u>	
	<u>\$ 676,578</u>	

Depreciation expense for the year ended December 31, 2014 was \$45,236.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Changes in Capital Assets of the General Authority at December 31, 2014, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,015,951	\$ -	-	\$ 2,015,951
Construction in progress	6,565	44,916	-	51,481
Total capital assets, not being depreciated	2,022,516	44,916	-	2,067,432
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	43,621,253	60,497	-	43,681,750
Building improvements	373,376	6,876	-	380,252
Golf course equipment	1,136,008	343,815	(311,380)	1,168,443
Other equipment	84,825	-	-	84,825
Total capital assets, being depreciated	50,958,559	411,188	(311,380)	51,058,367
Less accumulated depreciation and amortization for:				
Land improvements	(3,494,131)	(191,436)	-	(3,685,567)
Buildings	(22,349,579)	(1,493,180)	-	(23,842,759)
Building improvements	(309,213)	(13,561)	-	(322,774)
Golf course equipment	(886,611)	(94,939)	267,625	(713,925)
Other equipment	(73,632)	(2,239)	-	(75,871)
Total accumulated depreciation and amortization	(27,113,166)	(1,795,355)	267,625	(28,640,896)
Capital assets, being depreciated, net	23,845,393	(1,384,167)	(43,755)	22,417,471
Capital assets, net	\$ 25,867,909	\$ (1,339,251)	\$ (43,755)	\$ 24,484,903

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

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

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

Case Management Unit

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,266,623	\$ 62,149	\$ 152,405	\$ 1,176,367
Leasehold Improvements	99,750	35,489	-	135,239
	<hr/>			<hr/>
Total Capital Assets, Being Depreciated	1,366,373	97,638	152,405	1,311,606
	<hr/>			<hr/>
Less Accumulated Depreciation for:				
Furniture and Equipment	1,126,708	78,670	152,405	1,052,973
Leasehold Improvements	96,025	6,387	-	102,412
	<hr/>			<hr/>
Total Accumulated Depreciation	1,222,733	85,057	152,405	1,155,385
	<hr/>			<hr/>
Total Capital Assets, net	<u>\$ 143,640</u>	<u>\$ 12,581</u>	<u>\$ -</u>	<u>\$ 156,221</u>

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Capital assets, not being Depreciated:				
Construction in progress	\$ -	\$ 18,413	\$ -	\$ 18,413
Land	263,697	-	-	263,697
Total capital assets, not Depreciated	263,697	18,413	-	282,110
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building improvements	1,926,698	64,039	-	1,990,737
Office furniture and equipment	14,521	-	-	14,521
Equipment - Solar farm phase I	4,829,816	-	-	4,829,816
Equipment –Solar farm phase II	3,833,323	134,448	-	3,967,771
Total capital assets, being depreciated	11,078,712	198,487	-	11,277,199
Less accumulated depreciation for:				
Buildings held for lease	(100,801)	(11,859)	-	(112,660)
Building improvements	(616,708)	(128,778)	-	(745,486)
Office furniture and equipment	(11,142)	(1,840)	-	(12,982)
Equipment – Solar farm phase I	(394,898)	(193,193)	-	(588,091)
Equipment – Solar farm phase II	(25,935)	(158,711)	-	(184,646)
Total accumulated depreciation	(1,149,484)	(494,381)	-	(1,643,865)
Total capital assets, being depreciated, net	9,929,228	(295,894)	-	9,633,334
Total capital assets, net	\$ 10,192,925	\$(277,481)	\$ -	\$ 9,915,444

Depreciation expense was \$494,381 for the year ended September 30, 2014.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital assets, being depreciated:				
Furniture and Equipment	\$ 19,927	\$ -	\$ -	\$ 19,927
Works of Art	8,011	-	-	8,011
Buildings	2,068,611	-	-	2,068,611
 Total capital assets, being depreciated	 2,096,549	 -	 -	 2,096,549
Less accumulated depreciation for:				
Furniture and Equipment	(19,927)	-	-	(19,927)
Works of Art	(8,011)	-	-	(8,011)
Buildings	(430,958)	(53,041)	-	(483,999)
 Total accumulated depreciation	 (458,896)	 (53,041)	 -	 (511,937)
 Total capital assets, being depreciated, net	 1,637,653	 (53,041)	 -	 1,584,612
 Total capital assets, net	 \$ 1,637,653	 \$ (53,041)	 \$ -	 \$ 1,584,612

Depreciation expense was \$53,041 for the year ended December 31, 2014.

NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2014:

Pinnacle Health Systems	\$ 174,200,000
Pinnacle Health Systems	95,825,000
Pinnacle Health Systems	128,210,000
Tel Hai Retirement Community	14,873,418
United Church of Christ Homes, Inc	25,248,762
	<u>\$ 438,357,180</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority ("IDA")

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

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

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

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

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

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

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

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

On April 6, 2006, the Authority issued Taxable Mortgage Revenue Bonds, Series 2006 (the Bonds) in the aggregate principal amount of \$2,720,000. The IDA appointed Wells Fargo Bank, N.A. to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the Authority, payable solely from the payments required to be made by Harrisburg Senior Living, LLC and Bentley Harrisburg Senior Center, LLC (the Borrowers) under the loan agreement by and between IDA and the Borrowers (the Agreement). Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrowers to refinance certain short-term debt incurred by the Borrowers to acquire the facility, to fund certain working capital needs for the facility, and to pay Bond issuance costs.

The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2039.

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

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

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

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

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

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Mortgage Revenue Note, Series of 2007 (Yellow Breeches Educational Center, Inc. Project)

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

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

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

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

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

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

In February 2012, the IDA authorized the issuance of a Commercial Mortgage Revenue Loan (Loan) totaling \$488,000 for the purpose of financing the purchase price being paid by the Beginning Farmer to the Seller for the Project, which is the fair value of the property identified in the acquisition to be used for farming purposes only. Final Maturity on the Loan is December 2032. The Note is secured by various assets of the borrower, accordingly, no recourse can be made against the IDA for payment of principal or interest on the Loan.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 103,991,500	\$ 18,080,000	\$ 25,916,500	\$ 96,155,000	\$ 7,325,000
Unamortized bond premium/discount (net)	1,976,617	83,204	463,258	1,596,563	280,967
Liquid Fuels revenue note	-	4,272,723	-	4,272,723	396,951
Total bonds and notes payable	<u>105,968,117</u>	<u>22,435,927</u>	<u>26,379,758</u>	<u>102,024,286</u>	<u>8,002,918</u>
Other liabilities:					
Compensated absences	8,448,224	-	56,140	8,392,084	-
Estimated workers compensation claims	1,502,686	689,778	204,825	1,987,639	-
Other postemployment benefits	4,112,159	1,906,935	1,066,117	4,952,977	-
Total other liabilities	<u>14,063,069</u>	<u>2,596,713</u>	<u>1,327,082</u>	<u>15,332,700</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 120,031,186</u>	<u>\$ 25,032,640</u>	<u>\$ 27,706,840</u>	<u>\$ 117,356,986</u>	<u>\$ 8,002,918</u>
Business-Type Activities:					
Other liabilities:					
Compensated absences	\$ 460,748	\$ 22,156	\$ -	\$ 482,904	\$ -
Total other liabilities	<u>460,748</u>	<u>22,156</u>	<u>-</u>	<u>482,904</u>	<u>-</u>

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

Years Ended	General Obligation Principal Requirements	Liquid Fuels Principal Requirements	Total Principal Requirements	General Obligation Interest Requirements	Liquid Fuels Interest Requirements	Total Interest Requirements	Total Debt Service Requirements
December 31:							
2015	\$ 7,325,000	\$ 396,951	\$ 7,721,951	\$ 3,145,804	\$ 69,432	\$ 3,215,236	\$ 10,937,187
2016	8,400,000	403,401	8,803,401	2,923,117	62,981	2,986,098	11,789,499
2017	8,945,000	409,957	9,354,957	2,671,792	56,426	2,728,218	12,083,175
2018	9,265,000	416,618	9,681,618	2,383,794	49,764	2,433,558	12,115,176
2019	9,575,000	423,389	9,998,389	2,089,566	42,994	2,132,560	12,130,949
2020-2024	52,645,000	2,222,407	54,867,407	5,227,352	109,506	5,336,858	60,204,265
	<u>\$ 96,155,000</u>	<u>\$ 4,272,723</u>	<u>\$100,427,723</u>	<u>\$18,441,425</u>	<u>\$ 391,103</u>	<u>\$ 18,832,528</u>	<u>\$ 119,260,251</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below (General Obligation Bonds are payable from General Fund tax revenues; the Liquid Fuels Revenue Note, Series of 2013 is payable from Liquid Fuels Tax Funds):

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2014</u>
2005	\$ 33,990,000	General Obligation Bonds, Series of B and C of 2005 issued to currently refund General Obligation Bonds, Series A of 2000; to advance refund General Obligation Bonds, Second Series of 2001; and to advance refund General Obligation Bonds, Series of 2002 at a variable interest rate from 2.65%-5.00%. (Final Maturity in 2024)	20,330,000
2006	\$ 16,450,000	General Obligation Bonds, Series of 2006 issued to fund the costs of the emergency communications project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.55%-5.00%. (Final Maturity 2023)	15,215,000
2010	\$ 23,380,000	General Obligation Bonds, Series D of 2010 issued to currently refund General Obligation Notes, Series A and B of 2004 and General Obligation Bonds, Series of 2008 and to pay the cost of issuance related to the bond issue at a variable interest rate from 1.00%-5.00%. (Final Maturity 2023)	13,650,000
2011	\$ 15,655,000	General Obligation Bonds, Series of 2011 issued to currently refund General Obligation Bond, Series A of 2002 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.40%-5.00%. (Final Maturity 2024)	13,535,000
2013	\$ 15,905,000	General Obligation Bonds, Series of 2013 issued to advance refund General Obligation Bonds, Series C of 2004; to advance refund General Obligation Bonds, Series D of 2004; and to pay cost of issuance at a variable interest rate from 0.654%-3.617%. (Final Maturity 2024)	15,545,000
2014	\$ 9,880,000	General Obligation Bonds, Series of 2014 issued to advance refund a portion of General Obligation Bonds, Series of 2009 and to pay cost of issuance at a variable interest rate from 0.23%-2.50% (Final Maturity 2023)	9,680,000
2014	\$ 8,200,000	General Obligation Bonds, Series of A of 2014 issued to currently refund General Obligation Bond, Series of 2009 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.23%-2.30% (Final Maturity 2024)	8,200,000
2014	\$ 4,272,723	Liquid Fuels Revenue Note, Series of 2013 issued for the establishment of the Dauphin County Infrastructure Bank at an interest rate of 1.625% (Final Maturity 2024)	<u>4,272,723</u>
			<u>\$ 100,427,723</u>

Interest rates on the above obligations range from 0.23% to 5.00%. The County has pledged its taxing power as security for outstanding general obligation debt. The County has pledged its liquid fuels tax revenue as security for the Liquid Fuels Revenue Note, Series of 2013.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

In April 2014, the County issued \$9,880,000 in General Obligation Bonds, Series of 2014. The County recognized a bond premium of \$116,368 as a result of this refunding. The County transferred \$9,530,000 to a Refunding Bond Escrow agent to be used to advance refund a portion of the General Obligation Bonds, Series of 2009. In addition, the County paid \$147,866 in bond issuance costs. The bonds final maturity is on November 15, 2023 and carry an interest rate between 0.23% and 2.50%. As a result of the transaction, the County recognized a deferred charge on refunding in the amount of \$139,520. The deferred charge is being amortized over the shorter of the life of the refunded or refunding debt. The balance at December 31, 2014 is \$123,917.

In December 2014, the County issued \$8,200,000 in General Obligation Bonds, Series A of 2014. The County recognized a bond discount of \$33,164 as a result of this refunding. The County transferred \$8,080,000 to a Refunding Bond Escrow agent to be used to currently refund the remaining General Obligation Bonds, Series of 2009. In addition, the County paid \$134,400 in bond issuance costs. The bonds final maturity is on November 15, 2024 and carry an interest rate between 0.23% and 2.30%. As a result of the transaction, the County recognized a deferred credit on refunding in the amount of \$74,718. The deferred credit is being amortized over the shorter of the life of the refunded or refunding debt. The balance at December 31, 2014 is \$74,696.

These refunding transactions resulted in an estimated cash flow savings of \$1,819,218 for the County and an estimated economic gain of \$1,420,488.

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, 2014, the principal amount outstanding relative to defeased debt was \$28,550,000.

Component Units - Long-term DebtDauphin County General Authority

Long-term debt outstanding at December 31, 2014, is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):	
Series A of 1998	\$ 24,920,000
Series C of 1998-Capital Appreciation Bonds	16,295,636
Dauphin County Guaranteed Lease Revenue Bonds (Building Bonds):	
Series C of 2009	3,370,000
Lease Revenue Bonds (100 Chestnut Street):	
Series D of 2009	1,280,000
Dauphin County Guaranteed Revenue Bonds (Dauphin Highlands):	
Series A and B of 2011	10,451,234
Capital Lease Payable (Dauphin Highlands)	16,869
	<u>\$ 56,333,739</u>
Long-term debt is shown on the balance sheet as follows:	
Current portion of capital lease obligation	\$ 8,260
Current portion of long-term debt	2,440,225
Long-term debt, net of current portion	53,876,645
Capital lease payable, net of current portion	8,609
	<u>\$ 56,333,739</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

Long-term liability activity for the Authority's business-type activities for the year ended December 31, 2014, was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$57,570,248	\$1,083,415	\$(2,319,924)	\$56,333,739	\$2,448,485

Each of the Authority's financing programs is described below. The Authority has complied with the significant covenants contained in its debt agreements for the year ended December 31, 2014.

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

On June 30, 1998, the Authority issued Office and Parking Revenue Bonds Series A, B, and C in the principal amounts of \$38,950,000, \$1,120,000, and \$5,235,436 respectively. The bond proceeds were used to acquire certain real estate and parking facilities in the City of Harrisburg, known as the Riverfront Office Center, to fund a debt service reserve, and to pay the 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.

Series A

The Series A Current Interest Bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	6.00%	\$ 1,465,000	\$ 1,495,200	\$ 2,960,200
2016	6.00%	1,555,000	1,407,300	2,962,300
2017	6.00%	1,650,000	1,314,000	2,964,000
2018	6.00%	1,745,000	1,215,000	2,960,000
2019	6.00%	1,850,000	1,110,300	2,960,300
2020-2024	6.00%	11,070,000	3,745,500	14,815,500
2025	6.00%	5,585,000	335,100	5,920,100
		<u>\$ 24,920,000</u>	<u>\$ 10,622,400</u>	<u>\$ 35,542,400</u>

Series B

There was no balance remaining on the Series B bonds at December 31, 2014.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$ 873,327	\$ 946,673
January 1, 2025	293,857	1,820,000	905,341	914,659
July 1, 2025	283,920	1,820,000	936,263	883,737
January 2, 2026	274,310	1,820,000	966,147	853,853
July 1, 2026	265,047	1,820,000	995,030	824,970
January 1, 2027	256,074	1,820,000	1,022,931	797,069
July 1, 2027	247,411	1,820,000	1,049,885	770,115
January 1, 2028	<u>3,310,677</u>	<u>25,205,000</u>	<u>14,900,440</u>	<u>10,304,560</u>
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$21,649,364</u>	<u>\$16,295,636</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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

On November 21, 2001, the Authority issued \$5,620,000 Dauphin County Guaranteed Lease Revenue Refunding Bonds – Series A of 2001 and \$4,750,000 Dauphin County Guaranteed Lease Revenue Bonds, Series B of 2001. The proceeds of Series A of 2001 were used to defease the County Building Bonds Series of 1997. At December 31, 2014, the balance outstanding on both the County Building Bonds Series of 1997 and the Dauphin County Guaranteed Lease Revenue Refunding Bonds, Series A of 2001 is zero.

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

On November 12, 2009, the Authority issued \$4,865,000 Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009. The proceeds of Series C of 2009 were used to currently refund Series B of 2001 and to pay the costs of issuance associated with issuing the bonds. The balance outstanding on the Series B of 2001 bonds at December 31, 2014 is zero.

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

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	3.00%	\$ 375,000	\$ 117,000	\$ 492,000
2016	3.00%	385,000	105,750	490,750
2017	3.20%	400,000	94,200	494,200
2018	3.40%	415,000	81,400	496,400
2019	3.55%	425,000	67,290	492,290
2020-2022	3.70%-3.88%	1,370,000	106,339	1,476,339
		<u>\$ 3,370,000</u>	<u>\$ 571,979</u>	<u>\$ 3,941,979</u>

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

On September 1, 1998, the Authority issued Tax Exempt Lease Revenue Bonds, Series A, in the principal amount of \$4,285,000 and Federally Taxable Lease Revenue Bonds, Series B, in the principal amount of \$340,000. The bond proceeds were used to acquire certain real estate in the City of Harrisburg, known as 100 Chestnut Street, to fund certain renovations to the facility, to fund a debt service reserve, and the pay the costs of issuance. On October 1, 2003, the Authority advance refunded the Series A of 1998, resulting in a defeasance of the bonds. As a result, the liability for those bonds has been removed from the 100 Chestnut Street Fund The balance outstanding on the defeased Series A bonds on December 31, 2014 is \$1,280,000. The Series B bonds matured in 2006 and were paid in full.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Lease Revenue Bonds – Series D of 2009 (100 Chestnut Street) (Continued)

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

On November 12, 2009, the Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The Authority used the Series D bond proceeds to currently refund the Series A of 2003 Bonds. As of December 31, 2014, the Series A and Series B of 2003 bonds had a zero balance.

The bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	2.70%	\$ 305,000	\$ 39,475	\$ 344,475
2016	3.00%	315,000	31,240	346,240
2017	3.20%	325,000	21,790	346,790
2018	3.40%	335,000	11,390	346,390
		\$1,280,000	\$ 103,895	\$1,383,895

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

On January 6, 2005, the Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 (Series A of 2005) and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 (Series B of 2005) in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds were insured by a municipal bond guaranty insurance policy. The net proceeds were used to advance refund the 1993 Series Capital Appreciation Bonds, advance refund the County Guaranteed Revenue Bonds, Series of 2003, and pay the costs of issuing the bonds. As a result, the liability for those bonds has been removed from the Authority. At December 31, 2014, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$9,115,000 and \$6,860,119, respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2014.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

On September 30, 2011, the Authority issued Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 (Series A of 2011) and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011 (Series B of 2011), in the principal amounts of \$8,796,927 and \$2,355,154, respectively. The bonds are insured by a municipal bond guarantee insurance policy. The Authority used the proceeds of Series A of 2011 to currently refund the Series A of 2005 and pay the cost of issuance. The net proceeds of Series B of 2011 were used to advance refund the Series B of 2005 and pay issuance costs. As a result, the liability for those bonds has been removed from the Authority. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series B of 2005, at December 31, 2014.

The interest rate on Series A of 2011 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on London Interbank Offered Rate (LIBOR) plus 1.75% not to exceed 12%. The interest rate on these bonds as of December 31, 2014 was 1.90575%. The County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2011 Bonds. Using the interest rate in effect at December 31, 2014, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 109,448	\$ 164,180	\$ 273,628
2016	8,427,657	135,064	8,562,721
	<u>\$ 8,537,105</u>	<u>\$ 299,244</u>	<u>\$ 8,836,349</u>

The interest rate on Series B of 2011 Bonds is variable. Per the bond agreements the interest rates will change monthly and be calculated based on LIBOR plus 1.75%, not to exceed 12%. The interest rate on these bonds as of December 31, 2014 was 1.90575%. The County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series B of 2011 Bonds. Using the interest rate in effect at December 31, 2014, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 185,777	\$ 35,670	\$ 221,447
2016	1,728,352	26,860	1,755,212
	<u>\$ 1,914,129</u>	<u>\$ 62,530</u>	<u>\$ 1,976,659</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

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

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 9,669	\$ 42	3.63%	2015
\$ 9,669	\$ 42		

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

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

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 41,438	\$ 26,683	4.40%	2015
43,332	24,789	4.40%	2016
45,312	22,809	4.40%	2017
47,383	20,738	4.40%	2018
49,549	18,573	4.40%	2019
283,854	56,752	4.40%	2020 to 2024
103,938	3,922	4.40%	2025 to 2026
<u>\$ 614,806</u>	<u>\$ 174,266</u>		

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

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

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

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

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 17,854	\$ 14,399	4.83%	2015
18,734	13,519	4.83%	2016
19,658	12,595	4.83%	2017
20,627	11,626	4.83%	2018
21,644	10,609	4.83%	2019
125,315	35,950	4.83%	2020 to 2024
82,911	5,784	4.83%	2025 to 2027
<u>\$ 306,743</u>	<u>\$ 104,482</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

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

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

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

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 38,837	\$ 32,211	4.89%	2015
40,780	30,268	4.89%	2016
42,820	28,228	4.89%	2017
44,962	26,086	4.89%	2018
47,211	23,837	4.89%	2019
273,936	81,304	4.89%	2020 to 2024
187,620	13,683	4.89%	2025 to 2027
<u>\$ 676,166</u>	<u>\$ 235,617</u>		

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

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

Variable Rate Terms: Interest rate requirements for the Guaranteed Mortgage Revenue Note, Series of 2010 are at a fixed rate of 5.65% APR for the first five years through December 1, 2015, and then float at Prime floor of 4% through the maturity of the Note on December 1, 2020.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 64,957	\$ 94,895	5.65%	2015
68,520	91,332	5.65%	2016
72,807	87,045	5.65%	2017
77,089	82,763	5.65%	2018
81,623	78,229	5.65%	2019
1,322,617	91,169	5.65%	2020-2021
<u>\$1,687,613</u>	<u>\$ 525,433</u>		

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

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

Under a lease agreement dated December 1, 2010 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the Note. The County is currently making payments directly to the bank. The County guarantees payment of principal and interest on the Note.

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

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 12,742	\$ 9,459	3.40%	2015
13,161	9,040	3.40%	2016
13,642	8,559	3.40%	2017
12,566	12,289	3.40% / 7.00%	2018
11,713	15,797	7.00%	2019
72,461	65,085	7.00%	2020 to 2024
102,762	34,784	7.00%	2025 to 2029
38,497	2,766	7.00%	2030 to 2031
<u>\$ 277,544</u>	<u>\$ 157,779</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 165,081	\$ 91,233	3.80%	2015
93,346	87,784	3.80%	2016
96,927	84,203	3.80%	2017
100,645	80,485	3.80%	2018
104,506	76,624	3.80%	2019
585,830	319,822	3.80% / Variable	2020 to 2024
707,153	198,499	Variable	2025 to 2029
644,823	54,729	Variable	2030 to 2033
<u>\$ 2,498,311</u>	<u>\$ 993,379</u>		

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

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 10,607	\$ 12,184	4.25%	2015
11,041	11,751	4.25%	2016
11,559	11,233	4.25%	2017
12,067	25,318	4.25% / Variable	2018
12,597	28,785	Variable	2019
71,743	119,201	Variable	2020 to 2024
88,996	70,484	Variable	2025 to 2029
68,808	14,306	Variable	2030 to 2033
<u>\$ 287,418</u>	<u>\$ 293,262</u>		

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$701,274 Guaranteed Lease Revenue Note, Series of 2013, due in annual installments through December 1, 2032 plus interest at 2.06%.

The proceeds of the note, dated July 30, 2013, were used for and towards the acquisition of land for the District Justice Office – West Hanover Township, Dauphin County, Pennsylvania; and paying the costs and expenses related to the foregoing purposes and the issuance of the Note.

Under a lease agreement dated July 30, 2013 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the Note. The County guarantees payment of principal and interest on the Note.

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

Principal	Interest	Interest Rate	Maturity Date
\$ 29,008	\$ 18,233	2.60%	2015
29,763	17,479	2.60%	2016
30,537	16,705	2.60%	2017
31,330	15,911	2.60%	2018
32,145	15,097	2.60%	2019
173,705	62,503	2.60%	2020 to 2024
197,492	38,716	2.60%	2025 to 2029
177,294	11,672	2.60%	2030 to 2033
<u>\$ 701,274</u>	<u>\$ 196,316</u>		

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

The proceeds of the note, dated December 17, 2013, were used for and towards the acquisition of 1100 South Cameron Street, Dauphin County, Pennsylvania; and paying the costs and expenses related to the foregoing purposes and the issuance of the Note.

Under a lease agreement dated December 17, 2013 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 310,000	\$ 245,250	3.00%	2015
319,000	235,815	3.00%	2016
329,000	226,095	3.00%	2017
339,000	216,075	3.00%	2018
349,000	205,755	3.00%	2019
1,908,000	907,128	3.00% / 4.85%	2020 to 2024
2,212,000	896,281	4.85%	2025 to 2029
2,564,000	318,305	4.85%	2030 to 2033
<u>\$ 8,330,000</u>	<u>\$ 3,250,704</u>		

The following is a summary of long-term debt for the year ended September 30, 2014:

Guaranteed lease revenue notes:	Balance			Balance September 30, 2014	Due Within One Year
	October 1, 2013	Additions	Deletions		
Series of 2004	\$ 66,527	\$ -	\$ (56,858)	\$ 9,669	\$ 9,669
Series of 2006	654,433	-	(39,627)	614,806	41,438
Series of 2007	713,152	-	(36,986)	676,166	38,837
Series of 2007(A)	323,759	-	(17,016)	306,743	17,854
Series of 2010	289,858	-	(12,314)	277,544	12,742
Series of 2013	196,274	505,000	-	701,274	29,008
Series of 2013 (Cameron)	-	8,330,000	-	8,330,000	310,000
Subtotal	2,244,003	8,835,000	(162,801)	10,916,202	459,548
2010 Commercial Term Loan	1,743,766	-	(56,153)	1,687,613	64,957
2012 Guaranteed Note	2,515,738	-	(17,427)	2,498,311	165,081
2012 Guaranteed Mortgage Revenue Note	298,439	-	(11,021)	287,418	10,607
Total	<u>\$6,801,946</u>	<u>\$ 8,835,000</u>	<u>\$ (247,402)</u>	<u>\$15,389,544</u>	<u>\$ 700,193</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

The following is a summary of long-term debt for the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2004 Guaranteed Parking Revenue Note	\$ 1,745,000	\$ -	\$ -	\$ 1,745,000	\$ 145,000
Section 108 Note Payable	<u>2,200,000</u>	<u>-</u>	<u>(160,000)</u>	<u>2,040,000</u>	<u>160,000</u>
	<u>\$ 3,945,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 3,785,000</u>	<u>\$ 305,000</u>

Long-term debt at December 31, 2014, consisted of the following:

Note payable of \$2,200,000 to a bank, payable in variable annual installments plus interest not to exceed 10%, initial principal payment due 2006, final payment due December 2030. Interest rate at December 31, 2014 was 1.658%.

\$ 1,745,000

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

2,040,000

3,785,000

Less current portion

(305,000)

Long-term debt

\$ 3,480,000

Maturities of long-term debt are as follows:

Maturity Date	Principal	Interest	Total
2015	\$ 305,000	\$ 153,783	\$ 458,783
2016	240,000	130,145	370,145
2017	252,000	120,660	372,660
2018	257,000	110,236	367,236
2019	262,000	99,592	361,592
2020 to 2024	1,360,000	332,481	1,692,481
2025 to 2029	944,000	73,466	1,017,466
2030	165,000	2,698	167,698
	<u>\$ 3,785,000</u>	<u>\$ 1,023,061</u>	<u>\$ 4,808,061</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 9: INTEREST RATE SWAPS

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

At December 31, 2014, the County has the following derivative instruments outstanding:

	Notional Amount	Fair Value		Change in Fair Value	
		Classification	Amount	Classification	Amount
Governmental Activities					
Investment Derivatives:					
A 2015 Forward-Starting Fixed Payer Swap	\$ 20,330,000	Investment	\$ (821,366)	Interest Expense	\$ 763,747
B 2016 Forward-Starting Fixed Payer Swap	\$ 14,405,000	Investment	(480,781)	Interest Expense	595,017
Total Investment Derivatives			\$ (1,302,147)		\$ 1,358,764

Terms of the Investment Derivatives. The terms, fair values, and credit ratings of the investment derivatives as of December 31, 2014 were as follows:

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Swap Termination Date	Counterparty	Counterparty Credit Rating
<u>Fixed Payer Forward Starting Swaps:</u>							
A Portion of Series 2005 B and 2005 C / 2015 Bonds	\$ 20,330,000	5/15/2015	notional balance * fixed rate of 2.252%	notional balance * 70% of 3-Month LIBOR	11/15/2024	RBC	Aa3/AA-/AA
B 2006 Bonds / 2016 Bonds	\$ 14,405,000	5/15/2016	notional balance * fixed rate of 2.403%	notional balance * 70% of 3-Month LIBOR	11/15/2023	RBC	Aa3/AA-/AA
	\$ 34,735,000						

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

Credit risk. As of December 31, 2014, the County was not exposed to credit risk for the investment derivatives as both investment derivatives had a negative fair value. The County executes its derivative instruments with one counterparty that comprises 100% percent of its net exposure to credit risk. The Counterparty's credit ratings are shown in the table above.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 9: INTEREST RATE SWAPS (CONTINUED)

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

Interest Rate Risk. The County is exposed to interest rate risk on its 2015 and 2016 pay-fixed swaps. As LIBOR increases, the County's net payment on the swaps decreases.

Market Access Risk. Risk that the County cannot access the bond market or that the 2015 Bonds and 2016 Bonds do not settle due to unforeseen events.

NOTE 10: DIRECT FINANCING LEASES

Component Unit - Direct Financing LeasesDauphin County General Authority

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

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

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

<u>Years Ending December 31,</u>	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
2015	\$ 492,000	\$ 344,475	\$ 836,475
2016	490,750	346,240	836,990
2017	494,200	346,790	840,990
2018	496,400	346,390	842,790
2019	492,290	-	492,290
2020-2022	1,476,338	-	1,476,338
	<u>\$ 3,941,978</u>	<u>\$ 1,383,895</u>	<u>\$ 5,325,873</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 10: DIRECT FINANCING LEASES (CONTINUED)

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

The net investment in direct financing leases consists of the following at December 31, 2014:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
Total Minimum Lease			
Payments to be Received	\$ 3,941,978	\$ 1,383,895	\$ 5,325,873
Less: Unearned Income	571,978	94,026	666,004
	<u>\$ 3,370,000</u>	<u>\$ 1,289,869</u>	<u>\$ 4,659,869</u>
Current Portion	\$ 375,000	\$ 314,869	\$ 689,869
Noncurrent Portion	2,995,000	975,000	3,970,000
	<u>\$ 3,370,000</u>	<u>\$ 1,289,869</u>	<u>\$ 4,659,869</u>

Dauphin County Industrial Development Authority ("IDA")

On November 4, 2004 the IDA entered into a lease agreement with the County of Dauphin for a building for a fifteen year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2004 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased buildings and equipment for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2004 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2014 is \$9,669.

On April 5, 2006, the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2006 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2006 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2014 is \$614,806.

On August 15, 2007 the IDA entered into a lease agreement with County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2007A Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2007A Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2014 is \$306,743.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 10: DIRECT FINANCING LEASES (CONTINUED)

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

On November 29, 2007 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty-year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series 2007 Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series 2007 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2014 is \$676,166.

On December 1, 2010 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2010 Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2010 Guaranteed Lease Revenue Note. The amount of lease outstanding at September 30, 2014 is \$277,544.

On July 30, 2013 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2013 Guaranteed Lease Revenue Note (West Hanover). The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2013 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2014 is \$669,200.

On December 17, 2013 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County make payments equal to the principal and interest of the IDA's Series of 2013 Guaranteed Lease Revenue Note (Cameron Street). The County has the right to purchase the leased property for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2013 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2014 is \$8,330,000.

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

Years Ending <u>September 30,</u>		
2015	\$	805,826
2016		795,680
2017		795,960
2018		798,595
2019		800,928
2019 – 2023		4,045,997
2024 – 2028		3,879,895
2029 – 2033		3,080,454
		\$ 15,003,335

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 10: DIRECT FINANCING LEASES (CONTINUED)

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

The net investment in direct financing lease consists of the following at September 30, 2014:

Total Minimum Lease Payments to be Received	\$ 15,003,335
Less: Unearned Interest Income	<u>(4,119,207)</u>
	<u>\$ 10,884,128</u>
Current Portion	\$ 459,548
Noncurrent Portion	<u>10,424,580</u>
	<u>\$ 10,884,128</u>

NOTE 11: CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in capital lease obligations for the year ended December 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
Capital Leases	\$ 13,145,044	\$ 1,412,634	\$ (1,252,032)	\$ 13,305,646	\$ 1,200,496
Total Capital Lease Obligations	<u>\$ 13,145,044</u>	<u>\$ 1,412,634</u>	<u>\$ (1,252,032)</u>	<u>\$ 13,305,646</u>	<u>\$ 1,200,496</u>
<u>Business-Type Activities</u>					
Capital Leases					
Human Services Building	\$ 3,735,000	\$ -	\$ (365,000)	\$ 3,370,000	\$ 375,000
911 EMA	<u>96,049</u>	<u>310,020</u>	<u>(85,523)</u>	<u>320,546</u>	<u>140,282</u>
Total Capital Lease Obligations	<u>\$ 3,831,049</u>	<u>\$ 310,020</u>	<u>\$ (450,523)</u>	<u>\$ 3,690,546</u>	<u>\$ 515,282</u>

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for as an Enterprise Fund bearing interest at rates from 1.00% to 3.875% and for the Chestnut Street Building that is accounted for in the Governmental Activities bearing interest rates from 1.00% to 3.40%, both of which were refunded in 2009. As a result of the refunding, the Human Service Building Fund recognized a loss of \$124,319 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2014 is \$53,817. Also, as a result of the Chestnut Street refunding, the County recognized a loss of \$68,278 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2014 is \$17,159 and is included in deferred interest from refunding on the Statement of Net Position.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 11: CAPITAL LEASE OBLIGATIONS (CONTINUED)

The County also has five lease payables to the Industrial Development Authority for District Justice Offices/Office space that are accounted for in the Governmental Activities bearing interest rates from 2.60% to 4.89%. The County has also entered into capital lease agreements for computer equipment, office and other equipment, and a security system which are accounted for in the Governmental Activities. Also, the County has entered into capital lease agreements for computer equipment in the 911 EMA Fund that is accounted for as an Enterprise Fund.

In 2014, the County entered into six new capital leases four of which were in Governmental Activities, with the remaining capital leases being Business Type Activities. Five leases were for IT Equipment in the amounts of \$66,114, \$206,476, and \$38,770 for the governmental activities, and \$183,920 and \$126,100 for the Business Type Activities. The other lease was for property located at 8010 Bretz Drive, City of Harrisburg, Dauphin County, in the amount of \$1,101,274.

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, 2014:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>911 EMA Fund</u>
2015	\$ 1,609,911	\$ 492,001	\$ 149,595
2016	1,540,596	490,751	140,406
2017	1,320,173	494,201	44,903
2018	1,179,484	496,401	-
2019	832,005	492,291	-
2020-2024	4,251,322	1,476,340	-
2025-2029	3,982,849	-	-
2030-2034	2,659,954	-	-
Total Minimum Lease Payments	17,376,294	3,941,985	334,904
Less: Amount Representing Interest	4,070,648	571,985	14,358
Total Present Value of Net Minimum Lease Payments	13,305,646	3,370,000	320,546
Less: Amounts Due within One Year	1,200,496	375,000	140,282
	<u>\$ 12,105,150</u>	<u>\$ 2,995,000</u>	<u>\$ 180,264</u>

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 11: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Component Unit- Capital Lease ObligationDauphin County General Authority

In 2012, Dauphin Highlands purchased an aerator and sweeper under a long-term lease agreement that is classified as a capital lease. As of December 31, 2014, Dauphin Highlands includes this equipment at a cost of \$40,174, with accumulated depreciation of \$17,217.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2014 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2015	\$ 8,971
2016	8,971
Total minimum lease payments	17,942
Less amount representing interest	(1,073)
Present value of future minimum lease payments	\$ 16,869

NOTE 12: LINE OF CREDIT

Component Unit – Line of CreditCase Management Unit

At June 30, 2014, CMU had an \$800,000 line of credit with a bank, secured by all accounts receivable, which expires December 10, 2048. Interest on outstanding borrowings is due monthly at .5% above the bank's prime rate, which was 4.00% at June 30, 2014. There were \$1,160,000 in borrowings on the line and \$1,160,000 in repayments for the year ended June 30, 2014. The principle balance on the line as of June 30, 2014 was \$0.

Dauphin County Industrial Development Authority

During 2008, the IDA entered into a \$50,000 line of credit with PNC Bank, secured by gross revenues from the Trinity Harvest LLC project, which expired on September 1, 2013. Interest on outstanding borrowing is due monthly at the Lenders Prime Rate of 3.25% on September 30, 2013, less 2%. The outstanding balance of \$29,767 was paid off during the year-ended September 30, 2014.

COUNTY OF DAUPHIN
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014

NOTE 13: FUND BALANCE / NET POSITION

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

Nonspendable

Prepaid items	\$ 1,019,390	
PCHIPC Settlement	10,631,034	
Gaming loan	3,700,000	
Liquid fuels loan	207,114	\$ 15,557,538

Restricted

Low income housing	1,016,391	
Gaming	7,020,694	
Capital projects	4,696,010	
Fort Hunter trust fund	1,243,859	
State grant	757,713	
Liquid fuels	1,883,279	
Domestic relations	1,367,750	
Hazardous materials	187,539	
Aging	192,469	
Drug act forfeited - state	140,359	
Drug act forfeited - federal	658,903	
Act 89 Bridge Maintenance	73,794	19,238,760

Assigned

2015 budget deficit	5,673,324	
Gaming	2,360,554	8,033,878

Unassigned

Available for any purpose		<u>27,247,543</u>
		<u>\$ 70,077,719</u>

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

Fiduciary Funds

Net Position Restricted for Pensions	<u>\$ 287,780,263</u>
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COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 13: FUND BALANCES / NET POSITION (CONTINUED)

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

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

Tourism and Regional Promotion	\$ 4,372,546
State of the County Event	41,558
Team PA Calling Program	30,015
	\$ 4,444,119

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2014:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 15,630,839	\$ -
Special Revenue Funds		
Children and Youth Families Fund	-	14,775,194
Gaming Fund	250,000	-
Total Special Revenue Funds	250,000	14,775,194
Capital Projects Fund	-	250,000
Total Governmental Funds	15,880,839	15,025,194
Business-Type Funds		
911 EMA Fund	-	855,645
Total Business-Type Funds	-	855,645
	15,880,839	\$ 15,880,839

Component Unit - Interfund Receivables and Payables

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

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	\$ 167,899	\$ 167,899
Dauphin County Industrial Development Authority	\$ 4,272,723	\$ 4,293,045
Dauphin County Economic Development Corporation	\$ 128,903	\$ 128,903
Total	\$ 4,569,525	\$ 4,589,847

The difference in Due from Dauphin County Industrial Development Authority and Due to Dauphin County relates to the Authority's having a September 30, 2014 year-end, while the County has a December 31, 2014 year-end.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 15: INTERFUND OPERATING TRANSFERS

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

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental Funds:		
General Fund	\$ 3,923,004	\$ 11,370,180
Special Revenue Funds		
Mental Health/Intellectual Disabilities Fund	952,065	-
Children and Youth Families Fund	7,587,283	57,600
Domestic Relations	1,915,123	-
Weatherization Program Fund	121,626	18,950
Human Services Development Fund	49,970	-
Aging Fund	50,000	24,937
Drug and Alcohol Fund	222,024	45,000
Gaming Fund	-	7,066,454
Total Special Revenue Funds	<u>10,898,091</u>	<u>7,212,941</u>
Capital Projects Fund	<u>185,000</u>	-
Total Governmental Funds	<u>15,006,095</u>	<u>18,583,121</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	78,060
Human Service Building	57,925	-
Emergency 911	3,000,000	-
Solid Waste	<u>597,161</u>	-
Total Proprietary Funds	<u>3,655,086</u>	<u>78,060</u>
	<u>\$ 18,661,181</u>	<u>\$ 18,661,181</u>

Component Unit - Interfund Operating Transfers

	<u>Transfers from Component Units</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	\$ 612,960	\$ 612,960
Dauphin County Industrial Development Authority	589,995	515,438
Dauphin County Economic Development Corporation	<u>475,000</u>	<u>475,000</u>
Total	<u>\$ 1,677,955</u>	<u>\$ 1,603,398</u>

The difference in Transfer from the Dauphin County Industrial Development Authority and Transfer to Dauphin County relates to the Authority's having a September 30, 2014 year-end, while the County has a December 31, 2014 year-end.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 16: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through July 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Real estate property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2014 and expected to be collected within the first sixty (60) days of 2015 are recognized as revenue in 2014. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectability.

The rate of taxation in 2014 was 6.876 mills, for general purposes. In addition, a special tax of 0.35 mills was approved for the County Library System.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

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

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Pittsburgh Hyatt Hotel And Conference Center Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CONDENSED BALANCE SHEET				
ASSETS				
Current assets	\$ 375,000	\$ 332,411	\$ -	\$ 707,411
Noncurrent investment in direct financing lease	2,995,000	975,000	-	3,970,000
Restricted assets	66,922	1,006,323	-	1,073,245
Total assets	<u>\$ 3,436,922</u>	<u>\$ 2,313,734</u>	<u>\$ -</u>	<u>\$ 5,750,656</u>
LIABILITIES				
Current liabilities	\$ 455,394	\$ 741,824	\$ -	\$ 1,197,218
Noncurrent liabilities	2,995,000	975,000	-	3,970,000
Total liabilities	<u>3,450,394</u>	<u>1,716,824</u>	<u>\$ -</u>	<u>\$ 5,167,218</u>
NET POSITION				
Restricted	-	596,910	-	596,910
Unrestricted	(13,472)	-	-	(13,472)
Total net position	<u>(13,472)</u>	<u>596,910</u>	<u>-</u>	<u>583,438</u>
Total liabilities and net position	<u>\$ 3,436,922</u>	<u>\$ 2,313,734</u>	<u>\$ -</u>	<u>\$ 5,750,656</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	County Building <u>Bond Fund</u>	100 Chestnut Street <u>Fund</u>	Pittsburgh Hyatt Hotel And Conference <u>Center Fund</u>	Total Nonmajor Enterprise <u>Funds</u>
Operating revenues	\$ 146,132	\$ 305,135	\$ 1,619	\$ 452,886
Operating expenses	(143,851)	(306,425)	(9,448)	(459,724)
Operating Income	2,281	(1,290)	(7,829)	(6,838)
Net Position:				
Beginning of year	(15,753)	598,200	7,829	590,276
End of year	<u>\$ (13,472)</u>	<u>\$ 596,910</u>	<u>\$ -</u>	<u>\$ 583,438</u>
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided by (used in):				
Operating activities	\$ 488,837	\$ 346,425	\$ (621,252)	\$ 214,010
Investing activities	7	3,049	1,619	4,675
Capital and related financing	-	(44,650)	-	(44,650)
Noncapital financing activities	(488,844)	(300,000)	-	(788,844)
Net increase	-	4,824	(619,633)	(614,809)
Cash and cash equivalents –beginning	-	42,837	619,633	622,470
Cash and cash equivalents – ending	<u>\$ -</u>	<u>\$ 47,661</u>	<u>\$ -</u>	<u>\$ 47,661</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 18: LEGAL COMPLIANCE

Net Position Deficit

For the year ended December 31, 2014, the following funds had a deficit net position balance:

Enterprise Funds:	
Human Service Building Fund	\$ 320,655

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

Excess of Expenditures over Appropriations – General Fund

For the year ended December 31, 2014, total expenditures exceeded appropriations by \$4,872,214 due to the payment made to refund as a current refunding the General Obligation Bonds, Series of 2009 that was not previously budgeted for in the General Fund.

Component Unit – Net Position DeficitDauphin County General Authority

The following funds of the General Authority had negative net position as of December 31, 2014:

<u>Fund</u>	<u>Amount</u>
Riverfront Office Center	\$ 13,707,773
Dauphin Highlands Golf Course	9,352,569
County Building Bonds	13,472

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

NOTE 19: EMPLOYEES RETIREMENT PLAN

Plan Description

The Employees' Retirement Trust Fund Plan (the "Plan") is a single employer contributory defined benefit retirement plan covering substantially all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended, (the "Act"). Benefits and contribution provisions of the Plan are established and can be amended as provided by the Act. The Plan is included in the financial statements of the County as a pension trust fund. Management of the Plan is vested in the Retirement Board, which consists of five members – three elected County Commissioners, the County Controller, and the County Treasurer.

The financial statements of the Retirement Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

At December 31, 2014, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,052
Inactive plan members entitled to but not yet receiving benefits	204
Active Plan members	1,488
Total Membership	2,744

Benefits Provided

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

Contributions

The Retirement Board establishes the contribution rates based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the year ended December 31, 2014, the minimum active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 9.89 percent of annual payroll. Employees may contribute up to an additional 10% of gross pay, at their option. The employee contributions are recorded in an individually identified account that is also credited with interest, calculated to yield 4.0% compounded annually at December 31, 2014.

Administrative and investment costs of the Plan are paid by the investment earnings of the Plan. The Act makes no provision for termination of the Plan. The County does not issue a separate financial report for the Plan.

Legally Required Reserves

At December 31, 2014, the County has a balance of \$61,095,513 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2014. Since these accumulations represent the present value as of December 31, 2014 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Legally Required Reserves (Continued)

The County has a balance of \$51,652,614 in the County Annuity Reserve Account as of December 31, 2014. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances and this reserve is fully funded.

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

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$124,668,962 as of December 31, 2014.

Plan Reporting

Net Pension Liability of the County

The total pension liability was based on an actuarial valuation dated December 31, 2013 and update procedures were used to rollforward the total pension liability to the December 31, 2014 measurement date. The components of the net pension liability of the County at December 31, 2014 were as follows:

Total Pension Liability	\$306,750,847
Plan Fiduciary Net Pension	<u>287,780,263</u>
County's Net Pension Liability	<u>\$ 18,970,584</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.82%
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The schedule of changes in the net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the plan.

Plan Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the valuation for December 31, 2013 were based on past experience under the plan and reasonable future expectations which represent the independent actuary's best estimate of anticipated experience under the plan. A recent actuarial experience study was not performed.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Actuarial Methods and Assumptions (Continued)

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

Investment Policy

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation in the Plan's target asset allocation for the 2014 measurement period are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.4%
International Equity	5.5
Fixed Income	1.3
Real Estate	4.5
Cash	0.0

Discount Rate

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's Net Pension Liability	\$51,550,130	\$18,970,584	\$(7,729,352)

Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Employer ReportingFunding Status and Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 86.2 percent funded. The actuarial accrued liability for benefits was \$313.0 million, and the actuarial value of assets was \$269.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$43.0 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 86.2%. The covered payroll was \$73.8 million, and the ratio of the UAAL to the covered payroll was 58.3%.

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

Actuarial Methods and Assumptions Used For Funding Purposes

In the December 31, 2014 actuarial valuation, the entry age actuarial cost method was used for funding purposes. The actuarial assumptions included: (a) 7.5 percent investment rate of return, (b) 4.5 percent projected salary increases. Both (a) and (b) included an inflation component of 3%. The actuarial value of assets equals the market value of the assets adjusted for unrecognized gains and losses from prior years. Gains and losses are determined by calculating the expected asset return based on Plan assumptions and subtracting the actual Plan return. Gains and losses are phased in 20 percent per year over a 5-year period. The actuarial value of assets is adjusted, if necessary, to fall within a corridor of 80% to 120% of market value of assets. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2014 was 22 years.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 19: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions Used For Funding Purposes (Continued)

<u>Year Ended</u> <u>December 31,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Interest on Net Pension Asset</u>	<u>ARC Adjustment</u>	<u>Pension Cost</u>	<u>County Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Change in Net Pension Asset</u>	<u>Net Pension Asset</u>
2014	\$ 7,296,208	\$ (1,315)	\$ (2,065)	\$ 7,296,958	\$ 7,296,208	99.99%	\$ 750	\$ (16,779)
2013	8,772,717	(1,374)	(2,170)	8,773,513	8,772,717	99.99%	796	(17,529)
2012	8,493,038	(1,439)	(2,304)	8,493,903	8,493,038	99.99%	865	(18,325)

NOTE 20: POST-EMPLOYMENT BENEFIT PLAN

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

Funding Policy. The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does not require contributions from some retirees. Retiree contributions depend upon the terms of the various union contracts. The County funds the Plan on a pay-as-you-go basis. For 2014, the County contributed \$1,066,117 to the plan for current premiums.

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

	<u>Governmental Activities</u>
Annual required contribution	\$ 1,980,284
Interest on net OPEB obligation	164,486
Adjustment to annual required contribution	<u>(237,835)</u>
Annual OPEB cost (expense)	1,906,935
Contributions made	<u>(1,066,117)</u>
Increase in net OPEB obligation	840,818
Net OPEB obligation – beginning of year	<u>4,112,159</u>
Net OPEB obligation – end of year	<u>\$ 4,952,977</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 20: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2014 and the previous two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 1,906,935	55.91%	\$4,952,977
12/31/2013	1,923,390	52.04%	4,112,159
12/31/2012	1,763,323	60.20%	3,189,716

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

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

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

In the January 1, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 6.0% initially, and declines gradually to an ultimate rate of 3.8%. The UAAL is being amortized using the level dollar method over a period of 30 years on an open basis.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2015	\$ -	\$19,747,055	\$19,747,055	0.00%	\$ 73,801,979	26.8%
1/1/2013	\$ -	\$17,085,944	\$17,085,944	0.00%	\$ 75,886,904	22.5%
1/1/2011	\$ -	\$14,942,647	\$14,942,647	0.00%	\$ 75,798,908	19.7%

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 21: COMPENSATED ABSENCES

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

Vacation Pay

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

Sick Pay

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

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

NOTE 22: LEASES

Operating Leases

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

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

2015	\$ 1,566,270
2016	1,315,646
2017	1,007,108
2018	839,131
2019	820,848
2020 – 2024	1,440,045
2025 – 2029	238,080
2028 – 2032	<u>56,021</u>

Total minimum payments required \$ 7,283,149

Total rental expense for these leases during 2014 approximated \$1,787,143.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 22: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$661,390 for the fiscal year ended June 30, 2014, and is recorded in occupancy expenses on the Statement of Activities. The lease agreement between the County and CMU is for the period of January 1, 2014 through December 1, 2033. Monthly rent increases 1.90% at the beginning of each year.

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

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

Year ending June 30,	Amount
2015	\$ 612,359
2016	614,110
2017	615,586
2018	616,525
2019	616,900
2020-2024	3,188,722
2025-2029	3,443,912
2030-2033	2,578,042
	<u>\$12,286,156</u>

Dauphin County Economic Development Corporation (“DCEDC”)

The DCEDC leases office space from the Dauphin County Industrial Development Authority under a year-to-year operating lease. Minimum rental payments at December 31, 2014, are as follows:

2015	<u>\$32,692</u>
Total	<u>\$32,692</u>

Rental expense totaled \$32,692 for the year ended December 31, 2014.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 23: RELATED PARTY TRANSACTIONS

Component Units - Related Party Transactions

Dauphin County General Authority

The Authority is a component unit of Dauphin County. The Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the Authority for the year ended December 31, 2014 were \$564,517.

The County has been paying rent in excess of the lease requirement to the Authority since 2000. The total amount of these overpayments is \$420,686 at December 31, 2014 and is reported as unearned revenue on the balance sheet. The County had a claim on such overpayments until February 17, 2010, when an indemnity agreement was signed.

Dauphin County Industrial Development Authority ("IDA")

The County of Dauphin pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. The IDA's management and support staff are employees of the County and other significant operating expenses such as telephone service, office maintenance and insurance are paid for by the County. The amount of the County's support and the corresponding operating costs are not reported as revenue and expenses in the IDA's financial statements. The County also provides significant operating revenue, primarily through Gaming distributions passed-through to IDA. Revenue from the County was \$13,377,530 in 2014, representing 96.0% of total operating revenue.

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

The IDA shares management, support staff and office space, and performs various administrative and program functions in conjunction with the Dauphin County Department of Community and Economic Development (DCDCED) which is an internal department of the County and the Dauphin County Economic Development Corporation (DCEDC), a non-profit corporation created by the County to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. DCEDC leases office space from the IDA under a year to year operating lease. As of September 30, 2014, IDA has earned \$24,519 in lease payments that is recorded as Due from Related Party. During they year, the IDA made transfers to DCEDC in the amount of \$120,000 as a parking rental subsidy for the Market Square Garage and property management support.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 23: RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Case Management Unit is a component unit of Dauphin County, PA. The operating lease, described in Note 22, is held with the County and the lease payments are at market value.

Dauphin County Economic Development Corporation ("DCEDC")

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

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

The County also provides significant operating revenue, primarily through Hotel Tax distributions passed-through to DCEDC. Revenue from the County was \$2,534,832 in 2014, representing 52% of total revenue.

The County guarantees DCEDC's long-term debt.

At December 31, 2014 due from related party was comprised of the following pass-through items:

Dauphin County:	
2% Hotel Tax Distribution	\$ 41,115
1% Hotel Tax Distribution	205,637
	<u>\$246,752</u>

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

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

The IDA acts as property management for the Market Square Plaza Parking owned by DCEDC. In this capacity, the IDA collects parking rent fees and remits such fees to the DCEDC on a periodic basis. Parking fees for the year ended December 31, 2014 were \$115,426.

During 2014, DCEDC had transfers from the DCIDA in the amount of \$112,043, of which \$70,000 was for Market Square support, \$41,043 was for a Gaming Grant marketing allocation, and \$1,000 was for event sponsorship.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 24: COMMITMENTS AND CONTINGENCIES

- A. In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2014.
- B. In 2007, the County entered into contracts for the Prison Projects. The contracts' value approximated \$4,813,515 of which \$3,790,802 has been expended as of December 31, 2014.
- C. In 2014, the County entered into contracts for improvements to intersections along the Capital Area Greenbelt. The contracts' value approximately \$1,278,000 of which \$48,089 has been expended as of December 31, 2014.

Component Units – Commitments and Contingencies

Dauphin County General Authority

Project Viability

The continued operation of the Dauphin Highlands Golf Course is dependent on the Administrative Fund providing working capital to fund any deficits created by operations of this golf course. The Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course. The Administrative Fund provided \$229,946 of working capital advances during year ended December 31, 2014 to the Dauphin Highlands Golf Course. As of December 31, 2014, \$125,000 had been repaid to the Administrative Fund.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 24: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Units – Commitments and Contingencies (Continued)Case Management Unit

As a result of a Pennsylvania Department of Community and Economic Development (“DCED”) review, DCED is questioning CMU’s expenditures of approximately \$150,000 of an ARRA grant they received in fiscal year 2011, for noncompliance with the grant requirements. CMU is contesting these findings and proceedings could take over a year to resolve. This amount has not been accrued in the financial statements as of June 30, 2014 as management believes they will receive a favorable outcome.

Dauphin County Industrial Development Authority (“IDA”)

The IDA has contractual commitments at September 30, 2014, of \$12,527,586, of which \$11,963,592 had been drawn for projects directly assisting businesses and municipalities county-wide in the areas of both economic and community development.

NOTE 25: ADMINISTRATIVE FEES

Component Units – Administrative FeesDauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the Authority. For the year ended December 31, 2014, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	278,880
100 Chestnut Street	43,968
Dauphin Highlands Golf Course	27,540
Pittsburgh Hyatt Hotel & Conference Center	1,280
Bond issuance fees	5,000
Total Administrative Fees	<u>\$376,668</u>

NOTE 26: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 26: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES (CONTINUED)

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

The next 1% hotel tax revenue may be distributed at the discretion of the County Commissioners, to be used solely for tourism and regional promotion purposes. DCEDC is the County's sole recipient and administrator of this 1% Hotel Tax revenue. These funds are required to be kept in an account separate from other funds received by DCEDC. DCEDC had transfers in from Dauphin County of \$2,100,581 for the year ended December 31, 2014.

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

NOTE 27: AFFORDABLE HOUSING LOAN PROGRAMS

The Home Grant Program and Affordable Housing Program disburse funds in the form of deferred payment loans for low and moderate income households. The deferred payment loans are secured by a mortgage on the property. Repayment of the loan is deferred until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2014 for these loans totaled \$4,444,658. These outstanding deferred loans have been recorded as receivables at December 31, 2014, and unearned revenues totaling \$4,444,658 have been recorded to offset the deferred loans.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 28: LOANS RECEIVABLE

In 2010, the County entered into a verbal agreement with the Township of Derry (the "Township") in which the County would pay the Township's costs associated with the reconstruction and relocation of County Bridge No. 122. All expenditures related to this project were incurred in calendar year 2010. On January 26, 2011, the County entered into a formal loan agreement with the Township in the original amount of \$408,948, adjusted based on final cost allocation to \$334,470, at an annual simple interest rate of 1.625% to reimburse the County for the Township's portion of the costs. The agreement requires the Township to make annual principal and interest payments of \$36,509 to the County for 10 years beginning in 2012. The amount outstanding on the loan as of December 31, 2014 is \$239,727.

Year	Principal	Interest	Total Due
2015	\$ 32,613	\$ 3,896	\$ 36,509
2016	33,143	3,366	36,509
2017	33,682	2,827	36,509
2018	34,229	2,280	36,509
2019	34,785	1,723	36,508
2020-2021	<u>71,275</u>	<u>1,742</u>	<u>73,017</u>
	<u>\$ 239,727</u>	<u>\$ 15,834</u>	<u>\$ 255,561</u>

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

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

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

On February 29, 2012, the University acknowledged its default on the June 22, 2011 Promissory Note, and requested an additional \$1,500,000 to pay debt service. The funds were disbursed to the University with an extended maturity date of December 31, 2019.

The amount outstanding on the loan at December 31, 2014 is \$3,700,000.

Year	Principal	Interest	Total Due
2015	\$ -	\$ 84,415	\$ 84,415
2016	-	18,500	18,500
2017	-	18,500	18,500
2018	-	18,500	18,500
2019	<u>3,700,000</u>	<u>18,500</u>	<u>3,718,500</u>
	<u>\$ 3,700,000</u>	<u>\$ 158,415</u>	<u>\$ 3,858,415</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 28: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable

Dauphin County Industrial Development Authority (“IDA”)

On April 1, 2007 the IDA entered into a loan agreement with Tuscano Pizza & Grill, Inc. in the amount of \$100,000 at a fixed interest rate of 6.0%. The agreement required Tuscano Pizza & Grill, Inc. to make monthly principal and interest payments of \$1,933 to the IDA for 60 consecutive months beginning on May 1, 2007. In February 2009 this loan agreement was amended, requiring Tuscano Pizza & Grill to make monthly principal and interest payments of \$1,007 for 84 consecutive months beginning on March 1, 2009 on the remaining balance of \$76,187. The new loan agreement carries a fixed interest rate of 3.0%. The amount outstanding on the loan as of September 30, 2014 is \$45,404 which is fully reserved on the financial statements.

On December 19, 2008 the IDA entered into a new loan agreement with Andrew M. Hartwick (Trooper and Max's) in the amount of \$20,000 at a fixed interest rate of 3.0%. The agreement required Andrew M. Hartwick to make monthly principal and interest payments of \$360 to the IDA for 60 consecutive months beginning on February 1, 2009. The loan balance of \$1,429 was paid off during the year ended September 30, 2014.

In July 2008, the IDA entered in to a loan agreement with Trinity Harvest in the amount of \$50,000 at a fixed interest rate of 3.0%. The agreement required Trinity Harvest to make monthly principal and interest payments of \$898 to the IDA for 60 consecutive months beginning on October 1, 2008. The amount outstanding on the loan as of September 30, 2014 is \$33,345 which is fully reserved on the financial statements.

On May 8, 2009 the IDA entered into a loan agreement with 39 Ventures, LP (Arooga's) in the amount of \$200,000 at a fixed interest rate of 4.5%. The agreement required 39 Ventures, LP to make monthly principal and interest payments of \$3,729 to the IDA for 60 consecutive months beginning on June 1, 2009. The loan balance of \$29,332 was paid off during the year ended September 30, 2014.

During the fiscal year ended, September 30, 2008 Dauphin County transferred the collection and rights of 7 loans receivable previously recorded as assets on the Dauphin County Financial statements to the IDA. The principle balance of the loans receivable at the time of transfer was \$92,172. Two of the loan balances were paid off during the year ended September 30, 2010. One of the loan balances was paid off during the year ended September 30, 2011. Three of the loan balances were written off during the year ended September 30, 2011. The principle balance outstanding for the remaining loan as of September 30, 2014 is \$4,845.

On April 6, 2011 the IDA entered into a loan agreement with Harristown Enterprises, Inc. in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Harristown Enterprises to make monthly principal and interest payments of \$1,853 to the IDA for 60 consecutive months beginning on July 1, 2011. The amount outstanding on the loan as of September 30, 2014 is \$37,436.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 28: LOANS RECEIVABLE (CONTINUED)

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

On December 18, 2012 the IDA entered into a loan agreement with Mindburn Solutions, LLC in the amount of \$15,000 at a fixed interest rate of 2.5%. The agreement required Mindburn Solutions, LLC to make monthly principal and interest payments of \$266 to the IDA for 60 consecutive months beginning on February 1, 2013. The amount outstanding on the loan as of September 30, 2014 is \$10,500.

On December 18, 2012 the IDA entered into a loan agreement with Q. Jones, Inc in the amount of \$50,000 at a fixed rate of 2.5%. The agreement required Q. Jones, Inc. to make monthly principal and interest payments of \$887 to the IDA for 60 consecutive months beginning on February 1, 2013. The amount outstanding on the loan as of September 30, 2014 is \$34,020.

On May 23, 2013 the IDA entered into a loan agreement with Hershey Miniature Golf, Inc. (Adventure Sports in Hershey) in the amount of \$114,400 at a fixed rate of 3.5%. The agreement required Hershey Miniature Golf, Inc. to make monthly principal and interest payments of \$1,538 to the IDA for 84 consecutive months beginning on July 1, 2013. The amount outstanding on the loan as of September 30, 2014 is \$92,099.

On October 9, 2013 the IDA entered into a loan agreement with Probitas Technology, Inc. in the amount of \$100,000 at a fixed rate of 2.5%. The agreement required Probitas Technology, Inc. to make monthly principal and interest payments of \$1,775 to the Authority for 60 consecutive months beginning on December 31, 2013. The amount outstanding on the loan as of September 30, 2014 is \$88,943.

Loans Receivable at September 30, 2014 is as follows:

Displayed as:	
Current Portion	\$ 74,500
Noncurrent Portion	193,343
	<u>\$ 267,843</u>

Dauphin County Economic Development Corporation (“DCEDC”)

The Section 108 Note Payable proceeds described in Note 8 were loaned to a developer to fund the revitalization of an office building complex. DCEDC entered into a mortgage agreement with the developer for repayment of the loan. As of December 31, 2014, the amount owed to the DCEDC is \$2,315,056. As a result of the developer filing for bankruptcy, the balance has been determined to be uncollectible and has been fully reserved in DCEDC’s financial statements.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 29: ECONOMIC DEPENDENCY

Component Units - Economic DependencyCase Management Unit

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

Dauphin County Economic Development Corporation ("DCEDC")

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

NOTE 30: LITIGATION

Component Unit – LitigationDauphin County General Authority

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2014. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

NOTE 31: MANAGEMENT'S PLAN

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

The DCEDC has a deficit unrestricted net position balance in the amount of \$1,942,828 at December 31, 2014. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$2,040,000. This loan is being repaid in accordance with the loan amortization schedule using CDBG funds. The payments will continue through the loans maturity in 2026 and subsequently relieve the net position deficit.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 32: GUARANTEED DEBT

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

In 2010, the County guaranteed IDA's \$1,900,000 Guaranteed Mortgage Revenue Note, Series of 2010. The note matures monthly through December 1, 2020. At December 31, 2014 the outstanding principal amount of the guaranteed note is \$1,670,259. In 2012, the County guaranteed IDA's \$305,000 Guaranteed Mortgage Revenue Note, Series of 2012. The note matures monthly through December 1, 2032. At December 31, 2014 the outstanding principal amount of the guaranteed note is \$285,000. In 2012, the County guaranteed IDA's \$2,550,000 Guaranteed Note of 2012. The note matures semi-annually through December 1, 2032. At December 31, 2014 the outstanding principal amount of the guaranteed note is \$2,489,676.

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

In 2004, the County guaranteed DCEDC's \$2,200,000 Guaranteed Parking Revenue Note, Series of 2004. The note matures semi-annually through December 1, 2030. At December 31, 2014 the outstanding principal amount of the guaranteed note is \$1,745,000. In the event DCEDC is unable to make a required payment on the guaranteed note, the County would be required to make the payments. The DCEDC is not required to repay the County for any payments the County makes pursuant to the guaranty.

In 2011, the County guaranteed the General Authority's \$8,796,927 and \$2,355,154 Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011, respectively. The bonds mature through 2016. At December 31, 2014 the outstanding principal amounts of \$8,537,105 and 1,914,129. In the event the General Authority is unable to make a required payment on the guaranteed bonds, the County would be required to make the payments. In accordance with the guaranty agreement, if such payments are made by the County, the General Authority is required to reimburse the County from any money's available for that purpose under the Trust Indenture.

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 32: GUARANTEED DEBT (CONTINUED)

Based on qualitative factors and historic experience of defaults by the Authority, the County has recognized a liability for its best estimate of the discounted present value of future payments expected to be incurred as a result of the guaranty. The liability recognized for the nonexchange financial guaranty by the County at December 31, 2014 is as follows:

Beginning Balance	Additions	Deductions	Ending Balance
\$8,954,279	\$ -	\$1,500,000	\$7,454,279

As of December 31, 2014 the County has made \$3,000,000 cumulative payments under the 2007 Series B Bonds nonexchange financial guaranty. Through a Settlement Agreement with the City of Harrisburg, the Harrisburg Authority, and Assured Guaranty Municipal Corp., the County will receive reimbursement for these guaranty payments from any recoveries Harrisburg is able to receive in legal proceedings against third parties related to the Harrisburg University funding.

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

In 2013, Dauphin County guaranteed portions of the 2013 Bonds. In accordance with the Series B Bond Guaranty Agreement between Dauphin County and the Pennsylvania Economic Development Financing Authority, the County has guaranteed the full payment of the principal and interest of the Series B Bonds in the maximum principal amount of \$99,000,000, together with interest thereon. The Series B Bonds mature through July 1, 2053. As of December 31, 2014 the amount of principal outstanding on the Series B Bonds is \$97,172,029. The County entered into a County/Authority Reimbursement Agreement with the Pennsylvania Economic Development Financing Authority that provides for the County to seek reimbursement from the Authority for any guarantee payments the County makes as a result of a failure of the Authority to make a payment.

In accordance with the Series C Bond Guaranty Agreement between Dauphin County and the Pennsylvania Economic Development Financing Authority, the County has guaranteed the full payment of the principal and interest of the Series C Bonds in the maximum principal amount of \$68,453,474, together with interest thereon, in the event that the Bond Insurer (Assured Guaranty Municipal Corp. "AGM") fails to make debt service payments to the Authority. The Series C Bonds mature through July 1, 2053. As of December 31, 2014 the amount of principal outstanding on the Series C Bonds is \$68,453,474. The County entered into a Reimbursement Agreement with AGM so that the County has a legal right to seek reimbursement from AGM for any guaranty payments the County makes as a result of a failure of AGM to make a guarantee payment.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 32: GUARANTEED DEBT (CONTINUED)

In accordance with a guaranty agreement dated December 23, 2013 between the County and the Lancaster County Solid Waste Management Authority ("LCSWMA"), the County guarantees the full payment of the principal and interest of the \$24 million 2013B Bonds issued by the LCSWMA in connection with the Harrisburg Resource Recovery Facility ("HRRF") transactions. The County will also be responsible for interest expense, over 1% annum, for a period of 20 years. The 2013B Bonds, when due in 2034, will be paid by the LCSWMA if the County flow control to the HRRF is renewed for a subsequent 10-year term by mutual agreement between the County and the LCSWMA. If such mutual agreement is not reached, LCSWMA has agreed to convey the HRRF to the County, free and clear of any liens or encumbrances, for \$24 million which will be applied to pay the 2013B Bonds. At December 31, 2014 the outstanding principal of the 2013B Bonds is \$24 million. The County entered into a Reimbursement Agreement with LCSWMA so that the County has a legal right to seek reimbursement from LCSWMA for any guaranty payments the County makes as a result of a failure of LCSWMA to make a payment.

NOTE 33: LABOR CONTRACT

Component Unit – Labor Contract

Case Management Unit

Approximately 80% of CMU's payroll was paid to employees represented by a labor union contract which expired June 30, 2013. A new agreement was agreed upon and is in effect from July 1, 2013 to June 30, 2016.

NOTE 34: RESTATEMENT OF NET POSITION / CHANGE IN ACCOUNTING PRINCIPLE

The following restatement of the governmental type activities net position was necessary to properly reflect the adoption of GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

Net Position, Beginning Balance of Year as Previously Stated	\$ 54,402,845
Expense of Guarantee Liability due to the adoption of GASB Statement No. 70	<u>(8,954,279)</u>
Net Position, Beginning Balance of Year as Restated	<u>\$ 45,448,566</u>

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 35: INFRASTRUCTURE BANK

Component Unit – Infrastructure BankDauphin County Industrial Development Authority (“IDA”)

The Dauphin County Infrastructure Bank was approved for creation in June of 2013 for the purpose of providing eligible applicants loans to fund qualifying transportation infrastructure projects, with interest rates ranging from 0.5% to 1.25% and terms of up to 10 years. These loans are secured by pledges of liquid fuels revenue for public applicants, or letters of credit for private applicants. In addition, the loan agreements are between the County and the loan applicants.

In March of 2014, through a partnership between the Pennsylvania Department of Transportation and Dauphin County, the County received a loan in the amount of \$4,272,723 which was transferred to the IDA, by memorandum of understanding, for the administration of the Infrastructure Bank program.

Loans Receivable

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

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

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

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

As part of the Dauphin County Infrastructure Bank loan application, the City of Harrisburg (the “City”) was awarded \$350,000 at a fixed interest rate of 0.50% with scheduled closing on May 15, 2014; however prior to signing the loan agreement, the City opted to decline the loan. As of September 30, 2014, the City loan money remains in the possession of the IDA.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 35: INFRASTRUCTURE BANK

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

Loans Receivable at September 30, 2014 is as follows:

	Infrastructure Bank Fund
Displayed as:	
Current Portion	\$ 349,712
Noncurrent Portion	<u>3,157,248</u>
	<u>\$ 3,506,960</u>

Due to Other Governments

As the IDA is the administrator of the program, Municipalities are to submit allowable expenses for infrastructure projects to the IDA for payment. The loan agreements between Dauphin County and the Municipalities establish the amount of funding loaned to the Municipality under the Program for payment of the expenses. The Due to Other Governments represents the funding that has yet to be expended by the Municipalities. As of September 30, 2014, \$3,481,837 was due to the Municipalities for the completion of the infrastructure projects.

Due to Related Party

Through the creation of the Infrastructure Bank, Dauphin County established an MOU with the IDA in which the IDA acts as the administrator of the program. Although the MOU gives the administrative rights to the IDA, the debt remains in the name of Dauphin County. As the debt service payments from the Municipalities are collected by the IDA, they will be applied against the County loan. The County has also budgeted to contribute \$350,000 annually of their Liquid Fuels allocation to assist in the repayment of the loan. As of September 30, 2014, \$4,272,723 is due to Dauphin County for the repayment of the Infrastructure Bank loan.

NOTE 36: SUBSEQUENT EVENTS

- A. On January 29, 2015, the County issued Series of 2015 General Obligation Bonds in the principal amount of \$19,425,000 to current refund Series of B and C of 2005 General Obligation Bonds, to fund a termination payment of \$1,146,000 associated with the cancellation of the 2015 Swap Agreement (see Note 9), and to pay costs related to the issuance of the Bonds.
- B. On February 1, 2015 the County received a loan from the Pennsylvania Department of Transportation in the amount of \$7,034,518. On February 9, 2015 the funds were transferred to the Dauphin County Industrial Development Authority for use in the Dauphin County Infrastructure Bank program.
- C. On February 26, 2015 the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2015 debt payment.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

NOTE 36: SUBSEQUENT EVENTS (CONTINUED)

- D. As of July 24, 2015, the Dauphin County Children and Youth Department is operating under a provisional license issued by the Pennsylvania Department of Human Services.

Component Unit – Subsequent Events

Dauphin County Industrial Development Authority (“IDA”)

In November 2014, the Authority had draws on the Guaranteed Lease Revenue Note, Series of 2013 for the West Hanover Township project in the amount of \$400,000.

In February 2015, through a partnership between the Pennsylvania Department of Transportation and Dauphin County, the County received a loan in the amount of \$7,034,518, which was transferred to the IDA. The Dauphin County Infrastructure Bank was approved for creation in June of 2013 for the purpose of providing eligible applicants loans to fund qualifying transportation infrastructure projects. These loans will be secured by pledges of liquid fuels revenue for public applicants, or letters of credit for private applicants.

Dauphin County General Authority

In February 2015, the Authority issued Riverfront Office and Parking Revenue Bonds in the principal amount of \$32,000,000. The purpose of these bonds was to refund the Riverfront Office and Parking Revenue Bonds, Series A of 1998 and partially refund the Riverfront Office and Parking Revenue Bonds, Series C of 1998.

REQUIRED
SUPPLEMENTARY
INFORMATION

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

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2014	\$ 7,296,208	100%
2013	\$ 8,772,717	100%
2012	\$ 8,493,038	100%
2011	\$ 10,293,492	100%
2010	\$ 10,118,006	100%
2009	\$ 7,732,226	100%

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

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	\$ 269,915,530	\$ 312,952,397	\$ 43,036,867	86.2%	\$ 73,801,979	58.3%
12/31/2013	\$ 247,708,651	\$ 296,712,682	\$ 49,004,031	83.5%	\$ 74,667,283	65.6%
12/31/2012	\$ 221,525,154	\$ 282,867,937	\$ 61,342,783	78.3%	\$ 75,886,904	80.8%
12/31/2011	\$ 202,614,901	\$ 267,245,263	\$ 64,630,362	75.8%	\$ 75,828,648	85.2%
12/31/2010	\$ 190,544,004	\$ 254,614,559	\$ 64,070,555	74.8%	\$ 75,798,908	84.5%
12/31/2009	\$ 181,680,257	\$ 243,358,983	\$ 61,678,726	74.7%	\$ 77,592,072	79.5%

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

Total Pension Liability	<u>2014</u>
Service cost	\$ 3,217,446
Interest	21,801,234
Changes of benefit terms	-
Differences between expected and actual experience	1,961,828
Changes in assumptions	-
Benefit payments, including refunds of member contributions	<u>(15,117,387)</u>
Net change in total pension liability	11,863,121
Total pension liability - beginning	<u>294,887,726</u>
Total pension liability - ending (a)	<u><u>\$ 306,750,847</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 7,296,208
Contributions - employee	4,414,489
Net investment income	20,481,369
Benefit payments, including refunds of employee contributions	(15,117,387)
Administrative expense	(185,842)
Other	-
Net change in plan fiduciary net position	16,888,837
Plan fiduciary net position - beginning	<u>270,891,426</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 287,780,263</u></u>
County's net pension liability - ending (a) - (b)	<u><u>\$ 18,970,584</u></u>
Plan fiduciary net position as a percentage of the total pension liability	93.82%
Covered-employee payroll	\$ 73,801,979
County's net pension liability as a percentage of covered-employee payroll	25.70%

The County adopted GASB Statement No. 67 on a prospective basis in 2014; therefore only one year is presented in the above schedule.

COUNTY OF DAUPHIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarially determined contribution	\$ 7,296,208	\$ 8,772,717	\$ 8,493,038	\$ 10,293,492	\$ 10,118,006	\$ 7,732,226	\$ 3,377,905	\$ 4,340,916	\$ 6,683,297	\$ 7,329,921
Contributions in relation to the actuarially determined contribution	<u>7,296,208</u>	<u>8,772,717</u>	<u>8,493,038</u>	<u>10,293,492</u>	<u>10,118,006</u>	<u>7,732,226</u>	<u>3,377,905</u>	<u>4,363,971</u>	<u>6,683,297</u>	<u>7,329,921</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,055)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 73,801,979	\$ 74,667,283	\$ 75,886,904	\$ 75,828,648	\$ 75,798,908	\$ 77,592,072	\$ 71,264,760	\$ 66,233,427	\$ 72,341,783	\$ 71,386,948
Contributions as a percentage of covered-employee payroll	9.89%	11.75%	11.19%	13.57%	13.35%	9.97%	4.74%	6.59%	9.24%	10.27%

Notes to Schedule

Valuation date December 31, 2013

Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level Dollar
Remaining amortization period	22 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	4.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

COUNTY OF DAUPHIN
SCHEDULE OF INVESTMENT RETURNS

2014

Annual money-weighted rate of return, net of investment expense	8.00%
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Note to Schedule

The County adopted GASB Statement No. 67 on a prospective basis in 2014; therefore only one year is presented in the above schedule.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2015	\$ -	\$ 19,747,055	\$ 19,747,055	0%	\$ 73,801,979	26.8%
1/1/2013	-	17,085,944	17,085,944	0%	75,886,904	22.5%
1/1/2011	-	14,942,647	14,942,647	0%	75,798,908	19.7%

COUNTY OF DAUPHIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 101,185,000	\$ 101,185,000	\$ 101,593,952	\$ 408,952
Intergovernmental	39,355,578	39,893,796	38,559,532	(1,334,264)
Charges for Services	14,699,294	14,797,716	16,177,520	1,379,804
License and Permits	96,400	96,400	105,213	8,813
Court Costs and Fines	4,570,811	4,709,624	3,900,024	(809,600)
Interest and Rents	111,385	111,385	148,977	37,592
Miscellaneous	4,000	4,000	86,182	82,182
Total Revenues	160,022,468	160,797,921	160,571,400	(226,521)
Expenditures				
Current:				
General Government	13,304,103	15,361,105	12,568,337	2,792,768
Judicial	55,617,999	55,807,379	53,474,191	2,333,188
Public Safety	38,087,210	38,186,903	37,334,975	851,928
Human Services	27,438,477	27,485,462	27,989,925	(504,463)
Culture and Recreation	2,164,786	2,261,131	2,139,718	121,413
Conservation and Development	7,317,731	7,290,962	5,139,949	2,151,013
Debt Service:				
Principle	8,098,410	8,098,410	18,940,967	(10,842,557)
Interest	4,124,492	4,124,492	5,630,603	(1,506,111)
Bond Issuance Costs	-	-	269,393	(269,393)
Total Expenditures	156,153,208	158,615,844	163,488,058	(4,872,214)
Excess of Revenues Over (Under) Expenditures	3,869,260	2,182,077	(2,916,658)	(5,098,735)
Other Financing Sources (Uses)				
Operating Transfer In	5,335,609	4,400,877	3,923,004	(477,873)
Operating Transfer (Out)	(17,704,869)	(15,082,954)	(11,370,180)	3,712,774
Transfer from Component Unit	-	-	1,668,398	1,668,398
Bond Premium	-	-	116,368	116,368
Bond Discount	-	-	(33,164)	(33,164)
Payment to Bond Escrow Agent	-	-	(8,080,000)	(8,080,000)
Proceeds of Refunding General Obligation Debt	-	-	18,080,000	18,080,000
Proceeds from Liquid Fuels Revenue Note	-	-	4,272,723	4,272,723
Capital Lease Proceeds	-	-	1,412,634	1,412,634
Total Other Financing Sources (Uses)	(12,369,260)	(10,682,077)	9,989,783	20,671,860
Net Change in Fund Balances	(8,500,000)	(8,500,000)	7,073,125	15,573,125
Fund Balances - January 1	8,500,000	8,500,000	37,498,166	28,998,166
Fund Balances - December 31	\$ -	\$ -	\$ 44,571,291	\$ 44,571,291

OTHER
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2014

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Capital Projects Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 7,784,186	\$ -	\$ 5,063,902	\$ 12,848,088
Investments	189,033	1,243,859	126,295	1,559,187
Receivables:				
Accounts	95,046	-	-	95,046
Loans	239,727	-	-	239,727
Due From Other Governments	2,017,373	-	-	2,017,373
Other Assets	2,310	-	-	2,310
Total Assets	\$ 10,327,675	\$ 1,243,859	\$ 5,190,197	\$ 16,761,731
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts Payable	\$ 2,077,561	\$ -	244,187	\$ 2,321,748
Accrued Liabilities	372,570	-	-	372,570
Unearned Revenues	2,408,624	-	-	2,408,624
Due to Other Funds	-	-	250,000	250,000
Total Liabilities	4,858,755	-	494,187	5,352,942
Fund Balances				
Nonspendable	207,114	-	-	207,114
Restricted	5,261,806	1,243,859	4,696,010	11,201,675
Total Fund Balances	5,468,920	1,243,859	4,696,010	11,408,789
Total Liabilities and Fund Balances	\$ 10,327,675	\$ 1,243,859	\$ 5,190,197	\$ 16,761,731

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Other Special Revenue Funds	Fort Hunter Permanent Fund	Capital Projects Fund	Total Other Governmental Funds
Revenues				
Hotel Taxes	\$ 10,680,070	\$ -	\$ -	\$ 10,680,070
Intergovernmental	39,144,394	-	6,266,000	45,410,394
Charges for Services	1,076,764	-	587,515	1,664,279
Court Costs and Fines and Fees	1,696,460	-	-	1,696,460
Interest and Rent	25,302	26,875	13,544	65,721
Appreciation in Fair Market Value of Investments	-	58,978	-	58,978
Miscellaneous Revenue	1,513,315	13,567	438,186	1,965,068
Total Revenues	54,136,305	99,420	7,305,245	61,540,970
Expenditures				
Current:				
General Government	-	-	279	279
Judicial	7,204,109	-	-	7,204,109
Public Safety	96,643	-	90,391	187,034
Public Works	472,453	-	6,382,900	6,855,353
Human Services	36,870,199	-	-	36,870,199
Culture and Recreation	10,682,842	-	-	10,682,842
Debt Service				
Principle	135,000	-	-	135,000
Interest	20,869	-	-	20,869
Capital Projects	-	-	1,396,911	1,396,911
Total Expenditures	55,482,115	-	7,870,481	63,352,596
Excess of Revenues Over (Under)				
Expenditures	(1,345,810)	99,420	(565,236)	(1,811,626)
Other Financing Sources (Uses)				
Transfers In	3,310,808	-	185,000	3,495,808
Transfers Out	(88,887)	-	-	(88,887)
Total Other Financing Sources	3,221,921	-	185,000	3,406,921
Net Change in Fund Balances	1,876,111	99,420	(380,236)	1,595,295
Fund Balances - Beginning of Year	3,592,809	1,144,439	5,076,246	9,813,494
Fund Balances - End of Year	\$ 5,468,920	\$ 1,243,859	\$ 4,696,010	\$ 11,408,789

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2014

	MH/ID	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weather- ization Program	Hazard Material Emergency Response	Human Services Development Fund
<u>Assets</u>							
Cash and Cash Equivalents	\$ 902,808	\$ 704,441	\$ 1,547,497	\$ 158,947	\$ 85,373	\$ 189,471	\$ 57,788
Investments	22,513	17,569	38,595	3,963	2,129	4,725	1,441
Receivables:							
Accounts	-	53,607	-	10,000	-	-	-
Loans	-	-	239,727	-	-	-	-
Due From Other Governments	218,932	-	264,839	1,323,799	3,864	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	\$ 1,144,253	\$ 775,617	\$ 2,090,658	\$ 1,496,709	\$ 91,366	\$ 194,196	\$ 59,229
<u>Liabilities and Fund Balances</u>							
Liabilities							
Accounts Payable	\$ 612,409	\$ 13,942	\$ 265	\$ 23,678	\$ -	\$ 6,657	\$ 11,362
Accrued Liabilities	126,268	3,962	-	105,281	-	-	-
Unearned Revenues	405,576	-	-	-	91,366	-	47,867
Total Liabilities	1,144,253	17,904	265	128,959	91,366	6,657	59,229
Fund Balances							
Nonspendable	-	-	207,114	-	-	-	-
Restricted	-	757,713	1,883,279	1,367,750	-	187,539	-
Total Fund Balances	-	757,713	2,090,393	1,367,750	-	187,539	-
Total Liabilities and Fund Balances	\$ 1,144,253	\$ 775,617	\$ 2,090,658	\$ 1,496,709	\$ 91,366	\$ 194,196	\$ 59,229

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2014

	Aging Fund	Drug and Alcohol Fund	Drug Act- Forfeited State Property	Drug Act- Forfeited Federal Property	Hotel Tax Fund	Act 89 Bridge Maintenance Fund	Total
<u>Assets</u>							
Cash and Cash Equivalents	\$ 1,366,965	\$ 877,180	\$ 167,610	\$ 641,894	\$ 1,012,214	\$ 71,998	\$ 7,784,186
Investments	29,292	21,875	3,881	16,009	25,245	1,796	189,033
Receivables:							
Accounts	11,295	20,144	-	-	-	-	95,046
Loans	-	-	-	-	-	-	239,727
Due From Other Governments	5,180	200,759	-	-	-	-	2,017,373
Other Assets	-	-	1,310	1,000	-	-	2,310
Total Assets	\$ 1,412,732	\$ 1,119,958	\$ 172,801	\$ 658,903	\$ 1,037,459	\$ 73,794	\$ 10,327,675
<u>Liabilities and Fund Balances</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 215,996	\$ 126,636	\$ 30,655	\$ -	\$ 1,035,961	\$ -	\$ 2,077,561
Accrued Liabilities	108,820	24,954	1,787	-	1,498	-	372,570
Unearned Revenues	895,447	968,368	-	-	-	-	2,408,624
Total Liabilities	1,220,263	1,119,958	32,442	-	1,037,459	-	4,858,755
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	207,114
Restricted	192,469	-	140,359	658,903	-	73,794	5,261,806
Total Fund Balances	192,469	-	140,359	658,903	-	73,794	5,468,920
Total Liabilities and Fund Balances	\$ 1,412,732	\$ 1,119,958	\$ 172,801	\$ 658,903	\$ 1,037,459	\$ 73,794	\$ 10,327,675

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	MH/ID	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatheri- zation Program	Hazard Material Emergency Response	Human Services Development Fund
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	23,989,749	-	1,381,001	4,338,791	3,885	59,972	350,137
Charges for Services	749,489	-	-	63,694	1,185	51,571	-
Court Costs and Fines and Fees	-	745,307	-	-	-	-	-
Interest and Rent	4,009	1,737	7,798	122	23	625	392
Miscellaneous Revenue	-	15,113	-	-	-	16	25,616
Total Revenues	24,743,247	762,157	1,388,799	4,402,607	5,093	112,184	376,145
Expenditures							
Current:							
Judicial	-	440,877	-	6,177,816	-	-	-
Public Safety	-	-	-	-	-	96,643	-
Public Works	-	-	472,453	-	-	-	-
Human Services	25,539,443	-	-	-	107,769	-	426,115
Culture and Recreation	-	-	-	-	-	-	-
Debt Service							
Principle	135,000	-	-	-	-	-	-
Interest	20,869	-	-	-	-	-	-
Total Expenditures	25,695,312	440,877	472,453	6,177,816	107,769	96,643	426,115
Excess of Revenues Over (Under) Expenditures	(952,065)	321,280	916,346	(1,775,209)	(102,676)	15,541	(49,970)
Other Financing Sources (Uses)							
Transfers In	952,065	-	-	1,915,123	121,626	-	49,970
Transfers Out	-	-	-	-	(18,950)	-	-
Total Other Financing Sources	952,065	-	-	1,915,123	102,676	-	49,970
Net Change in Fund Balances	-	321,280	916,346	139,914	-	15,541	-
Fund Balances - Beginning of Year	-	436,433	1,174,047	1,227,836	-	171,998	-
Fund Balances - End of Year	\$ -	\$ 757,713	\$ 2,090,393	\$ 1,367,750	-	\$ 187,539	\$ -

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Aging Fund	Drug and Alcohol Fund	Drug Act- Forfeited State Fund	Drug Act- Forfeited Federal Fund	Hotel Tax Fund	Act 89 Bridge Maintenance Fund	Totals
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,680,070	\$ -	\$ 10,680,070
Intergovernmental	5,526,276	3,420,802	-	-	-	73,781	39,144,394
Charges for Services	63,701	147,124	-	-	-	-	1,076,764
Court Costs and Fines and Fees	-	-	426,551	524,602	-	-	1,696,460
Interest and Rent	3,383	2,540	501	1,387	2,772	13	25,302
Miscellaneous Revenue	1,472,570	-	-	-	-	-	1,513,315
Total Revenues	7,065,930	3,570,466	427,052	525,989	10,682,842	73,794	54,136,305
Expenditures							
Current:							
Judicial	-	-	480,857	104,559	-	-	7,204,109
Public Safety	-	-	-	-	-	-	96,643
Public Works	-	-	-	-	-	-	472,453
Human Services	7,049,382	3,747,490	-	-	-	-	36,870,199
Culture and Recreation	-	-	-	-	10,682,842	-	10,682,842
Debt Service							
Principle	-	-	-	-	-	-	135,000
Interest	-	-	-	-	-	-	20,869
Total Expenditures	7,049,382	3,747,490	480,857	104,559	10,682,842	-	55,482,115
Excess of Revenues Over (Under)							
Expenditures	16,548	(177,024)	(53,805)	421,430	-	73,794	(1,345,810)
Other Financing Sources (Uses)							
Transfers In	50,000	222,024	-	-	-	-	3,310,808
Transfers Out	(24,937)	(45,000)	-	-	-	-	(88,887)
Total Other Financing Sources	25,063	177,024	-	-	-	-	3,221,921
Net Change in Fund Balances	41,611	-	(53,805)	421,430	-	73,794	1,876,111
Fund Balances - Beginning of Year	150,858	-	194,164	237,473	-	-	3,592,809
Fund Balances - End of Year	\$ 192,469	\$ -	\$ 140,359	\$ 658,903	\$ -	\$ 73,794	\$ 5,468,920

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2014

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 439,445	\$ 1,779,491	\$ 18,422	\$ 2,237,358
Investments	10,960	44,381	-	55,341
Accounts Receivables	12,522	249,277	-	261,799
Other Assets	-	1,950	-	1,950
Total current assets	462,927	2,075,099	18,422	2,556,448
Noncurrent Assets:				
Capital Assets, Not Being Depreciated	-	10,200	111,492	121,692
Capital Assets, Being Depreciated, (Net)	1,537,877	1,016,843	348,250	2,902,970
Total noncurrent assets	1,537,877	1,027,043	459,742	3,024,662
Total assets	2,000,804	3,102,142	478,164	5,581,110
LIABILITIES				
Current liabilities:				
Accounts Payable	20,320	70,855	-	91,175
Accrued Liabilities	8,022	114,407	-	122,429
Obligation Under Capital Lease	-	140,282	-	140,282
Due to Other Funds	-	855,645	-	855,645
Total current liabilities	28,342	1,181,189	-	1,209,531
Noncurrent liabilities:				
Accrued Compensated Absences	18,433	464,471	-	482,904
Obligation Under Capital Lease	-	180,264	-	180,264
Total noncurrent liabilities	18,433	644,735	-	663,168
Total liabilities	46,775	1,825,924	-	1,872,699
NET POSITION				
Net Investment in Capital Assets	1,537,877	706,497	459,742	2,704,116
Unrestricted	416,152	569,721	18,422	1,004,295
Total net position	\$ 1,954,029	\$ 1,276,218	\$ 478,164	\$ 3,708,411

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Operating Revenues				
Charges for Services	\$ 195,323	\$ 4,422,486	\$ 48,672	\$ 4,666,481
Total Operating Revenues	<u>195,323</u>	<u>4,422,486</u>	<u>48,672</u>	<u>4,666,481</u>
Operating Expenses				
Personnel Services	371,024	4,608,475	-	4,979,499
Contracted Services	167,748	40,879	-	208,627
Supplies and Materials	2,538	12,548	-	15,086
Repairs and Maintenance	30,437	1,310,390	-	1,340,827
Utilities	22,171	342,684	10,207	375,062
Other Services and Charges	155,231	203,168	22,592	380,991
Depreciation and Amortization	103,935	267,080	55,180	426,195
Total Operating Expenses	<u>853,084</u>	<u>6,785,224</u>	<u>87,979</u>	<u>7,726,287</u>
Operating Loss	<u>(657,761)</u>	<u>(2,362,738)</u>	<u>(39,307)</u>	<u>(3,059,806)</u>
Nonoperating Revenues (Expenses)				
Interest Income	367	6,109	-	6,476
Interest Expense	-	(7,650)	-	(7,650)
Grants	5,229	-	-	5,229
Total Nonoperating Revenues (Expenses)	<u>5,596</u>	<u>(1,541)</u>	<u>-</u>	<u>4,055</u>
Loss Before Operating Transfers In	<u>(652,165)</u>	<u>(2,364,279)</u>	<u>(39,307)</u>	<u>(3,055,751)</u>
Transfers In	<u>597,161</u>	<u>3,000,000</u>	<u>-</u>	<u>3,597,161</u>
Total Transfers In	<u>597,161</u>	<u>3,000,000</u>	<u>-</u>	<u>3,597,161</u>
Changes in Net Position	(55,004)	635,721	(39,307)	541,410
Total Net Position - Beginning of Year	<u>2,009,033</u>	<u>640,497</u>	<u>517,471</u>	<u>3,167,001</u>
Total Net Position - End of Year	<u>\$ 1,954,029</u>	<u>\$ 1,276,218</u>	<u>\$ 478,164</u>	<u>\$ 3,708,411</u>

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Cash Flows From Operating Activities				
Receipts from Recycling Services	\$ 247,224	\$ 4,462,250	\$ -	\$ 4,709,474
Receipts from Recreational Activities	-	-	48,672	48,672
Payments to Employees	(369,298)	(4,573,524)	-	(4,942,822)
Payments to Suppliers	(456,151)	(1,902,303)	(32,799)	(2,391,253)
Internal Activity - Payments to other funds	-	855,645	-	855,645
Net Cash Provided by (Used In) Operating Activities	(578,225)	(1,157,932)	15,873	(1,720,284)
Cash Flow From Noncapital Financing Activities				
Operating Transfers In	597,161	3,000,000	-	3,597,161
Grants	103,854	57,969	-	161,823
Net Cash Provided by Noncapital Financing Activities	701,015	3,057,969	-	3,758,984
Cash Flows from Capital and Related Financing Activities				
Interest Paid	-	(7,650)	-	(7,650)
Purchase of Capital Assets, net of Disposals	(19,895)	(310,020)	(15,843)	(345,758)
Increase in Capital Lease Obligation	-	310,020	-	310,020
Principal Payments on Capital Lease	-	(85,523)	-	(85,523)
Net Cash Used in Capital and Related Financing Activities	(19,895)	(93,173)	(15,843)	(128,911)
Cash Flows from Investing Activities				
Interest Income	367	6,109	-	6,476
Investment Purchases	(10,960)	(44,381)	-	(55,341)
Net Cash Used In Investing Activities	(10,593)	(38,272)	-	(48,865)
Net Increase in Cash and Cash Equivalents	92,302	1,768,592	30	1,860,924
Cash and Cash Equivalents, Beginning of Year	347,143	10,899	18,392	376,434
Cash and Cash Equivalents, End of Year	\$ 439,445	\$ 1,779,491	\$ 18,422	\$ 2,237,358
<u>Supplemental Disclosure of Noncash Transactions:</u>				
Assets Acquired under Capital Lease	\$ -	\$ 310,020	\$ -	\$ 310,020

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Reconciliation of Operating loss to net cash provided (used) by operating activities				
Operating Loss	\$ (657,761)	\$ (2,362,738)	\$ (39,307)	\$ (3,059,806)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization Expense	103,935	267,080	55,180	426,195
Change in assets and liabilities				
Accounts Receivable	51,901	39,764	-	91,665
Other Assets	100,000	9,831	-	109,831
Accounts Payable	(178,026)	(2,465)	-	(180,491)
Accrued Expenses	91	14,430	-	14,521
Accrued Vacation and Sick Pay	1,635	20,521	-	22,156
Due To/Due From Other Funds	-	855,645	-	855,645
Net Cash Provided by (Used In) Operating Activities	<u>\$ (578,225)</u>	<u>\$ (1,157,932)</u>	<u>\$ 15,873</u>	<u>\$ (1,720,284)</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2014

	Tax Claim Agency Fund	Sheriff Agency Fund	Probation and Parole Agency Fund	Treasurer Agency Fund	Prothonotary Agency Fund	Recorder of Deeds Agency Fund	Clerk of Courts Agency Fund	Prison Agency Fund	Domestic Relations Agency Fund	Register of Wills Agency Fund	Coroner's Agency Fund	Payroll Advance Fund	Children and Youth Agency Fund	Flexible Spending Account	Totals
<u>Assets</u>															
Cash and Cash Equivalents	\$ 3,749,411	\$ 1,099,584	\$ 512,719	\$ 16,881	\$ 106,678	\$ 1,081,676	\$ 1,017,019	\$ 1,383,380	\$ 32,302	\$ 146,186	\$ 898	7,500	\$ 93,929	\$ 37,025	\$ 9,285,188
Investments	90,611	-	-	-	-	-	-	-	-	-	-	-	-	-	90,611
Total Assets	<u>\$ 3,840,022</u>	<u>\$ 1,099,584</u>	<u>\$ 512,719</u>	<u>\$ 16,881</u>	<u>\$ 106,678</u>	<u>\$ 1,081,676</u>	<u>\$ 1,017,019</u>	<u>\$ 1,383,380</u>	<u>\$ 32,302</u>	<u>\$ 146,186</u>	<u>\$ 898</u>	<u>\$ 7,500</u>	<u>\$ 93,929</u>	<u>\$ 37,025</u>	<u>\$ 9,375,799</u>
<u>Liabilities</u>															
Accounts Payable	\$ 644,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 644,618
Funds Held in Escrow	3,195,404	1,099,584	512,719	-	106,678	-	-	1,383,380	32,302	-	898	7,500	93,929	37,025	6,469,419
Due To Other Governments	-	-	-	16,881	-	1,081,676	1,017,019	-	-	146,186	-	-	-	-	2,261,762
Total Liabilities	<u>\$ 3,840,022</u>	<u>\$ 1,099,584</u>	<u>\$ 512,719</u>	<u>\$ 16,881</u>	<u>\$ 106,678</u>	<u>\$ 1,081,676</u>	<u>\$ 1,017,019</u>	<u>\$ 1,383,380</u>	<u>\$ 32,302</u>	<u>\$ 146,186</u>	<u>\$ 898</u>	<u>\$ 7,500</u>	<u>\$ 93,929</u>	<u>\$ 37,025</u>	<u>\$ 9,375,799</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government				
Commissioners - Governing Body				
Personal Services	\$ 655,534	\$ 655,034	\$ 1,218,474	\$ (563,440)
Supplies and Services	1,922,991	3,635,594	1,488,452	2,147,142
	<u>2,578,525</u>	<u>4,290,628</u>	<u>2,706,926</u>	<u>1,583,702</u>
Finance				
Personal Services	322,029	318,829	307,690	11,139
Supplies and Services	13,721	17,018	12,077	4,941
	<u>335,750</u>	<u>335,847</u>	<u>319,767</u>	<u>16,080</u>
Risk Management				
Personal Services	-	-	113	(113)
Supplies and Services	-	-	36	(36)
	<u>-</u>	<u>-</u>	<u>149</u>	<u>(149)</u>
Purchasing				
Personal Services	370,869	370,869	360,499	10,370
Supplies and Services	471,598	471,598	406,458	65,140
	<u>842,467</u>	<u>842,467</u>	<u>766,957</u>	<u>75,510</u>
Voter's Registration				
Personal Services	433,031	432,031	441,905	(9,874)
Supplies and Services	690,832	708,815	679,861	28,954
	<u>1,123,863</u>	<u>1,140,846</u>	<u>1,121,766</u>	<u>19,080</u>
Tax Assessment				
Personal Services	1,486,999	1,486,999	1,418,986	68,013
Supplies and Services	1,583,025	1,649,096	1,544,867	104,229
	<u>3,070,024</u>	<u>3,136,095</u>	<u>2,963,853</u>	<u>172,242</u>
Treasurer				
Personal Services	317,365	322,061	310,397	11,664
Supplies and Services	20,880	21,165	20,125	1,040
	<u>338,245</u>	<u>343,226</u>	<u>330,522</u>	<u>12,704</u>
Tax Collectors				
Personal Services	188,388	188,388	189,320	(932)
Supplies and Services	60,300	58,928	85,211	(26,283)
	<u>248,688</u>	<u>247,316</u>	<u>274,531</u>	<u>(27,215)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive
	Original	Final		(Negative)
General Government (Continued)				
Personnel				
Personal Services	734,316	732,519	1,528,421	(795,902)
Supplies and Services	898,940	900,737	46,738	853,999
	<u>1,633,256</u>	<u>1,633,256</u>	<u>1,575,159</u>	<u>58,097</u>
Controller				
Personal Services	1,004,367	1,004,367	953,477	50,890
Supplies and Services	207,705	207,705	220,096	(12,391)
	<u>1,212,072</u>	<u>1,212,072</u>	<u>1,173,573</u>	<u>38,499</u>
Solicitor				
Personal Services	421,520	421,520	422,824	(1,304)
Supplies and Services	118,467	118,467	67,878	50,589
	<u>539,987</u>	<u>539,987</u>	<u>490,702</u>	<u>49,285</u>
Public Defender				
Personal Services	2,896,517	3,113,257	2,974,012	139,245
Supplies and Services	802,304	749,329	782,365	(33,036)
Capital Outlay	-	-	15,588	(15,588)
	<u>3,698,821</u>	<u>3,862,586</u>	<u>3,771,965</u>	<u>90,621</u>
Recorder of Deeds				
Personal Services	491,008	490,197	425,655	64,542
Supplies and Services	652,303	615,819	457,020	158,799
Capital Outlay	-	16,245	16,245	-
	<u>1,143,311</u>	<u>1,122,261</u>	<u>898,920</u>	<u>223,341</u>
Facilities Management				
Personal Services	3,198,929	3,198,929	2,888,991	309,938
Supplies and Services	2,971,052	3,112,577	2,227,661	884,916
Capital Outlay	-	36,575	62,340	(25,765)
	<u>6,169,981</u>	<u>6,348,081</u>	<u>5,178,992</u>	<u>1,169,089</u>
Data Processing				
Personal Services	2,035,010	2,035,010	1,975,716	59,294
Supplies and Services	1,181,345	1,170,345	1,047,224	123,121
Capital Outlay	348,766	359,766	322,261	37,505
	<u>3,565,121</u>	<u>3,565,121</u>	<u>3,345,201</u>	<u>219,920</u>
Veterans' Affairs				
Personal Services	138,769	138,769	136,344	2,425
Supplies and Services	128,123	128,555	115,916	12,639
	<u>266,892</u>	<u>267,324</u>	<u>252,260</u>	<u>15,064</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
General Government (Continued)				
Gasoline Center				
Supplies and Services	27,100	27,100	23,033	4,067
	27,100	27,100	23,033	4,067
Less: Indirect Cost Reimbursement	(13,490,000)	(13,553,108)	(12,625,939)	(927,169)
Total General Government	\$ 13,304,103	\$ 15,361,105	\$ 12,568,337	\$ 2,792,768

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Judicial Courts				
Personal Services	\$ 2,343,419	\$ 2,343,419	\$ 2,179,446	\$ 163,973
Supplies and Services	3,710,094	3,684,691	3,566,562	118,129
	<u>6,053,513</u>	<u>6,028,110</u>	<u>5,746,008</u>	<u>282,102</u>
Court Reporters				
Personal Services	1,379,543	1,379,543	1,342,387	37,156
Supplies and Services	57,211	57,211	30,365	26,846
	<u>1,436,754</u>	<u>1,436,754</u>	<u>1,372,752</u>	<u>64,002</u>
Judicial Center				
Personal Services	1,598,513	1,598,513	1,440,852	157,661
Supplies and Services	255,905	334,276	283,594	50,682
	<u>1,854,418</u>	<u>1,932,789</u>	<u>1,724,446</u>	<u>208,343</u>
District Justices				
Personal Services	4,683,517	4,683,517	4,336,218	347,299
Supplies and Services	1,655,687	1,648,049	1,698,812	(50,763)
Capital Outlay	171,422	171,422	1,566,712	(1,395,290)
	<u>6,510,626</u>	<u>6,502,988</u>	<u>7,601,742</u>	<u>(1,098,754)</u>
Law Library				
Personal Services	97,757	97,757	85,786	11,971
Supplies and Services	373,485	380,797	372,346	8,451
	<u>471,242</u>	<u>478,554</u>	<u>458,132</u>	<u>20,422</u>
Night Court				
Personal Services	255,271	255,271	236,858	18,413
Supplies and Services	18,000	18,378	12,819	5,559
	<u>273,271</u>	<u>273,649</u>	<u>249,677</u>	<u>23,972</u>
Clerk of Courts				
Personal Services	1,370,717	1,370,717	1,261,162	109,555
Supplies and Services	419,144	397,410	374,279	23,131
Capital Outlay	-	6,458	6,457	1
	<u>1,789,861</u>	<u>1,774,585</u>	<u>1,641,898</u>	<u>132,687</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Coroner				
Personal Services	601,989	601,989	580,697	21,292
Supplies and Services	530,559	523,182	520,554	2,628
Capital Outlay	-	15,200	15,091	109
	<u>1,132,548</u>	<u>1,140,371</u>	<u>1,116,342</u>	<u>24,029</u>
District Attorney				
Personal Services	3,575,615	3,672,615	3,396,507	276,108
Supplies and Services	1,431,208	1,553,305	1,274,485	278,820
	<u>5,006,823</u>	<u>5,225,920</u>	<u>4,670,992</u>	<u>554,928</u>
Criminal Investigation				
Personal Services	1,383,145	1,378,506	1,321,809	56,697
Supplies and Services	709,337	697,198	525,959	171,239
Capital Outlay	1,000	19,000	18,729	271
	<u>2,093,482</u>	<u>2,094,704</u>	<u>1,866,497</u>	<u>228,207</u>
Prothonotary				
Personal Services	1,005,829	1,005,829	946,256	59,573
Supplies and Services	404,366	385,510	419,494	(33,984)
Capital Outlay	24,280	23,280	-	23,280
	<u>1,434,475</u>	<u>1,414,619</u>	<u>1,365,750</u>	<u>48,869</u>
Registrar of Wills				
Personal Services	505,300	505,300	488,135	17,165
Supplies and Services	315,536	333,055	283,610	49,445
Capital Outlay	-	-	4,692	(4,692)
	<u>820,836</u>	<u>838,355</u>	<u>776,437</u>	<u>61,918</u>
Sheriff				
Personal Services	3,252,773	3,249,168	3,126,144	123,024
Supplies and Services	726,043	691,710	643,623	48,087
Capital Outlay	165,000	119,840	80,651	39,189
	<u>4,143,816</u>	<u>4,060,718</u>	<u>3,850,418</u>	<u>210,300</u>
Cost & Fines				
Personal Services	229,689	229,689	234,531	(4,842)
Supplies and Services	29,081	26,183	25,199	984
	<u>258,770</u>	<u>255,872</u>	<u>259,730</u>	<u>(3,858)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	12,438,520	12,438,520	11,728,441	710,079
Supplies and Services	2,013,723	2,076,241	2,820,378	(744,137)
Capital Outlay	22,103	22,103	-	22,103
	<u>14,474,346</u>	<u>14,536,864</u>	<u>14,548,819</u>	<u>(11,955)</u>
Juvenile Probation				
Personal Services	5,451,418	5,386,293	4,703,565	682,728
Supplies and Services	843,060	797,665	131,440	666,225
Capital Outlay	-	40,000	-	40,000
	<u>6,294,478</u>	<u>6,223,958</u>	<u>4,835,005</u>	<u>1,388,953</u>
Victim Witness				
Supplies and Services	822,738	842,567	800,229	42,338
	<u>822,738</u>	<u>842,567</u>	<u>800,229</u>	<u>42,338</u>
Pretrial				
Supplies and Services	585,002	585,002	528,555	56,447
	<u>585,002</u>	<u>585,002</u>	<u>528,555</u>	<u>56,447</u>
RO County Records Improvement				
Supplies and Services	161,000	161,000	60,762	100,238
	<u>161,000</u>	<u>161,000</u>	<u>60,762</u>	<u>100,238</u>
 Total Judicial	 <u>\$ 55,617,999</u>	 <u>\$ 55,807,379</u>	 <u>\$ 53,474,191</u>	 <u>\$ 2,333,188</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 26,616,446	\$ 26,616,446	\$ 25,821,287	\$ 795,159
Supplies and Services	8,763,600	8,748,657	8,432,303	316,354
Capital Outlay	255,794	292,233	-	292,233
	<u>35,635,840</u>	<u>35,657,336</u>	<u>34,253,590</u>	<u>1,403,746</u>
Emergency Services				
Personal Services	639,207	639,207	641,461	(2,254)
Supplies and Services	1,812,163	1,867,215	2,439,924	(572,709)
Capital Outlay	-	23,145	-	23,145
	<u>2,451,370</u>	<u>2,529,567</u>	<u>3,081,385</u>	<u>(551,818)</u>
Total Public Safety	<u>\$ 38,087,210</u>	<u>\$ 38,186,903</u>	<u>\$ 37,334,975</u>	<u>\$ 851,928</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 347,100	\$ 347,100	\$ 367,269	\$ (20,169)
Supplies and Services	27,091,377	27,138,362	27,622,656	(484,294)
Total Human Services	<u>\$ 27,438,477</u>	<u>\$ 27,485,462</u>	<u>\$ 27,989,925</u>	<u>\$ (504,463)</u>
Culture and Recreation				
Parks				
Personal Services	\$ 1,222,706	\$ 1,227,441	\$ 1,158,944	\$ 68,497
Supplies and Services	942,080	1,033,690	980,774	52,916
Total Culture and Recreation	<u>\$ 2,164,786</u>	<u>\$ 2,261,131</u>	<u>\$ 2,139,718</u>	<u>\$ 121,413</u>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 269,996	\$ 269,996	\$ 259,834	\$ 10,162
Supplies and Services	245,907	245,124	244,822	302
Total Cooperative Extension	<u>515,903</u>	<u>515,120</u>	<u>504,656</u>	<u>10,464</u>
Conservation Programs				
Personal Services	1,053,752	1,053,752	991,303	62,449
Supplies and Services	615,388	616,534	606,102	10,432
Capital Outlay	50,000	50,000	81,072	(31,072)
Total Conservation Programs	<u>1,719,140</u>	<u>1,720,286</u>	<u>1,678,477</u>	<u>41,809</u>
Economic Development				
Personal Services	409,906	409,906	427,824	(17,918)
Supplies and Services	4,672,782	4,645,650	2,528,992	2,116,658
Total Economic Development	<u>5,082,688</u>	<u>5,055,556</u>	<u>2,956,816</u>	<u>2,098,740</u>
Total Conservation and Development	<u>\$ 7,317,731</u>	<u>\$ 7,290,962</u>	<u>\$ 5,139,949</u>	<u>\$ 2,151,013</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Debt Service				
Principal	\$ 8,098,410	\$ 8,098,410	\$ 18,940,967	\$ (10,842,557)
Interest	4,124,492	4,124,492	5,630,603	(1,506,111)
Bond Issuance Costs	-	-	269,393	(269,393)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Debt Service	<u>\$ 12,222,902</u>	<u>\$ 12,222,902</u>	<u>\$ 24,840,963</u>	<u>\$ (12,618,061)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 1,986,869	\$ 1,986,869	\$ 1,915,122	\$ 71,747
MH/ID Fund	882,700	882,700	897,128	(14,428)
Drug and Alcohol Fund	207,871	223,016	215,292	7,724
Children, Youth, and Families Fund	9,950,000	9,950,000	7,515,956	2,434,044
Human Services Development Fund	40,000	40,000	49,970	(9,970)
Weatherization	30,000	30,000	121,626	(91,626)
911 - EMA Communications Fund	2,800,622	-	-	-
Solid Waste	675,503	675,503	597,161	78,342
Human Service Building Fund	57,925	57,925	57,925	-
General Fund	273,379	436,941	-	436,941
Debt Service	800,000	800,000	-	800,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Interfund Transfers	<u>\$ 17,704,869</u>	<u>\$ 15,082,954</u>	<u>\$ 11,370,180</u>	<u>\$ 3,712,774</u>