

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1 - 2
Management's Discussion and Analysis	3 - 18
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets (Deficit)	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21 - 22
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets (Deficit) – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit) – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 - 29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	31
Combining Statement of Net Assets (Deficit) – Component Units	32
Combining Statement of Activities – Component Units	33
Notes to Financial Statements	34 -125
Required Supplementary Information	
Schedules of Employer Contributions and Funding Progress – Employees Retirement Plan	127
Schedule of Funding Progress – Postemployment Benefits Other than Pensions	128
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	129
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	132
Combining Balance Sheet – Nonmajor Special Revenue Funds	133 - 134
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Nonmajor Special Revenue Funds	135 - 136
Combining Statement of Net Assets – Nonmajor Enterprise Funds	137
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds	138
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	139 - 140
Combining Statement of Assets and Liabilities – Agency Funds	141
Schedule of Departmental Expenditures – Budget and Actual General Fund	142 - 150

Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

Commissioners
County of Dauphin
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF DAUPHIN as of and for the year ended December 31, 2010, which collectively comprise the COUNTY OF DAUPHIN's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the COUNTY OF DAUPHIN's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements for the Dauphin County General Authority, which represents 83.88 percent and 50.11 percent, respectively of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts for the Dauphin County General Authority is based solely on the report of the other auditor.

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

The report on the financial statements of the Dauphin County Economic Development Corporation expressed an adverse opinion on the HOME Program because the HOME Program did not maintain adequate accounting records to support the expenses recorded in the respective financial statements. Because of the inadequacy of the accounting records, the financial statement of the Dauphin County Economic Development Commission do not present fairly the financial position of the Dauphin County Economic Development Commission as of December 31, 2010 and for the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audit and the report of another auditor, expect for the departure from U.S. Generally accepted accounting principles of the Dauphin County Economic Development Corporation as discussed in the preceding paragraph, 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, 2010, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Commissioners
County of Dauphin
Page 2

As described in Note 1 to the financial statements, in 2010 the COUNTY OF DAUPHIN adopted the provisions of Governmental Accounting Standards Board's Statement No. 51 "Accounting and Financial Reporting for Intangible Assets", Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments", and Statement No. 58 "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the COUNTY OF DAUPHIN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
October 28, 2011

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, 2010. 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, 2010.

Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2010.
- On December 16, 2009, the Board of Commissioners passed a \$199,038,795 General Fund Budget for 2010. Per the terms of the guarantees on the Harrisburg Incinerator Debt, the County was required to include all potential debt payments in its 2010 adopted budget. These payments totaled approximately \$41,000,000, which caused the large budget increase. A budgeted drawdown on fund balance in the amount of \$52.9 million was necessary in order to cover the initial 2010 expenditure budget. There were 9 new positions approved as a result of the addition of two new Judges on the County Court of Common Pleas. The budgeted cost of these 10 positions was just over \$540,000.
- On April 15, 2010, the 2008 \$16.8 million Fixed-Payer Swap with Deutsche Bank was terminated to allow a refunding of the associated bonds. This swap was tied to the phase 2 borrowing for the EMA Radio Project and was designed to lower the interest cost of that variable rate issue. The final cost of this swap was approximately \$3.2 million.
- On May 13, 2010 the County settled on its 2010 Series B, C, & D Refunding Bonds. The B series refunded the Series A of 2004 saving approximately \$212,000. The Series C refunded the 2004B series saving \$92,000. The Series D bonds refunded the 2008 variable rate bonds and, as noted above, the estimated \$1.9 million in savings was offset by the cost of terminating the fixed-payer swap associated with it.
- On December 1, 2010, the County settled on a \$34,746,500 Federally Taxable Bond Anticipation Note. The proceeds of this note were used to pay off the 2007 Working Capital Loan of the Harrisburg Incinerator as part of the County's guarantee on this borrowing. This action was required as a result of the defaults by the Harrisburg Authority and Harrisburg City on this payment.
- In addition to the Working Capital pay off noted above, Dauphin County paid \$5,802,603.55 toward Harrisburg Incinerator Debt after defaults by the Authority and City in 2010.
- Dauphin County's Standard & Poors 'AA' rating with a 'negative outlook' was constant throughout 2010.
- At December 31, 2010 the General Fund's unreserved/undesignated balance was \$47,343,928. This is down from the \$60,841,154 balance at the end of 2009.
- The County's total net assets increased by \$6,107,376 in 2010. Unrestricted net assets at year-end were \$54,585,338.

Overview of the Financial Statements

The financial section of this report consists of four parts:

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

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

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

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

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

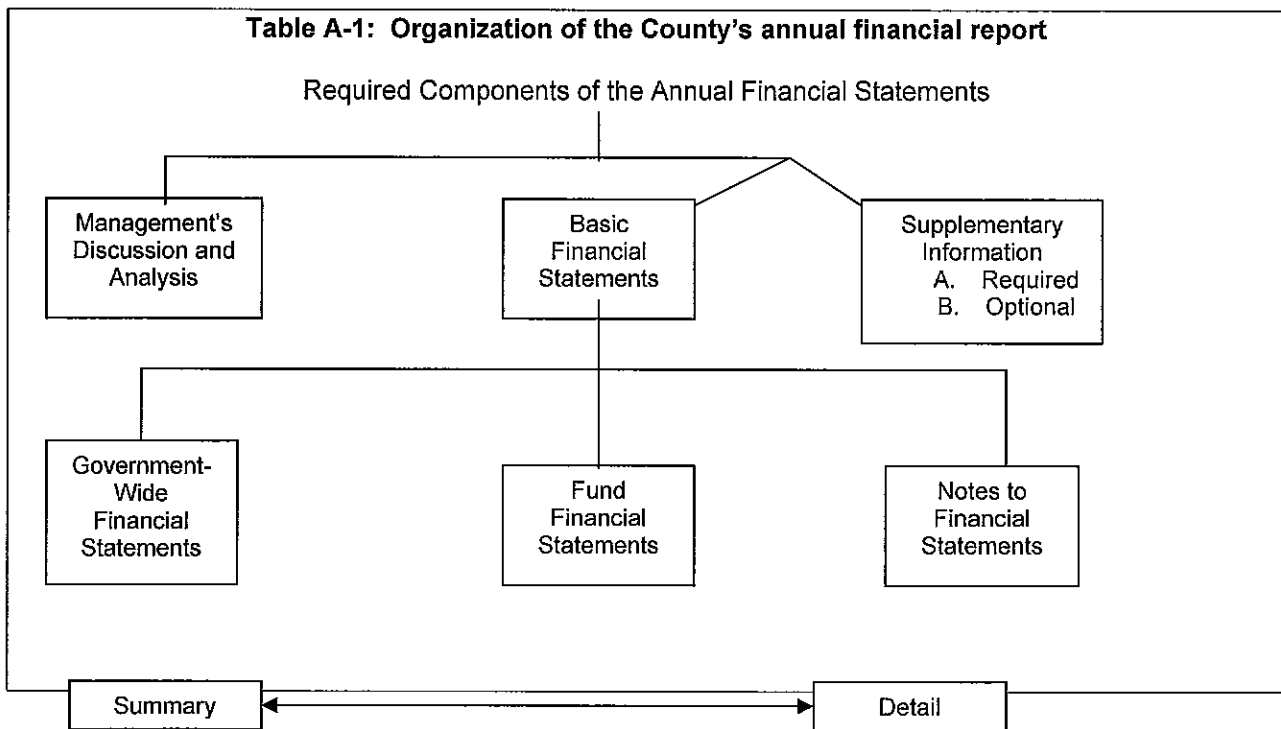


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

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

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

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

Government-wide Financial Statements

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

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

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

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

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

There are two categories of activities for the primary government.

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

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

Implementation of GASB No. 34

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

Government-Wide Financial Statements

Net Assets

Dauphin County's total assets were \$285,946,126 at December 31, 2010. Of this amount, \$109,799,761 was capital assets and construction-in-progress.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total Percentage Change
	2009	2010	2009	2010	2009	2010	
Current & Other Assets	\$ 148,457,946	\$ 169,710,033	\$ 7,869,460	\$ 6,436,332	\$ 156,127,406	\$ 176,146,365	12.8%
Capital Assets	90,548,929	101,652,625	8,779,622	8,147,136	99,328,551	109,799,761	10.5%
Total Assets	\$ 239,006,875	\$ 271,362,658	\$ 16,449,082	\$ 14,583,468	\$ 255,455,957	\$ 285,946,126	11.9%
Long-Term Debt Outstanding	\$ 143,136,917	\$ 169,351,671	\$ 5,530,791	\$ 4,815,690	\$ 148,667,708	\$ 174,167,361	17.2%
Other Liabilities	32,860,813	33,219,238	3,061,012	1,585,727	35,921,825	34,804,965	-3.1%
Total Liabilities	175,997,730	202,570,909	8,591,803	6,401,417	184,589,533	208,972,326	13.2%
Net Assets:							
Invested in Cap. Assets, Net Related Debt	\$ (13,684,780)	\$ (6,154,912)	\$ 1,944,288	\$ 2,876,629	\$ (11,740,492)	\$ (3,278,283)	72.1%
Restricted	24,943,553	25,666,745	-	-	24,943,553	25,666,745	2.9%
Unrestricted	51,750,372	49,279,916	5,912,991	5,305,422	57,663,363	54,585,338	-5.3%
Total Net Assets	\$ 63,009,145	\$ 68,791,749	\$ 7,857,279	\$ 8,182,051	\$ 70,866,424	\$ 76,973,800	8.6%

The following statement of activities represents changes in net assets for the year ended December 31, 2010. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total % Change
	2009	2010	2009	2010	2009	2010	
Revenues							
Program Revenues							
Charges for Services	\$ 27,182,897	\$ 29,471,081	\$ 79,084,975	\$ 78,296,362	\$ 106,267,872	\$ 107,767,443	1.4%
Operating Grants & Contributions	150,351,360	134,435,369	110,469	72,630	150,461,829	134,507,999	-10.6%
General Revenues							
Property Taxes	99,687,242	98,914,846	-	-	99,687,242	98,914,846	-0.8%
Hotel Taxes	8,222,770	8,458,641	-	-	8,222,770	8,458,641	2.9%
In Lieu of Taxes	1,628,168	1,700,024	-	-	1,628,168	1,700,024	4.4%
Unrestricted Investment Earnings (Loss)	(142,926)	517,651	111,791	46,524	(31,135)	564,175	-1912.0%
Gain/Loss on Asset Disposal	(18,789)	6,713	213,814	-	195,025	6,713	96.6%
Swap/Options Termination Payments (Depreciation)/Appreciation in Fair Market Value of Investments	1,668,000	(2,363,500)	-	-	1,668,000	(2,363,500)	100.0%
Rent Recoupment	91,754	64,132	-	-	91,754	64,132	30.1%
Transfers From Component Units	(635,707)	-	-	-	(635,707)	-	-100.0%
Transfers	637,361	635,589	-	-	637,361	635,589	-0.3%
Transfers	(743,735)	(1,411,552)	743,735	1,411,552	-	-	0.0%
Total Revenues	287,928,395	270,428,994	80,264,784	79,827,068	368,193,179	350,256,062	-4.9%
Program Expenses							
General Government	15,903,755	15,891,018	-	-	15,903,755	15,891,018	-0.1%
Judicial	53,147,354	57,190,514	-	-	53,147,354	57,190,514	7.8%
Public Safety	41,182,762	45,250,006	5,625,023	5,962,956	46,807,785	51,212,962	9.4%
Public Works	718,647	422,910	2,002,016	1,723,845	2,720,663	2,146,755	-21.1%
Human Services	134,686,746	115,534,215	70,655,604	70,248,283	205,342,350	185,782,498	-9.5%
Culture & Recreation	9,857,683	10,306,477	-	-	9,857,683	10,306,477	4.6%
Conservation & Development	10,461,945	14,185,820	-	-	10,461,945	14,185,820	35.6%
Interest on Long Term Debt	5,581,014	5,865,430	-	-	5,581,014	5,865,430	5.1%
Other Programs	-	-	1,593,700	1,567,212	1,593,700	1,567,212	-1.7%
Total Program Expenses	271,539,906	264,646,390	79,876,343	79,502,296	351,416,249	344,148,686	-2.1%
Change in Net Assets	16,388,489	5,782,604	388,441	324,772	16,776,930	6,107,376	-63.6%
Net Assets - Beginning, as restated (Note 34)	46,620,656	63,009,145	7,468,838	7,857,279	54,089,494	70,866,424	31.0%
Net Assets - Ending	\$ 63,009,145	\$ 68,791,749	\$ 7,857,279	\$ 8,182,051	\$ 70,866,424	\$ 76,973,800	8.6%

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 2010, general property taxes brought in \$98,914,846. Table A-5 depicts the net program expenses for the year ended December 31, 2010.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 15,891,018	\$ 8,083,093
Judicial	57,190,514	38,097,860
Public Safety	51,212,962	33,025,876
Public Works	2,146,755	(832,665)
Human Services	185,782,498	10,080,462
Culture & Recreation	10,306,477	9,874,108
Conservation & Development	14,185,820	(2,878,750)
Interest on Long Term Debt	5,865,430	5,865,430
Other Programs	1,567,212	557,830
Total	\$ 344,148,686	\$ 101,873,244

The County relied on property taxes and other general revenues to fund 29.6% of its governmental and business-type activities in 2010.

The property tax is based on the assessed value of real property. The County's 2010 millage rate of 6.876 is unchanged from 2009 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 50.9% of general government spending in 2010. The remainder of the cost was funded by grants and fees for specific services. 66.6% 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 64.5% 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 dollars to cover its expenses in 2010. This area of the County's operations includes the management of a parking garage; the maintenance and replacement of county bridges; and the solid waste and recycling programs.

Program expenditures for Culture & Recreation and Interest on Long Term Debt were almost 100% funded by property taxes and other general revenues, while Human Services expenses required only 5.4% 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 2010. This area of County Government actually had a surplus due to the inclusion of Gaming monies from the Hollywood Casino located in Dauphin County.

Capital Assets

The County's investment in capital assets at December 31, 2010, net of accumulated depreciation, was \$109,799,761 which is up over \$10.4 million from 2009. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2010.

Table A-6
County of Dauphin's
Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total Percentage Change
	2009	2010	2009	2010	2009	2010	
Construction in Progress	\$ 35,438,279	\$ 11,628,258	\$ 63,821	\$ 63,821	\$ 35,502,100	\$ 11,692,079	-67.1%
Infrastructure - Construction-in-Progress	210,170	4,769,066	-	-	210,170	4,769,066	2169.1%
Intangibles	-	211,827	-	-	-	211,827	100.0%
Land	498,551	498,551	111,492	111,492	610,043	610,043	0.0%
Infrastructure	11,935,947	11,935,947	-	-	11,935,947	11,935,947	0.0%
Buildings & Improvements	82,436,433	82,646,188	3,817,947	3,817,947	86,254,380	86,464,135	0.2%
Machinery & Equipment	7,994,201	40,430,554	12,144,252	12,391,870	20,138,453	52,822,424	162.3%
Furniture & Fixtures	-	-	65,346	65,346	65,346	65,346	0.0%
Leasehold Assets	11,651,804	11,892,539	15,585,704	15,840,898	27,237,508	27,733,437	1.8%
Accumulated Depreciation	(59,616,456)	(62,360,305)	(23,008,940)	(24,144,238)	(82,625,396)	(86,504,543)	-4.7%
Total Capital Assets	\$ 90,548,929	\$ 101,652,625	\$ 8,779,622	\$ 8,147,136	\$ 99,328,551	\$ 109,799,761	10.5%

Construction in Progress decreased in 2010 primarily as a result of the completion of the EMA Radio Upgrade Project. The completion of this project also caused the large increase in the Machinery & Equipment section of the table above.

2010 marked the beginning of several infrastructure renovation projects causing the increase in the construction in progress in this area. These projects include a Juvenile Judicial Center in the County's Human Services Building as well as the continuation of the energy upgrades in various county buildings.

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, 2010, the County had \$171,485,776 of long-term debt outstanding. This was an increase of \$27,997,963 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	\$ 132,955,000	\$ 58,126,500	\$ (29,465,000)	\$ 161,616,500
Compensated Absences	7,885,466	3,044	(426,434)	7,462,076
Estimated Workers Comp. Claims	2,647,347	-	(240,147)	2,407,200
Total Long Term Debt	\$ 143,487,813	\$ 58,129,544	\$ (30,131,581)	\$ 171,485,776

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, 2010 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$160 million, well below the debt limit.

At year-end, the County had \$161,616,500 million in bonds and notes outstanding. This figure is up from year-end 2009 due to the \$34.7 million dollar borrowing in December 2010 to cover a guaranteed debt payment on the Harrisburg Incinerator's 2007 note.

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

Bond Rating

The County's bond rating through Standard & Poors is 'AA Negative Outlook' as of December 31, 2010. This rating was set as part of the 2009 G.O. Bonds issuance and the negative outlook is due primarily to the uncertainties regarding the Harrisburg Incinerator Debt Guarantees. 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, 2010 and December 31, 2009 were as follows. Table A-8 also presents changes from 2009 to 2010.

Table A-8 County of Dauphin's Revenues by Source, Governmental Funds			
Source	2010	2009	Changes from 2009 to 2010
Property Taxes	\$ 98,928,619	\$ 99,139,719	\$ (211,100)
Hotel Taxes	8,458,641	8,222,770	235,871
Intergovernmental	135,810,438	149,947,426	(14,136,988)
Charges for Services	24,209,696	21,746,731	2,462,965
License and Permits	81,145	98,232	(17,087)
Court Costs and Fines	5,195,912	5,343,825	(147,913)
Interest and Rents	615,504	1,739,286	(1,123,782)
Appreciation Fair Market Value Investments	64,132	91,754	(27,622)
Miscellaneous Revenue	211,430	1,599,415	(1,387,985)
Transfers from Component Units	635,589	637,361	(1,772)
Proceeds from Sale of Fixed Assets	6,713	275	6,438
Capital Lease Proceeds	318,850	523,041	(204,191)
Bonds/Notes Proceeds	58,126,500	21,965,000	36,161,500
Rent Recoupment	-	(635,707)	635,707
Gain on Basis Swap	-	1,668,000	(1,668,000)
Net Premium on Bonds Issued	560,109	238,427	321,682
Operating Transfers In	16,546,130	52,234,218	(35,688,088)
Total Revenues	\$ 349,769,408	\$ 364,559,773	\$ (14,790,365)

Governmental fund revenues totaled \$349,769,408 for the year ended December 31, 2010. This is a decrease of almost \$14.8 million from the revenue total in 2009.

Reductions in State and Federal funding due to budget constraints at those levels again are the main contributor to the decrease in the 'Intergovernmental' category. As reported in the 2009 audit, the State cut over \$41 million from the County's Mental Retardation Program for the 2009/10 Fiscal Year as this operation was moved to direct State oversight. This reduction is the primary cause of the decrease in this category for 2010, just as it was last year.

The \$36.1 million increase in the 'Bonds/Notes Proceeds' category is due to the December 2010 borrowing that was required by the County's guarantees on the Harrisburg Incinerator, as noted previously in the long-term debt section.

The primary cause of the overall \$14.8 million decrease can be found in the 'Operating Transfers In' category. There were no new money bond issues in 2010; therefore, no transfers to the Capital Projects Fund were required. An itemization of all of the interfund transfers can be found in Note 17 on the financial statements.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2010 and December 31, 2009 were as follows. Table A-9 also presents changes from 2009 to 2010.

Function	2010	2009	Changes from 2009 to 2010
General Government	\$ 15,246,114	\$ 15,799,802	\$ (553,688)
Judicial	56,732,643	52,924,790	3,807,853
Public Safety	44,964,637	40,368,605	4,596,032
Public Works	4,683,407	1,524,277	3,159,130
Human Services	115,854,754	134,252,651	(18,397,897)
Culture & Recreation	10,088,173	9,865,376	222,797
Conservation & Development	14,388,173	10,447,932	3,940,241
Debt Service Principle	5,571,115	5,621,657	(50,542)
Debt Service Interest	5,456,580	5,224,873	231,707
Capital Projects	8,376,398	8,513,873	(137,475)
Payment to Refunded Bond Escrow Agent	23,610,000	-	23,610,000
Swap Option Termination Payments	2,363,500	-	2,363,500
Operating Transfers Out	17,957,682	52,977,953	(35,020,271)
Total Expenditures	\$ 325,293,176	\$ 337,521,789	\$ (12,228,613)

Governmental fund expenditures totaled \$325,293,176 for the year ended December 31, 2010. This represents a decrease of approximately \$12.2 million from 2009.

The large decrease showing in the 'Human Services' category is due to the State takeover of the Mental Retardation piece of the County's MH/MR Program as noted in the revenue section above.

The 'Payment to Refunded Bond Escrow Agent' category is showing activity in 2010 as a result of the May 2010 Series B, C, & D General Obligation Bonds which refunded the Series A of 2004, the Series B of 2004, and the Series 2008 bonds respectively.

The 'Operating Transfers Out' category shows a large decrease in 2010. As explained in the revenue section above, the primary cause of this decrease is that there were no new money borrowings which would have required the transfer of bond proceeds out of the General Fund and into the Capital Projects Fund.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net assets for proprietary funds at December 31, 2010.

Table A-10: 2010 Ending Fund Balances, Governmental Funds; Net Assets, Proprietary Funds		
Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 96,037,243	\$ -
Children & Youth Fund	-	-
Low Income Housing Fund	725,915	-
Gaming Fund	19,680,380	-
Capital Projects Fund	18,732,026	-
Other Governmental Funds	4,963,448	-
Health Choices Fund	-	77,107
Human Services Building Fund	-	(1,332,482)
Other Enterprise Funds	-	9,437,426
Total	\$ 140,139,012	\$ 8,182,051

The County's governmental funds reported a combined fund balance of \$140,139,012 at December 31, 2010. Of that total, \$47,343,928 was unreserved in the General Fund and is available to meet the County's current and future needs. This unreserved portion is a decrease of approximately \$13.5 million from the total at the end of 2009. The Proprietary Funds are showing a balance of \$8,182,051 at year-end. Most of the balance shown in the Capital Projects Fund is a result of the 2009 bond issue covering the energy project and various court-related buildings and renovations.

A detailed breakdown of ending fund balance for the \$4,963,448 million in 'Other Governmental Funds' can be found starting on page 131 in the Other Supplementary Information section of the financial statements. A detailed breakdown of ending fund balance for the \$9,437,426 million in 'Other Enterprise Funds' can be found on page 137 also in the Other Supplementary Information section.

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 16, 2009 the Dauphin County Commissioners approved the 2010 General Fund Budget totaling \$187,038,795. It contained a drawdown of fund balance in the amount of \$52,959,875 to meet the initial budgeted expenditures. Throughout the year, budget amendments of \$940,994 were approved. The budget amendments resulted in a final General Fund budget for 2010 in the amount of \$187,979,789.

The County guarantees on a portion of the Harrisburg Incinerator's outstanding debt require the inclusion of the annual debt payments in the budget once there is a default by one of the primary guarantors which are the Harrisburg Authority and the City of Harrisburg. Since both of these entities defaulted in 2009, Dauphin County was required to include over \$40 million for Incinerator debt in the 2010 budget which included a balloon payment of approximately \$35 million due in December 2010. This was the primary reason for the large drawdown in fund balance that was included in the adopted budget. Ultimately, this balloon payment was made with the proceeds of a bank note issued in December 2010; therefore, the actual drawdown on fund balance was far less than budgeted.

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

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at 8.8%, which is one of the lowest of Pennsylvania's 67 counties. This is the same as Pennsylvania's average rate of 8.8 %, and lower than the national rate of 9.6%.

Homeownership in Dauphin County is at 65.4% with the median value of owner-occupied housing units being \$99,900.00. There is currently an estimated 258,934 residents within Dauphin County. The estimated median household income is \$52,149.00.

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

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

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

These details have come together earning the Harrisburg-Carlisle MSA the distinction of being ranked 3rd on MSN's Real Estate Most-Livable Bargain Markets list. The list evaluates the most affordable housing markets in the one hundred largest United States metro areas. The nine most livable areas are identified where the unemployment rates are low, commute times are short, and entertainment and recreation opportunities are plentiful.

To support these growth patterns, new economic development projects continue to evolve such as the expansion of TecPort, The Hershey Center for Applied Research, Hollywood Casino, The Swatara Market Place, and other ongoing developments and redevelopments of commercial space throughout the county. There are also proposals for the continued development of the mid-town and downtown sections of Harrisburg, including the construction of additional hotel/retail/office space, Federal Building will be relocated in the Mid-Town area, expansion of HACC Mid-Town campus. Advances also exist for a proposed regional rail service, Red Rose Capital Corridor and Corridor 2 (Premium Bus Service), Dauphin County Redevelopment Authority Middletown Inter-Model Center, and many alternative energy projects under consideration, including the Dauphin County IDA 1 Mega Watt Solar Project. Additionally,

the development of two approved projects in Londonderry Township, the 948 unit TND and 443 unit TND development of School Heights. These developments will provide economic vitality for Dauphin County for years to come.

Next Year's Budget

On December 15, 2010, the Board of Commissioners passed a \$167,344,634 General Fund Budget for 2011 maintaining the 6.876 millage rate. Per the terms of the guarantees on the Harrisburg Incinerator Debt, the County was required to include all potential debt payments in its 2011 adopted budget. These payments totaled approximately \$8,000,000 which was way down from the \$41,000,000 budgeted in 2010 and resulted in the large budget decrease. A budgeted drawdown on fund balance in the amount of \$23.9 million was necessary in order to cover the initial 2011 expenditure budget. There were no new positions added to the General Fund; however, six new Telecommunicator positions were included in the EMA 911 Fund to cover the takeover over the Harrisburg City dispatch operations.

On February 4, 2011 the County settled on a Basis Swap with the Royal Bank of Canada (RBC) with a notional value of \$45,040,000. The swap terms require RBC to pay the County 70% of 1-month LIBOR plus 38.3 basis points on the 15th of each month, while the County pays SIFMA (up to a maximum rate of 20%) to RBC each month. Through 9/15/11, the County has had a positive net cash flow on this swap of approximately \$95,000.

In March 2011, Standard & Poors upgraded the County's credit rating from 'AA-Negative Outlook' to 'AA-Stable Outlook'.

On June 30, 2011, the County settled on the \$15,655,000 General Obligation Refunding Bonds Series of 2011. These bonds refunded the County's Series A of 2002 bonds and resulted in a net present value savings of approximately \$978,000.

Dauphin County paid \$4,017,781.61 toward Harrisburg Incinerator Debt from January 1st through October 17th after defaults by the Authority and City so far in 2011.

The County has 7 labor contracts with four separate unions that represent approximately 57% of all employees. Three of the contracts (Teamsters- Court Appointed Professionals, Court Related Non-Professional Employees and employees at the Dauphin County Prison) expired on 12-31-2010 and are currently proceeding through the negotiating and arbitration process. All other contracts have been settled. Salary increases for the recently other settled contracts range in salary increases from 2% to 4% each year. Non-union employees received 2% in salary increases in 2010 and 2011.

Contacting the County's Financial Management

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

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

COUNTY OF DAUPHIN
STATEMENT OF NET ASSETS (DEFICIT)
DECEMBER 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 72,811,671	\$ 5,747,502	\$ 78,559,173	\$ 2,816,728
Investments	4,451,130	-	4,451,130	2,909,648
Inventory	-	-	-	106,127
Receivables:				
Accounts, Net of Allowance	45,817,744	469,846	46,287,590	1,889,991
Taxes	9,105,996	-	9,105,996	-
Interest and Dividends	5,773	-	5,773	2,891
Program Loans	1,408,948	-	1,408,948	61,762
Deferred Loans	3,671,354	-	3,671,354	-
Internal Balances	(10,741)	10,741	-	-
Due From Other Governments	22,127,464	-	22,127,464	471,027
Due From Component Units	194,803	-	194,803	-
Investment in Direct Financing Leases, Current	-	-	-	787,819
Prepaid Expenses	5,116,259	-	5,116,259	293,652
Other Assets	1,281,757	100,452	1,382,209	-
Due From Related Party	-	-	-	178,910
Deferred Issuance Costs on Bonds, Net	-	231	231	1,119,391
Bond Issuance Costs	-	-	-	33,477
Bond Discount	-	-	-	1,501,508
Deferred Loss on Bonds	-	107,560	107,560	-
Deferred Interest from Refunding	2,238,384	-	2,238,384	-
Loans Receivable, Net of Current Portion	-	-	-	121,943
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	8,651,083
Restricted Cash	1,489,491	-	1,489,491	10,221,544
Restricted Investments	-	-	-	17,237,874
Capital Assets, Not Being Depreciated	17,107,702	175,313	17,283,015	3,200,644
Capital Assets Being Depreciated, Net	84,544,923	7,971,823	92,516,746	68,181,560
Total Assets	\$ 271,362,658	\$ 14,583,468	\$ 285,946,126	\$ 119,787,579
<u>Liabilities</u>				
Accounts Payable	\$ 9,481,921	\$ 524,490	\$ 10,006,411	\$ 2,156,041
Accrued Liabilities	3,178,780	97,608	3,276,388	12,960,124
Unearned Revenues	7,159,042	114,867	7,273,909	632,257
Due to Primary Government	-	-	-	194,803
Current Portion of Notes Payable	-	-	-	879,242
Current Portion of Loans Payable	-	-	-	6,640
Funds Held in Escrow	453,035	-	453,035	-
Funds Held in Fiduciary Capacity	739,458	-	739,458	-
Bond Premium	-	1,388	1,388	-
Security Deposits	-	-	-	8,841
Other Liabilities	3,778,768	-	3,778,768	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	668,234	407,374	1,075,608	30,962
General Obligation Debt	7,760,000	440,000	8,200,000	3,640,000
Portion Due or payable after one year:				
Obligation Under Capital Lease	4,784,163	4,529,536	9,313,699	66,881
General Obligation Debt	153,416,500	-	153,416,500	122,240,586
Loans Payable	-	-	-	168,291
Line of Credit	-	-	-	379,767
Deferred Charge on Debt Refunding, Net	-	-	-	(722,717)
Accrued Compensated Absences	7,175,922	286,154	7,462,076	-
Estimated Workers' Compensation				
Claims	2,407,200	-	2,407,200	-
Unfunded Other Postemployment Benefits	1,567,886	-	1,567,886	-
Total Liabilities	202,570,909	6,401,417	208,972,326	142,641,718
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	(6,154,912)	2,876,629	(3,278,283)	(27,302,253)
Restricted for:				
Debt Service	-	-	-	387,196
Workers Compensation	297,002	-	297,002	-
Program Purposes	24,462,028	-	24,462,028	9,859,711
Permanent Fund	907,715	-	907,715	-
Unrestricted	49,279,916	5,305,422	54,585,338	(5,798,793)
Total Net Assets (Deficit)	\$ 68,791,749	\$ 8,182,051	\$ 76,973,800	\$ (22,854,139)

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

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Units	
Primary government:										
Governmental activities:										
General Government	\$ 25,843,187	\$ (10,052,169)	\$ 6,228,703	\$ 1,579,222	\$ -	\$ (8,083,093)	\$ -	\$ (8,083,093)		
Judicial	51,966,818	5,223,666	10,058,758	9,033,896	-	(38,097,860)	-	(38,097,860)		
Public Safety	43,343,970	1,906,036	9,871,150	2,809,990	-	(32,568,866)	-	(32,568,866)		
Public Works	419,047	3,863	-	1,472,385	-	1,049,475	-	1,049,475		
Human Services	114,091,581	1,442,634	2,727,557	102,627,850	-	(10,178,808)	-	(10,178,808)		
Culture and Recreation	9,798,893	517,584	130,532	301,837	-	(9,874,108)	-	(9,874,108)		
Conservation and Development	14,018,932	166,888	454,381	18,610,189	-	2,878,750	-	2,878,750		
Interest and Fiscal Charges on Long Term Debt	5,865,430	-	-	-	-	(5,865,430)	-	(5,865,430)		
Total government activities	255,437,858	(791,468)	29,471,081	134,435,369	-	(100,739,940)	-	(100,739,940)		
Business-type activities:										
Human Services - Health Choices Fund	70,242,714	5,569	70,346,629	-	-	98,346	-	98,346		
Public Works - Human Service Building	1,107,110	616,785	1,507,035	-	-	(216,810)	-	(216,810)		
Other Programs:										
Public Works - Solid Waste Fund	1,422,164	48,428	895,602	72,630	-	(502,360)	-	(502,360)		
Public Safety - Emergency 911	5,842,220	120,796	5,505,946	-	-	(457,010)	-	(457,010)		
Culture and Recreation - Fort Hunter	56,620	-	41,150	-	-	(55,470)	-	(55,470)		
Total Other Programs	7,361,004	169,184	6,442,698	72,630	-	(1,014,840)	-	(1,014,840)		
Total business-like activities	78,710,828	791,468	78,296,362	72,630	-	(1,133,304)	-	(1,133,304)		
Total Primary government	\$ 344,148,686	\$ -	\$ 107,757,443	\$ 134,507,999	\$ -	\$ (100,739,940)	\$ (1,133,304)	\$ (101,873,244)		
Component Units:										
Conservation District	\$ 414,031	\$ -	\$ 280,500	\$ 777,729	\$ -	\$ -	\$ -	\$ -	\$ 644,198	\$ (3,891,239)
General Authority	29,687,504	-	26,098,275	-	-	-	-	-	-	(61,033)
Mental Health/Mental Retardation	9,821,281	-	131,064	9,629,184	-	-	-	-	-	4,223,948
Case Management Unit	6,326,718	-	579,070	9,971,566	-	-	-	-	-	134,438
Industrial Development Authority	4,600,252	-	186,115	4,548,575	-	-	-	-	-	1,050,322
Dauphin County Economic Development Corporation	51,149,786	-	27,273,024	24,927,084	-	-	-	-	-	-
Total Component Units	\$ 106,992,862	\$ -	\$ 272,730,934	\$ 24,927,084	\$ -	\$ -	\$ -	\$ -	\$ 644,198	\$ (3,891,239)
General revenues:										
Taxes:										
Property taxes, levied for general purposes	98,914,846	-	-	-	-	98,914,846	-	98,914,846	-	-
Hotel taxes	8,498,641	-	-	-	-	8,498,641	-	8,498,641	-	-
In-lieu of taxes	1,700,024	-	-	-	-	1,700,024	-	1,700,024	-	-
Unrestricted investment income	517,651	-	-	46,524	-	564,175	-	564,175	-	216,953
Gain / loss from asset disposal	6,713	-	-	-	-	6,713	-	6,713	-	-
Appreciation in Fair Market Value of Investments	64,132	-	-	-	-	64,132	-	64,132	-	-
Swap Termination Fees	(2,363,500)	-	-	-	-	(2,363,500)	-	(2,363,500)	-	-
Transfers from Component Unit	635,589	-	-	-	-	635,589	-	635,589	-	-
Transfers from (to) Primary Government	(1,411,552)	-	-	1,411,552	-	-	-	-	-	(635,589)
Transfers in/(out)	106,522,544	-	-	1,458,076	-	107,980,620	-	107,980,620	-	(419,639)
Total general revenues, special items, and transfers	5,782,604	-	324,772	7,857,279	-	6,107,376	-	6,107,376	-	630,686
Change in net assets	63,006,145	-	7,857,279	70,866,424	-	23,484,825	-	23,484,825	-	(23,484,825)
Net assets (deficit) - beginning, as restated (Note 34)	\$ 68,791,749	-	\$ 6,162,051	\$ 76,973,800	-	\$ (22,854,139)	-	\$ (22,854,139)		
Net assets (deficit) - ending										

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

<u>Assets</u>	<u>General</u>	<u>Children and Youth</u>	<u>Low Income Housing</u>	<u>Gaming</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 38,905,981	\$ 2,500	\$ 700,775	\$ 11,353,861	\$ 14,074,931	\$ 7,773,623	\$ 72,811,671
Investments	-	-	-	-	4,960,000	907,715	5,867,715
Receivables							
Accounts, net	45,439,149	103,699	25,250	-	-	249,646	45,817,744
Taxes, net	9,105,996	-	-	-	-	-	9,105,996
Loans	-	-	-	1,000,000	-	408,948	1,408,948
Deferred Loans	-	-	3,671,354	-	-	-	3,671,354
Interest and Dividends	5,538	-	9	164	62	-	5,773
Due From Other Funds	7,893,964	66,285	-	-	-	11,301	7,971,550
Due From Other Governments	1,147,001	11,718,824	-	7,326,355	-	1,935,284	22,127,464
Due From Component Units	194,803	-	-	-	-	-	194,803
Prepaid Expenses	5,116,259	-	-	-	-	-	5,116,259
Other Assets	-	65,842	-	-	-	77,261	143,103
Restricted Assets							
Cash	1,489,491	-	-	-	-	-	1,489,491
Total Assets	\$ 109,298,182	\$ 11,957,150	\$ 4,397,388	\$ 19,680,380	\$ 19,034,993	\$ 11,363,778	\$ 175,731,871

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

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2010

	<u>General</u>	<u>Children and Youth</u>	<u>Low Income Housing</u>	<u>Gaming</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities							
Accounts Payable	\$ 2,292,974	\$ 3,907,059	\$ -	-	\$ 302,967	\$ 2,978,921	\$ 9,481,921
Accrued Liabilities	1,878,056	114,320	119	-	-	186,796	2,179,291
Deferred Revenues	6,455,021	255,484	3,671,354	-	-	3,020,936	13,402,795
Due to Other Funds	88,327	7,680,287	-	-	-	213,677	7,982,291
Funds Held in Escrow	453,035	-	-	-	-	-	453,035
Funds Held in Fiduciary Capacity	739,458	-	-	-	-	-	739,458
Other Liabilities	1,354,068	-	-	-	-	-	1,354,068
Total Liabilities	13,260,939	11,957,150	3,671,473	-	302,967	6,400,330	35,592,859
Fund Balances:							
Reserved For:							
Program Purposes	-	-	725,915	19,680,380	-	4,055,733	24,462,028
Permanent Fund	-	-	-	-	-	907,715	907,715
Workers Compensation	297,002	-	-	-	-	-	297,002
Prepaid Expenses	5,116,259	-	-	-	-	-	5,116,259
Loans Receivable	370,955	-	-	-	-	-	370,955
Accounts Receivable	42,832,224	-	-	-	-	-	42,832,224
Capital Projects	-	-	-	-	18,732,026	-	18,732,026
Human Service Building	76,875	-	-	-	-	-	76,875
Unreserved:							
Undesignated, reported in:							
General Fund	47,343,928	-	-	-	-	-	47,343,928
Total Fund Balances	96,037,243	-	725,915	19,680,380	18,732,026	4,963,448	140,139,012
Total Liabilities and Fund Balances	\$ 109,298,182	\$ 11,957,150	\$ 4,397,388	\$ 19,680,380	\$ 19,034,993	\$ 11,363,778	\$ 175,731,871

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

COUNTY OF DAUPHIN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Total fund balances for governmental funds \$ 140,139,012

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

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

Land	498,551
Intangible Assets	211,827
Construction in progress - Infrastructure	4,769,066
Construction in progress	11,628,258
Infrastructure, net of \$5,840,773 accumulated depreciation	6,095,174
Buildings and improvements, net of \$41,244,667 accumulated depreciation	41,401,521
Machinery and Tools, net of \$7,101,451 accumulated depreciation	33,329,103
Leasehold assets, net of \$8,173,414 accumulated amortization	<u>3,719,125</u>

Total capital assets 101,652,625

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

(2,407,200)

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

6,243,753

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

Investments in derivative instruments	(1,416,585)
Other liabilities (unamortized Swap Options)	(286,000)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Also, during the year the County issued additional debt. The amount borrowed is received in the governmental funds and increases fund balance. The County incurred costs of \$246,738. The bond issuance costs will be amortized as an adjustment of interest expense over the remaining life of the new debt.

Balances at December 31, 2010 are:

Accrued interest on bonds	(999,489)
General obligation Debt	(161,176,500)
Less Deferred interest from refunding	2,238,384
Capital leases payable	(5,452,397)
Compensated absences	(7,175,922)
Deferred amount of bond issuance costs	1,138,654
Unamortized premiums/discounts	(2,138,700)
Unfunded Other Postemployment Benefits	(1,567,886)

(175,133,856)

Total net assets of governmental activities \$ 68,791,749

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Children and Youth	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$ 98,928,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,928,619
Hotel Taxes	-	-	-	-	-	8,458,641	8,458,641
Intergovernmental	26,827,361	33,587,399	143,955	14,089,634	140,950	61,011,139	135,810,438
Charges for Services	20,927,846	1,430,750	311,902	-	-	1,539,198	24,209,696
License and Permits	81,145	-	-	-	-	-	81,145
Court Costs and Fines	4,183,086	-	-	-	-	1,012,826	5,195,912
Interest and Rents	375,658	6	3,871	67,177	86,065	82,727	615,504
Appreciation in Fair Market Value of Investments	-	-	-	-	-	64,132	64,132
Miscellaneous Revenue	-	-	-	-	125,000	86,430	211,430
Total Revenues	151,323,715	35,028,155	459,728	14,156,811	352,015	72,255,093	273,575,517
Expenditures							
Current							
General Government	15,246,114	-	-	-	-	-	15,246,114
Judicial	48,536,232	-	-	-	-	8,196,411	56,732,643
Public Safety	43,747,276	-	-	-	-	1,217,361	44,964,637
Public Works	-	-	-	-	-	4,683,407	4,683,407
Human Services	17,682,754	43,665,983	-	-	-	54,286,017	115,854,754
Culture and Recreation	2,083,272	-	-	-	-	8,004,901	10,088,173
Conservation and Development	3,675,798	-	431,204	8,699,491	-	1,381,680	14,388,173
Debt Service	-	-	-	-	-	-	-
Principle	5,021,465	-	-	-	-	549,650	5,571,115
Interest	5,377,864	-	-	-	-	78,716	5,456,580
Capital Projects	-	-	-	-	8,376,398	-	8,376,398
Total Expenditures	141,570,775	43,665,983	431,204	8,699,491	8,376,398	78,398,143	281,361,994
Excess of Revenues Over (Under) Expenditures	9,752,940	(8,657,828)	28,524	5,257,320	(8,024,383)	(6,143,050)	(7,786,477)
Other Financing Sources (Uses)							
Transfer In	2,540,260	9,301,735	3,916	-	1,260,000	3,440,219	16,546,130
Transfer Out	(15,447,352)	(643,907)	-	(1,177,279)	-	(689,144)	(17,957,682)
Transfers from Component Units	635,589	-	-	-	-	-	635,589
Proceeds (Loss) from Asset Disposal	5,513	-	-	-	-	1,200	6,713
Premium on Bonds Issued	560,109	-	-	-	-	-	560,109
Swap Termination Fees	(2,363,500)	-	-	-	-	-	(2,363,500)
Capital Lease Proceeds	318,850	-	-	-	-	-	318,850
Payment to Bond Escrow Agent	(23,610,000)	-	-	-	-	-	(23,610,000)
Proceeds of General Obligation Debt	58,126,500	-	-	-	-	-	58,126,500
Total Other Financing Sources(Uses)	20,765,969	8,657,828	3,916	(1,177,279)	1,260,000	2,752,275	32,262,709
Net change in fund balances	30,518,909	-	32,440	4,080,041	(6,764,383)	(3,390,775)	24,476,232
Fund Balances - Beginning of Year	65,518,334	-	693,475	15,600,339	25,496,409	8,354,223	115,662,780
Fund Balances - End of Year	\$ 96,037,243	\$ -	\$ 725,915	\$ 19,680,380	\$ 18,732,026	\$ 4,963,448	\$ 140,139,012

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, 2010

Net change in fund balances - total governmental funds \$ 24,476,232

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$14,092,450) exceeded depreciation (\$2,988,754) and net book value of disposed fixed assets (\$0) in the current period. 11,103,696

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

Debt issued:			
General Obligation Debt	(58,126,500)		
Bond issuance costs on new debt issues	246,165		
Premium/discount on new debt issues	(560,109)		
Capital Leases	(318,850)		
Repayments:			
General Obligation Debt	4,745,000		
Payment to Bond Escrow Agent	23,610,000		
Capital Leases	826,116		
Net adjustment	(29,578,178)		

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	426,434		
Other postemployment benefits expense	(457,139)		
Investment loss from derivative instruments	(271,328)		
Amortization of debt premium/discount	265,525		
Amortization of bond issuance costs	(554,942)		
Amortization of deferred interest from refunding	105,914		
Accrued interest on long-term debt	45,981		
Combined adjustment	(439,555)		

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 12/31/09 to 12/31/10. (13,773)

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. 234,182

Change in net assets of governmental activities \$ 5,782,604

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

COUNTY OF DAUPHIN
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Health Choices Fund	Human Service Building	Other Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 336,612	\$ 100	\$ 5,410,790	\$ 5,747,502
Accounts Receivables	-	6,200	463,646	469,846
Due from Other Funds	-	-	10,741	10,741
Other Assets	2	4	100,446	100,452
Total current assets	336,614	6,304	5,985,623	6,328,541
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	-	175,313	175,313
Capital Assets, Being Depreciated (Net)	-	3,872,990	4,098,833	7,971,823
Deferred Issuance Costs on Bonds, Net	-	231	-	231
Deferred Loss on Bonds, Net	-	107,560	-	107,560
Total noncurrent assets	-	3,980,781	4,274,146	8,254,927
Total assets	\$ 336,614	\$ 3,987,085	\$ 10,259,769	\$ 14,583,468
LIABILITIES				
Current liabilities:				
Accounts Payable	\$ 144,640	\$ 39,644	\$ 340,206	\$ 524,490
Accrued Liabilities	-	43,535	54,073	97,608
Unearned Revenue	114,867	-	-	114,867
Bond Premium	-	1,388	-	1,388
Obligation Under Capital Lease	-	350,000	57,374	407,374
General Obligation Debt	-	440,000	-	440,000
Total current liabilities	259,507	874,567	451,653	1,585,727
Noncurrent liabilities:				
Obligation Under Capital Lease	-	4,445,000	84,536	4,529,536
Accrued Compensated Absences	-	-	286,154	286,154
Total noncurrent liabilities	-	4,445,000	370,690	4,815,690
Total liabilities	259,507	5,319,567	822,343	6,401,417
NET ASSETS (DEFICIT)				
Invested in Capital Assets				
Net of Related Debt	-	(1,255,607)	4,132,236	2,876,629
Unrestricted	77,107	(76,875)	5,305,190	5,305,422
Total net assets (deficit)	\$ 77,107	\$ (1,332,482)	\$ 9,437,426	\$ 8,182,051

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

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Total
Operating Revenues				
Charges for Services	\$ 70,346,629	\$ 1,507,035	\$ 6,442,698	\$ 78,296,362
Total Operating Revenues	70,346,629	1,507,035	6,442,698	78,296,362
Operating Expenses				
Personnel Services	206,696	-	4,705,831	4,912,527
Contracted Services	34,021	109,839	716,927	860,787
Supplies and Materials	662	6,222	170,947	177,831
Repairs and Maintenance	-	131,415	419,181	550,596
Utilities	430	262,596	383,571	646,597
Other Services and Charges	25,172	616,735	400,776	1,042,683
Claims Expense	69,981,302	-	-	69,981,302
Depreciation and Amortization	-	423,249	732,524	1,155,773
Total Operating Expenses	70,248,283	1,550,056	7,529,757	79,328,096
Operating Income (Loss)	98,346	(43,021)	(1,087,059)	(1,031,734)
Nonoperating Revenues (Expenses)				
Interest Income	4,092	2,802	39,630	46,524
Interest Expense	-	(173,789)	(411)	(174,200)
Grants	-	-	72,630	72,630
Total Nonoperating Revenues (Expenses)	4,092	(170,987)	111,849	(55,046)
Income Before Operating Transfers	102,438	(214,008)	(975,210)	(1,086,780)
Transfers In	-	1,448,392	56,378	1,504,770
Transfers Out	(93,218)	-	-	(93,218)
Total Transfers In (Out)	(93,218)	1,448,392	56,378	1,411,552
Change In Net Assets	9,220	1,234,384	(918,832)	324,772
Total Net Assets (Deficit) - Beginning of Year	67,887	(2,566,866)	10,356,258	7,857,279
Total Net Assets (Deficit) - End of Year	\$ 77,107	\$ (1,332,482)	\$ 9,437,426	\$ 8,182,051

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, 2010

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Cash Flows From Operating Activities				
Receipts from Health Choices Services	\$ 71,517,319	\$ -	\$ -	\$ 71,517,319
Receipts from Recycling Services	-	-	6,389,874	6,389,874
Receipts from Recreational Activities	-	-	41,150	41,150
Receipts from Space and Parking Rentals	-	1,501,028	-	1,501,028
Payments to Employees	(206,696)	-	(4,694,746)	(4,901,442)
Payments to Suppliers	(1,054,794)	(1,105,191)	(1,948,975)	(4,108,960)
Payments for Claims	(69,981,302)	-	-	(69,981,302)
Internal Activity - Payments (from) to other funds	-	-	(1,310,194)	(1,310,194)
Net Cash Provided by (Used in) Operating Activities	<u>274,527</u>	<u>395,837</u>	<u>(1,522,891)</u>	<u>(852,527)</u>
Cash Flow From Noncapital Financing Activities				
Operating Transfers In (Out)	(93,218)	1,448,392	56,378	1,411,552
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(93,218)</u>	<u>1,448,392</u>	<u>56,378</u>	<u>1,411,552</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Fixed Assets	-	-	(502,812)	(502,812)
Grants	-	-	72,630	72,630
Interest Paid	-	(180,681)	(411)	(181,092)
Increase in Capital Lease Obligation	-	-	255,194	255,194
Principal Payments on Capital Lease	-	(600,000)	(123,604)	(723,604)
Principal Payments on Bonds	-	(1,110,000)	-	(1,110,000)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(1,890,681)</u>	<u>(299,003)</u>	<u>(2,189,684)</u>
Cash Flows from Investing Activities				
Interest Income	4,092	2,802	39,630	46,524
Net Cash Provided by Investing Activities	<u>4,092</u>	<u>2,802</u>	<u>39,630</u>	<u>46,524</u>
Net Increase (Decrease) in Cash and Cash Equivalents	185,401	(43,650)	(1,725,886)	(1,584,135)
Cash and Cash Equivalents, Beginning of Year	<u>151,211</u>	<u>43,750</u>	<u>7,136,676</u>	<u>7,331,637</u>
Cash and Cash Equivalents, End of Year	<u>\$ 336,612</u>	<u>\$ 100</u>	<u>\$ 5,410,790</u>	<u>\$ 5,747,502</u>
Supplemental Schedule of Noncash Items				
Increase in Capital Lease Obligation due to new Capital Lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,194</u>	<u>\$ 255,194</u>

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

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Reconciliation of Operating income to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 98,346	\$ (43,021)	\$ (1,087,059)	\$ (1,031,734)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	423,249	732,524	1,155,773
Change in assets and liabilities				
Accounts Receivable	1,055,825	(6,003)	(11,662)	1,038,160
Accrued Interest	(2)	(4)	(12)	(18)
Prepaid Expenditures	-	-	(99,430)	(99,430)
Accounts Payable	(994,509)	18,794	241,857	(733,858)
Accrued Expenses	-	2,822	8,041	10,863
Deferred Revenue	114,867	-	-	114,867
Accrued Vacation and Sick Pay	-	-	3,044	3,044
Due To/Due From Other Funds	-	-	(1,310,194)	(1,310,194)
Net Cash Provided by (Used In) Operating Activities	<u>\$ 274,527</u>	<u>\$ 395,837</u>	<u>\$ (1,522,891)</u>	<u>\$ (852,527)</u>

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

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,847,313	\$ 9,158,726	\$ 15,006,039
Investments	193,624,358	-	193,624,358
Interest and Dividends Receivable	461,709	-	461,709
Employee Contributions Receivable	149	-	149
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 199,933,529</u>	<u>\$ 9,158,726</u>	<u>\$ 209,092,255</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 763,212	\$ 763,212
Benefits Payable	231,946	-	231,946
Funds Held in Escrow	-	5,964,196	5,964,196
Due To Other Governments	-	2,431,318	2,431,318
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>231,946</u>	<u>9,158,726</u>	<u>9,390,672</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 199,701,583</u>	<u>\$ -</u>	<u>\$ 199,701,583</u>

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

COUNTY OF DAUPHIN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,172,028
Employer	10,118,006
	14,290,034
Investment Income:	
Net Appreciation in Fair Value of Investments	18,384,651
Interest	1,730,926
Dividends	1,789,820
Miscellaneous Revenue	32,386
	21,937,783
Less: Investment Expense	535,710
	21,402,073
Total Additions	35,692,107
Deductions:	
Benefits	10,202,400
Refunds of Contributions	708,087
Administrative Expenses	155,345
	11,065,832
Net Increase	24,626,275
Net Assets - Beginning of Year	175,075,308
Net Assets End of Year	\$ 199,701,583

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

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET ASSETS (DEFICITS)
COMPONENT UNITS
DECEMBER 31, 2010

<u>Assets</u>	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Cash and Cash Equivalents	\$ 452,120	\$ 1,335,302	\$ 237,368	\$ 787,562	\$ 4,376	\$ 2,816,728
Investments	666,474	2,243,174	-	-	-	2,909,648
Inventory	-	106,127	-	-	-	106,127
Receivables:						
Accounts, Net of Allowance	11,704	589,227	1,289,060	-	-	1,889,991
Interest and Dividends	2,830	61	-	-	-	2,891
Loans	-	-	-	61,762	-	61,762
Due from Other Governments	208,957	-	-	-	262,070	471,027
Investment in Direct Financing Leases, Current	-	655,082	-	132,737	-	787,819
Prepaid Expenses	2,569	210,614	80,469	-	-	293,652
Due from Related Party	-	-	-	-	178,910	178,910
Deferred financing costs (net of accumulated amortization)	-	1,119,391	-	-	-	1,119,391
Bond Issuance Costs	-	-	-	2,591	30,886	33,477
Bond Discount	-	1,501,508	-	-	-	1,501,508
Loans Receivable, Net of Current Portion	-	-	-	121,943	-	121,943
Investment in Direct Financing Leases, net of Current Portion	-	6,615,000	-	2,036,083	-	8,651,083
Restricted Cash	-	3,274,153	-	4,366,674	2,580,717	10,221,544
Restricted Investments	-	17,237,874	-	-	-	17,237,874
Capital Assets, Not Being Depreciated	-	2,042,743	-	1,157,901	-	3,200,644
Capital Assets, Being Depreciated, Net	806,260	63,543,554	421,234	1,813,736	1,796,776	68,181,560
Total Assets	\$ 2,150,914	\$ 100,473,810	\$ 2,028,131	\$ 10,280,989	\$ 4,853,735	\$ 119,787,579
<u>Liabilities</u>						
Accounts Payable	\$ 13,102	\$ 1,242,073	\$ 88,543	\$ 549,447	\$ 262,876	\$ 2,156,041
Accrued Liabilities	-	12,051,441	828,610	-	80,073	12,960,124
Unearned Revenues	41,832	585,620	4,805	-	-	632,257
Due to Primary Government	194,803	-	-	-	-	194,803
Current Portion of Notes Payable	-	-	-	879,242	-	879,242
Current Portion of Loans Payable	-	-	-	6,640	-	6,640
Security Deposits	-	-	-	8,841	-	8,841
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	30,962	-	-	-	30,962
General Obligation Debt	-	3,480,000	-	-	160,000	3,640,000
Portion Due or payable after one year:						
Capital Lease Obligation	-	66,881	-	-	-	66,881
General Obligation Debt	-	115,060,069	-	2,790,517	4,390,000	122,240,586
Loans Payable	-	-	-	168,291	-	168,291
Line of Credit	-	-	350,000	29,767	-	379,767
Deferred Charge on Debt Refunding, Net	-	(722,717)	-	-	-	(722,717)
Total Liabilities	249,737	131,794,329	1,271,958	4,432,745	4,892,949	142,641,718
Net Assets (Deficits)						
Invested in Capital Assets, Net of Related Debt	806,260	(29,554,881)	421,234	1,098,358	(73,224)	(27,302,253)
Restricted for:						
Program Purposes	16,197	2,683,561	334,939	4,113,243	2,711,771	9,859,711
Debt Service	-	387,196	-	-	-	387,196
Unrestricted	1,078,720	(4,836,395)	-	636,643	(2,677,761)	(5,798,793)
Total Net Assets (Deficits)	\$ 1,901,177	\$ (31,320,519)	\$ 756,173	\$ 5,848,244	\$ (39,214)	\$ (22,854,139)

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Conservation District										
Conservation and Development	\$ 414,031	\$ 280,500	\$ 777,729	\$ -	\$ 644,198	-	-	-	\$ 644,198	
General Authority										
General Authority Operations	29,987,604	28,096,275	-	-	-	(3,891,229)	-	-	(3,891,229)	
Case Management Unit										
Human Services	9,821,281	131,064	9,629,184	-	-	-	(61,033)	-	(61,033)	
Industrial Development Authority										
Conservation and Development	6,326,718	579,070	9,971,586	-	-	-	4,223,948	-	4,223,948	
Dauphin County Economic Development Corporation										
Tourism and Economic Development	4,600,252	186,115	4,548,575	-	-	-	-	134,438	134,438	
Total Component Units	\$ 51,149,788	\$ 27,273,024	\$ 24,927,064	\$ -	\$ 644,198	\$ (3,891,229)	\$ (61,033)	\$ 4,223,948	\$ 134,438	\$ 1,050,322
General revenues:										
Unrestricted investment earnings					14,942				21,852	215,953
Transfer from / (to) primary government					(635,589)				-	(635,589)
Total general revenue, special items, transfers					(620,647)					(419,636)
Change in net assets					23,551					630,686
Net assets (Deficit) -beginning					1,877,626					(23,484,825)
Net assets (Deficit) -ending					1,901,177					(22,854,139)

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

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

A. Reporting Entity

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

Discretely Presented Component Units

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

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

The District operates and reports on a calendar year basis.

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

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

The General Authority reports on a calendar year basis.

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

The CMU operates on a fiscal year ending June 30.

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

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

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

B. Related Organizations

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

Authorities

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

Advisory Boards

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

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	10 of 31 Members
Fiscal Year	June 30, 2010	December 31, 2010
Current Assets	\$ 4,863,119	\$ 716,594
Total Assets	\$ 28,418,096	\$ 747,622
Net Assets/Fund Balance	\$ 24,334,866	\$ 388,412
Operating Revenues	\$ 6,466,285	\$ 2,502,035
Operating Income (Loss)	\$ (13,781,557)	\$ 72,366
Net Income (Loss)	\$ (1,108,196)	\$ 77,094
Dauphin County Contribution to Operations	\$ 385,041	\$ -
Dauphin County Working Capital Advances	None	None

D. Government-Wide and Fund Financial Statements

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental funds:

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

1. Cash and Cash Equivalents

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

2. Receivables and Payables

• Interfund Receivables and Payables

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

3. Investments

Investments for the County are reported at fair value.

4. Restricted Assets

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

5. Capital Assets

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (continued)

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

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

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

6. Allowance for Doubtful Accounts

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

7. Compensated Absences

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

8. Long-Term Obligations

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Unearned and Deferred Revenues

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

10. Interfund Transactions

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

11. Net Assets/Fund Balances

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Accounting Estimates

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

G. Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of Governmental Accounting Standards Board's Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*" and Statement No. 53 "*Accounting and Financial Reporting for Derivative Instruments*". The adoption of these statements had an effect on previously reported amounts (Note 34).

The County adopted the provision of GASB Statement No. 58, "*Accounting and Financial Reporting for Chapter 9 Bankruptcies*". The adoption of this statement had no effect on previously reported amounts.

H. Pending Changes in Accounting Principles

In March 2009 the GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*." The County is required to adopt Statement No. 54 for its calendar year 2011 financial statements.

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

In June 2010 the GASB issued Statement No. 59 "*Financial Instruments Omnibus*." The County is required to adopt Statement No. 59 for its calendar year 2011 financial statements.

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles

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

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

Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

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

Capital Assets

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

Dauphin County General Authority

Basis of Accounting

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Conduit Debt Issues

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value.

Direct Financing Lease Transactions

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

Capital Assets

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Inventory

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

Deferred Financing Costs

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

Bond Discount

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

Restricted Assets

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

Net Assets

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Operating Revenues and Expenses

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

Case Management Unit

Basis of Presentation

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

Revenue Recognition

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

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.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Use of Estimates

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

Capital Assets

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

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

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

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

Income Taxes

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Compensated Absences

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

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

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

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

Cash and Cash Equivalents

The IDA considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at September 30, 2010 consist of cash held in bank accounts.

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants. Restricted assets also consist of cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses as well as security deposits for the property management fund. At September 30, 2010, the restricted cash balance was \$4,366,674.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

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

Capital Assets

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

Use of Estimates

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

Long-Term Obligations

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

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at outstanding principal. Account balances generally are written off when management judges such balances uncollectible such as an account in bankruptcy. Management continually monitors and reviews loan receivable balances. Interest at rates ranging from 3-5% is charged on unpaid balances and is recognized in revenue upon receipt. The IDA's management evaluates the risk and when determined to be necessary, provides an allowance for loans which may become uncollectible. Loans receivable are shown net of an allowance of \$155,213 at September 30, 2010.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

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

Direct Financing Lease Transactions

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

Debt Related Costs

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

Net Assets

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

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

Dauphin County Economic Development Corporation ("DCEDC")

Basis of Accounting

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents

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

Restricted Assets

Restricted assets represent cash balances from hotel tax and grant program distributions received from Dauphin County. These distributions are restricted for the purpose of promoting tourism and regional development and for the CDBG, Home and Section 108 programs. At December 31, 2010 the restricted cash balance was \$2,580,717.

Capital Assets

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

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

Net Assets

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

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

Use of Estimates

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

Income Taxes

DCEDC is tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files Form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose could be subject to federal income taxes, however management believes that there is no tax liability as of December 31, 2010.

NOTE 2: BUDGETARY DATA

County Budget Process

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

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

Legal Requirements

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

Level of Control

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

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2010 were as follows:

Governmental Funds	
Capital Projects Fund - CDs	\$ 4,960,000
Fort Hunter Permanent Fund	
Fixed Income Mutual Funds - Bonds	455,055
Fixed Income Mutual Funds - Stocks	452,660
Total Permanent Fund	907,715
Total Governmental Funds	5,867,715
Investment Derivatives	(1,416,585)
Total Governmental Activities	4,451,130
Fiduciary Funds	
Retirement Fund	
U.S. Government Securities	33,323,081
Corporate Bonds	18,298,026
Common Stocks	71,908,787
Equity Funds	70,094,464
Total Retirement Fund	193,624,358
Total Fiduciary Funds	193,624,358
Total Investments	\$ 198,075,488

As of December 31, 2010, 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	\$ 455,055	\$ 455,055	\$ -	\$ -	\$ -
Investment Derivatives	(1,416,585)	-	-	-	(1,416,585)
Total	\$ (961,530)	\$ 455,055	\$ -	\$ -	\$ (1,416,585)

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

As of December 31, 2010, the County had the following debt investments and maturities within its retirement plan accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 19,535,905	\$ 1,552,289	\$ 12,888,911	\$ 5,094,705	\$ -
U.S. Government Agencies	13,787,176	1,065,099	359,408	7,388,008	4,974,661
Corporate Bonds	18,298,026	221,965	6,823,908	9,832,459	1,419,694
Total	\$ 51,621,107	\$ 2,839,353	\$ 20,072,227	\$ 22,315,172	\$ 6,394,355

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK (Continued)

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 a basis swap and three fixed to variable interest rate swaptions with notional amounts totaling \$54,860,000. The County makes semiannual payments to the counterparty equal to the SIFMA swap index rate for the basis swap and receives variable payments of 67% of 1-month LIBOR plus .39% per annum. For the swaptions, the County makes quarterly payments equal to the SIFMA index rate and receives fixed rate payments of 3.735%. The swaps were executed and mature at varying times. See Note 10 for more detail. At December 31, 2010, the swaps had a total fair value of (\$1,416,585).

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, 2010, the County's operating investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Fixed Income Mutual Funds	Aaa	76%
Fixed Income Mutual Funds	Aa	4%
Fixed Income Mutual Funds	A	11%
Fixed Income Mutual Funds	Baa	9%

As of December 31, 2010, the County was not exposed to credit risk related to its investment derivatives because the swaps had a negative fair value or a liability position. However, should interest rates change and the fair value of the swaps become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. As of December 31, 2010 the counterparty of the basis swap was rated Aa1 by Moody's Investors Service and AA- by Standard & Poor's. As of December 3, 2010 the counterparty of the fixed to variable interest rate swaptions were rated Baa3 by Moody's Investors Service and BBB by Standard & Poor's.

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".

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK (Continued)

As of December 31, 2010, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Agencies	AAA	100%
Corporate Bonds	AAA	1%
Corporate Bonds	AA1	5%
Corporate Bonds	AA2	16%
Corporate Bonds	AA3	10%
Corporate Bonds	A1	6%
Corporate Bonds	A2	20%
Corporate Bonds	A3	14%
Corporate Bonds	BAA1	6%
Corporate Bonds	BAA2	14%
Corporate Bonds	BAA3	7%
Corporate Bonds	Not Rated	1%

Custodial Credit Risk. For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2010, \$95,709,623 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2010.

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

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

At December 31, 2010, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk

Dauphin County Conservation District

Deposits and Investments

Custodial credit risk. For Deposits and investments 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, 2010, the Conservation District's cash balance was \$452,120, and its bank balance was \$489,798. Of this bank balance, \$382,187 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured. In addition, at December 31, 2010, the Conservation District held \$666,474 in fully insured certificates of deposit which are classified as investments on the financial statements.

Dauphin County General Authority

Deposits and Investments

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

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

Deposits

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The General Authority does not have a deposit policy for custodial credit risk. At December 31, 2010, the book balance of the Authority's unrestricted deposits was \$1,335,302 and the bank balance was \$1,403,269. Of the unrestricted bank balance, \$750,013 was covered by federal depository insurance, and \$653,256 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2010, the book balance of the Authority's restricted deposits was \$3,274,153 and the bank balance was \$3,274,239. Of the restricted bank balance, \$268,523 was covered by federal depository insurance, and \$3,005,716 was collateralized under Act 72.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

Total General Authority investments reported on the balance sheet at December 31, 2010 are as follows:

	Fair Value
Unrestricted	
Money market funds	\$ 2,240,779
U.S. government obligations	2,395
	\$ 2,243,174
Restricted	
Money market funds	\$ 14,839,352
U.S. government agency obligations	2,398,522
	\$ 17,237,874

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

	Fair Value	Percent of Investment
FHLMC	\$ 2,398,522	12.31%

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, 2010:

	Fair Value	Rating
Unrestricted		
Money market funds	\$ 2,240,779	AAA
U.S. government obligations	2,395	AAA
Restricted		
Money market funds	\$ 14,839,352	AAA
U.S. government agency obligations	2,398,522	Unrated

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Unrestricted					
Money market funds	\$ 2,240,779	\$ 2,240,779	\$ -	\$ -	\$ -
U.S. Government obligations	2,395	-	-	-	2,395
	<u>\$ 2,243,174</u>	<u>\$ 2,240,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,395</u>
Restricted					
Money market funds	\$ 14,839,352	\$ 14,839,352	\$ -	\$ -	\$ -
U.S. Government agency obligations	2,398,522	2,398,522	-	-	-
	<u>\$ 17,237,874</u>	<u>\$ 17,237,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Case Management UnitCash Concentrations

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, CMU will not be able to recover the value of its deposits that are in the possession of an outside party. As of June 30, 2010, CMU's cash balance was \$237,368 and its bank balance was \$278,331. Of the bank balance for June 30, 2010, \$27,401 of the CMU's deposits were exposed to custodial credit risk, as they are collateralized with securities held by pledging financial institution and uninsured.

Dauphin County Industrial Development Authority ("IDA")Deposits

Custodial credit risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the IDA will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At September 30, 2010, \$4,297,440 of the IDA's deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty's trust department or agent but not in the IDA's name. The IDA does not have a formal policy to limit its exposure to custodial credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County Economic Development Corporation (“DCEDC”)

Deposits

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the DCEDC will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At December 31, 2010, \$1,694,270 of the DCEDC’s bank deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the DCEDC’s name. The DCEDC does not have a formal policy to limit its exposure to custodial credit risk.

NOTE 4: RESTRICTED ASSETS

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

	<u>Cash and Accrued Interest</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 453,035
Amounts held in fiduciary capacity District Attorney’s Office	739,458
Amounts Reserved for Workers’ Compensation Liabilities	<u>296,998</u>
Total General Fund	<u>1,489,491</u>
Total Governmental Funds	<u>\$ 1,489,491</u>

NOTE 5: RISK MANAGEMENT

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

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust amount for workers’ compensation. The cash balance at December 31, 2010, was \$296,998 and is included in the restricted cash amount in the General Fund. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers’ Compensation Act in case the County could not pay claims.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 5: RISK MANAGEMENT (CONTINUED)

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

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are discounted at 3.5% for workers' compensation. Accrued workers' compensation self-insurance liabilities at December 31, 2010 for governmental activities is \$2,407,200.

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2010 and 2009.

<u>2010</u>			
<u>January 1, 2010, Liability</u>	<u>Incurred Claims and Changes in Estimate</u>	<u>Payments</u>	<u>December 31, 2010, Liability</u>
<u>\$2,647,347</u>	<u>\$33,442</u>	<u>\$(273,589)</u>	<u>\$2,407,200</u>
<u>2009</u>			
<u>January 1, 2009, Liability</u>	<u>Incurred Claims and Changes in Estimate</u>	<u>Payments</u>	<u>December 31, 2009, Liability</u>
<u>\$2,237,310</u>	<u>\$613,000</u>	<u>\$(202,963)</u>	<u>\$2,647,347</u>

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

Component Units – Risk Management

Case Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. CMU is liable for all claims up to an aggregate of \$1,336,616 or \$85,000 per individual for any one plan year. Once the deductible has been met, all future stop loss reimbursements for that contract year are payable. CMU purchased stop loss insurance to cover all claims incurred in excess of these deductible points of \$99,552. As of June 30, 2010, CMU has recorded a liability for claims incurred. No settlements exceeded insurance coverage for each of the past three years. The claims liability is included in accrued expenses on the financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 5: RISK MANAGEMENT (CONTINUED)

Component Units – Risk Management (Continued)

Case Management Unit (Continued)

Balance as of June 30, 2009	\$ 280,910
Add: Incurred claims relating to:	
Stop Loss Reimbursement	33,155
Current year	1,331,059
	<u>1,645,124</u>
Less: Payment of claims relating to:	
Prior years	280,910
Current year	1,264,662
	<u>1,545,572</u>
Balance as of June 30, 2010	<u>\$ 99,552</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 2010. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ -	\$ -	\$ 498,551
Intangible Assets	-	211,827	-	211,827
Construction in Progress - Infrastructure	210,170	4,558,896	-	4,769,066
Construction in Progress	35,438,279	8,367,782	(32,177,803)	11,628,258
Total Capital Assets, Not Being Depreciated	36,147,000	13,138,505	(32,177,803)	17,107,702
Capital Assets, Being Depreciated				
Infrastructure	11,935,947	-	-	11,935,947
Buildings and Improvements	82,436,433	209,755	-	82,646,188
Machinery and Equipment	7,994,201	32,603,143	(166,790)	40,430,554
Leasehold Assets	11,651,804	318,850	(78,115)	11,892,539
Total Capital Assets, Being Depreciated	114,018,385	33,131,748	(244,905)	146,905,228
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(5,542,374)	(298,399)	-	(5,840,773)
Buildings and Improvements	(39,810,873)	(1,433,794)	-	(41,244,667)
Machinery and Equipment	(6,783,438)	(484,803)	166,790	(7,101,451)
Leasehold Assets	(7,479,771)	(771,758)	78,115	(8,173,414)
Total Accumulated Depreciation and Amortization	(59,616,456)	(2,988,754)	244,905	(62,360,305)
Total Capital Assets, Being Depreciated, Net	54,401,929	30,142,994	-	84,544,923
Governmental Activities Capital Assets, Net	\$ 90,548,929	\$ 43,281,499	\$ (32,177,803)	\$ 101,652,625
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 111,492	\$ -	\$ -	\$ 111,492
Construction in Progress	63,821	-	-	63,821
Total Capital Assets, Not Being Depreciated	175,313	-	-	175,313
Capital Assets, Being Depreciated				
Buildings and Improvements	3,817,947	-	-	3,817,947
Machinery and Equipment	12,144,252	247,618	-	12,391,870
Furniture and Fixtures	65,346	-	-	65,346
Leasehold Assets	15,585,704	255,194	-	15,840,898
Total Capital Assets, Being Depreciated	31,613,249	502,812	-	32,116,061
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(1,782,930)	(98,813)	-	(1,881,743)
Machinery and Equipment	(9,821,509)	(634,122)	-	(10,455,631)
Furniture and Fixtures	(65,345)	(237)	-	(65,582)
Leasehold Assets	(11,339,156)	(402,126)	-	(11,741,282)
Total Accumulated Depreciation and Amortization	(23,008,940)	(1,135,298)	-	(24,144,238)
Total Capital Assets, Being Depreciated, Net	8,604,309	(632,486)	-	7,971,823
Business-Type Activities Capital Assets, Net	\$ 8,779,622	\$ (632,486)	\$ -	\$ 8,147,136

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

<u>Governmental Activities:</u>	
General Government	\$ 791,926
Judiciary	852,741
Conservation and Development	21,212
Human Services	382,407
Culture and Recreation	70,662
Public Safety	571,407
Public Works	298,399
	<hr/>
Total Depreciation Expense – Governmental Activities	<u>\$2,988,754</u>
 <u>Business-Type Activities:</u>	
Public Works	\$ 170,117
Public Safety	502,722
Human Services	402,774
Culture and Recreation	59,685
	<hr/>
Total Depreciation Expense – Business-Type Activities	<u>\$1,135,298</u>

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,200,553	40 years
Machinery and Equipment	152,018	5-6 years
Leasehold Assets	15,241	5 years
	<hr/>	
	1,477,907	
Less: Accumulated Amortization and Depreciation	<hr/> (671,647)	
	<hr/>	
	\$ 806,260	

Depreciation expense for the year ended December 31, 2010 was \$47,340.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Changes in Capital Assets of the business-type activities at December 31, 2010, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,028,786	\$ -	\$ -	\$ 2,028,786
Construction in progress	25,850	13,957	(25,850)	13,957
Total capital assets, not being depreciated	2,054,636	13,957	(25,850)	2,042,743
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	95,363,747	117,705	-	95,481,452
Building improvements	365,983	-	-	365,983
Golf course equipment	991,465	11,620	(26,275)	976,810
Other equipment	1,467,293	63,276	(19,517)	1,511,052
Total capital assets, being depreciated	103,931,585	192,601	(45,792)	104,078,394
Less accumulated depreciation for:				
Land improvements	(2,719,448)	(191,437)	-	(2,910,885)
Buildings	(32,650,124)	(3,248,001)	-	(35,898,125)
Building improvements	(251,089)	(20,421)	-	(271,510)
Golf course equipment	(688,534)	(69,355)	26,275	(731,614)
Other equipment	(602,228)	(139,995)	19,517	(722,706)
Total accumulated depreciation and amortization	(36,911,423)	(3,669,209)	45,792	(40,534,840)
Capital assets, being depreciated, net	67,020,162	(3,476,608)	-	63,543,554
Capital assets, net	\$69,074,798	\$(3,462,651)	\$ (25,850)	\$65,586,297

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

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, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,423,778	\$ 102,536	\$ -	\$1,526,314
Leasehold Improvements	99,750	-	-	99,750
Total Capital Assets, Being Depreciated	<u>1,523,528</u>	<u>102,536</u>	<u>-</u>	<u>1,626,064</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	945,084	193,646	-	1,138,730
Leasehold Improvements	56,125	9,975	-	66,100
Total Accumulated Depreciation	<u>1,001,209</u>	<u>203,621</u>	<u>-</u>	<u>1,204,830</u>
Total Capital Assets, net	<u>\$ 522,319</u>	<u>\$ (101,085)</u>	<u>\$ -</u>	<u>\$ 421,234</u>

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

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, 2010:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Capital assets, not being Depreciated:				
Construction in progress	\$ 154,702	\$ 952,299	\$ -	\$ 1,107,001
Land	50,900	-	-	50,900
Total capital assets, not Depreciated	205,602	952,299	-	1,157,901
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building Improvements	1,465,727	43,220	-	1,508,947
Office furniture and equipment	8,610	5,911	-	14,521
Total capital assets, being depreciated	1,948,691	49,131	-	1,997,822
Less accumulated depreciation for:				
Buildings held for lease	(53,365)	(11,859)	-	(65,224)
Building improvements	(215,230)	(98,052)	-	(313,282)
Office furniture and equipment	(5,580)	-	-	(5,580)
Total accumulated depreciation	(274,175)	(109,911)	-	(384,086)
Total capital assets, being depreciated, net	1,674,516	(60,780)	-	1,613,736
Total capital assets, net	\$ 1,880,118	\$ 891,519	\$ -	\$ 2,771,637

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

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, 2010:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
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	(218,794)	(53,041)	-	(271,835)
Total accumulated depreciation	(246,732)	(53,041)	-	(299,773)
Total capital assets, being depreciated, net	1,849,817	(53,041)	-	1,796,776
Total capital assets, net	\$ 1,849,817	\$ (53,041)	\$ -	\$ 1,796,776

NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2010:

Reading Hospital and Medical Center	\$ 7,875,000
Dauphin County Library System	1,033,681
Pinnacle Health Systems	198,095,000
Pinnacle Health Systems	70,000,000
United Church of Christ Homes, Inc	30,000,000
	<u>\$307,003,681</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority

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

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

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

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

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

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

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

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

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

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

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

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

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

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

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

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

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonded debt	\$131,405,000	\$58,126,500	\$(28,355,000)	\$161,176,500	\$ 7,760,000
Total bonds and notes payable	\$131,405,000	\$58,126,500	\$(28,355,000)	\$161,176,500	\$ 7,760,000
Other Liabilities:					
Compensated absences	7,602,356	-	(426,434)	7,175,922	-
Estimated workers compensation claims	2,641,382	-	(234,182)	2,407,200	-
Total Other Liabilities	\$ 10,243,738	\$ -	\$ (660,616)	\$ 9,583,122	\$ -
Governmental Activities Long-Term Liabilities	\$141,648,738	\$58,126,500	\$(29,015,616)	\$170,759,622	\$ 7,760,000
Business-Type Activities:					
Bonds and notes payable:					
General obligation debt	\$ 1,550,000	\$ -	\$(1,110,000)	\$ 440,000	\$ 440,000
Total bonds and notes payable	\$ 1,550,000	\$ -	\$(1,110,000)	\$ 440,000	\$ 440,000
Other Liabilities:					
Compensated absences	283,110	3,044	-	286,154	-
Estimated workers compensation claims	5,965	-	(5,965)	-	-
Total Other Liabilities	\$ 289,075	\$ 3,044	\$ (5,965)	\$ 286,154	\$ -
Business-Type Activities Long-Term Liabilities	\$ 1,839,075	\$ 3,044	\$(1,115,965)	\$ 726,154	\$ 440,000

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

Years Ended December 31:	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2011	\$ 7,760,000	\$ 9,505,401	\$ 17,265,401
2012	42,386,500	9,311,293	51,697,793
2013	8,165,000	4,827,475	12,992,475
2014	8,475,000	4,514,374	12,989,374
2015	7,830,000	4,142,186	11,972,186
2016-2020	44,555,000	15,254,100	59,809,100
2021-2025	39,025,000	4,853,347	43,878,347
2026-2030	2,980,000	307,956	3,287,956
	\$161,176,500	\$ 52,716,132	\$213,896,632

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

An analysis of debt service requirements to maturity on the Business-Type Activities obligations follows:

Years Ended December 31:	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2011	\$ 440,000	\$ 11,000	\$ 451,000
	\$ 440,000	\$ 11,000	\$ 451,000

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

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2010</u>
2002	\$ 3,500,000	Provide funds to construct road and transportation improvements at a variable interest rate from 1.80%-3.85%. (Final Maturity in 2012).	\$ 865,000
2002	\$ 16,500,000	Current refunding of general obligation note Series A of 2001 and pay the cost of issuance related to the bond issue at a variable interest rate from 1.55%-4.70% (Final Maturity in 2024).	16,465,000
2004	\$ 39,760,000	General Obligation Bonds, Series 2004 and General Obligation Notes, Series C and D issued for defeasing General Obligation Bonds, Series of 1998, 1999 Series A of 2003 and to partially refund the Second Series of 2001 and to pay the cost of issuance related to the bond issue at a variable interest rate from 2.40%-5.40%. (Final Maturity in 2024).	17,495,000
2005	\$ 33,990,000	General Obligation Bonds, Series of A, B and C of 2005 issued to currently refund General Obligation Bonds, Series A of 2000; to advance refund General Obligation Bonds, Second Series of 2001; and to advance refund General Obligation Bonds, Series of 2002 at a variable interest rate from 2.65%-5.00%. (Final Maturity in 2024)	27,065,000
2005	\$ 5,315,000	General Obligation Bonds, Series D of 2005 issued to currently refund General Obligation Notes, Series E of 2000 at a variable interest rate from 3.20%-3.50%. (Final Maturity in 2011)	3,205,000
2006	\$ 16,450,000	General Obligation Bonds, Series of 2006 issued to fund the costs of the emergency communications project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.55%-5.00%. (Final Maturity 2023)	16,430,000

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2010</u>
2009	\$ 21,965,000	General Obligation Bonds, Series of 2009 issued to fund the following projects: the Energy Project, the Work Release Center Project, the Juvenile Court Project and the Emergency Vehicle Storage Building Project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.00%-4.125%. (Final Maturity 2029)	\$ 21,965,000
2010	\$ 23,380,000	General Obligation Bonds, Series B, C and D of 2010 issued to currently refund General Obligation Notes, Series A and B of 2004 and General Obligation Bonds, Series of 2008 and to pay the cost of issuance related to the bond issue at a variable interest rate from 1.00%-5.00%. (Final Maturity, Series B – 2014; Series C – 2012; Series D – 2023)	23,380,000
2010	\$ 34,746,500	Federally Taxable Bond Anticipation Note issued to pay on the Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, issued by the Harrisburg Authority. The Note bears interest equal to the LIBOR rate or the Base Rate plus 25 basis points, not exceeding the maximum rate. (Final Maturity 2012)	<u>34,746,500</u>
			<u>\$ 161,616,500</u>

Interest rates on the above obligations range from 1.0% to 5.4%. The County has pledged its taxing power as security for outstanding general obligation debt.

In February 2003, the County issued \$3,420,000 in General Obligation Notes, Series B of 2003 to refund general obligation debt of the County. As a result of the refunding, the Human Service Building Fund recognized a loss of \$172,010 that is being amortized on the interest method over the term of the notes. The balance of the deferred loss at December 31, 2010 is fully amortized.

In August 2005, the County issued \$4,120,000 in General Obligation Bonds, Series A of 2005 to currently refund general obligation debt of the County. The Human Service Building Fund recognized a bond premium of \$41,144 as a result of this refunding. The premium is being amortized on the interest method over the term of the bonds. The balance of the premium at December 31, 2010 is \$1,388.

In May 2010, the County issued \$23,380,000 in General Obligation Bonds, Series B of \$4,635,000, Series C of \$1,945,000 and Series D of \$16,800,000. The County recognized a bond premium of \$560,109 as a result of the issuances. The County transferred \$23,610,000 to a Bond Escrow agent to be used as follows: Series B Bond proceeds were used to currently refund the outstanding General Obligation Bonds, Series A of 2004; Series C Bond proceeds were used to currently refund the outstanding General Obligation Bonds, Series B of 2004; and the Series D Bond proceeds were used to currently refund the outstanding General Obligation Bonds, Series of 2008. In addition, the County paid \$246,165 in bond issuance costs. The Series B bonds mature on August 1, 2014 and carry an interest rate between 1.00% and 4.00%. The Series C Bonds mature on August 1, 2012 and carry an interest rate between 1.83% and 1.88%. The Series D Bonds mature on November 15, 2023 and carry an interest rate between 1.00% and 4.00%.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

These refunding transactions resulted in the an estimated cash flow savings of \$2,209,965 for the County and an estimated economic gain of \$2,024,348.

In December 2010, the County issued \$34,746,500 in Federally Taxable Bond Anticipation Notes. The proceeds were used to pay on the Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Facility Limited Obligation Notes, Series D of 2007, issued by the Harrisburg Authority. The Note bears interest equal to the LIBOR rate or the Base Rate plus 25 basis points, not exceeding the maximum rate. Final maturity of the Note is December 2012.

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, 2010, the principal amount outstanding relative to defeased debt was \$29,430,000.

Component Units - Long-term DebtDauphin County General Authority

Long-term debt outstanding at December 31, 2010, is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):

Series A of 1998	\$30,000,000
Series C of 1998-Capital Appreciation Bonds	12,375,069
Hotel and Conference Center Bonds (Hyatt Hotel Project) Series of 1998	58,200,000
Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009 (Building Bonds)	4,795,000
Lease Revenue Bonds (100 Chestnut Street) – Series D of 2009	2,460,000
Dauphin County Guaranteed Revenue Bonds – Series A and B of 2005 (Dauphin Highlands)	10,710,000
Capital Lease Payable (Dauphin Highlands)	<u>97,843</u>
	<u>\$118,637,912</u>

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

Current portion of long-term debt	\$ 3,510,962
Long-term debt, net of current portion	<u>115,126,950</u>
	<u>\$118,637,912</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

Long-term liability activity for the General Authority for the year ended December 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt	\$121,339,141	\$ 828,188	\$ (3,529,417)	\$118,637,912	\$ 3,510,962
Deferred charge	(799,438)	-	76,721	(722,717)	-
	<u>\$120,539,703</u>	<u>\$ 828,188</u>	<u>\$ (3,452,696)</u>	<u>\$117,915,195</u>	<u>\$ 3,510,962</u>

Each of the General Authority's financing programs is described below. The General Authority has complied with the covenants contained in its debt agreements for the year ended December 31, 2010 except as described in Note 26.

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

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

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

The Current Interest Bonds bear interest and mature as follows:

Series A

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	6.00%	\$ 1,160,000	\$ 1,800,000	\$ 2,960,000
2012	6.00%	1,230,000	1,730,400	2,960,400
2013	6.00%	1,305,000	1,656,600	2,961,600
2014	6.00%	1,385,000	1,578,300	2,963,300
2015	6.00%	1,465,000	1,495,200	2,960,200
2016-2020	6.00%	8,765,000	6,045,900	14,810,900
2021-2025	6.00%	14,690,000	3,081,300	17,771,300
		<u>\$30,000,000</u>	<u>\$17,387,700</u>	<u>\$47,387,700</u>

Series B

There was no balance remaining on the Series B bonds at December 31, 2010.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$1,101,082	\$ 718,918
January 1, 2025	293,857	1,820,000	1,125,397	694,603
July 1, 2025	283,920	1,820,000	1,148,893	671,107
January 2, 2026	274,310	1,820,000	1,171,589	648,411
July 1, 2026	265,047	1,820,000	1,193,501	626,499
January 1, 2027	256,074	1,820,000	1,214,704	605,296
July 1, 2027	247,411	1,820,000	1,235,161	584,839
January 1, 2028	3,310,677	25,205,000	17,379,604	7,825,396
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$25,569,931</u>	<u>\$12,375,069</u>

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

The Bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	6.00%	\$ 1,580,000	\$ 3,559,420	\$ 5,139,420
2012	6.20%	1,675,000	3,458,515	5,133,515
2013	6.20%	1,770,000	3,351,720	5,121,720
2014	6.20%	1,885,000	3,238,415	5,123,415
2015	6.20%	2,000,000	3,117,980	5,117,980
2016-2020	6.20%	11,955,000	13,508,405	25,463,405
2021-2025	6.20%	15,920,000	9,224,670	25,144,670
2026-2029	6.20%	21,415,000	3,174,245	24,589,245
		<u>\$58,200,000</u>	<u>\$42,633,370</u>	<u>\$100,833,370</u>

As required by a mandatory sinking fund provision, the trustee deposited \$5,189,000 of bond proceeds to the Debt Service Reserve Account. However, as discussed in Note 26, unscheduled draws were made in July 2010 and January 2011 out of the Bond Redemption and Improvement Fund and the Bond Reserve Fund.

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

On November 21, 2001, the General Authority issued \$5,620,000 Dauphin County Guaranteed Lease Revenue Refunding Bonds – Series A of 2001 and \$4,750,000 Dauphin County Guaranteed Lease Revenue Bonds, Series B of 2001. The proceeds of Series A of 2001 were used to defease the County Building Bonds Series of 1997. At December 31, 2010, the balance outstanding on both the County Building Bonds Series of 1997 and the Dauphin County Lease Revenue Refunding Bonds, Series A of 2001 is zero.

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

On November 12, 2009, the general Authority issued \$4,865,000 Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009. The proceeds of Series C of 2009 were used to currently refund Series B of 2001 and to pay the costs of issuance associated with issuing the bonds. The balance outstanding on the Series B of 2001 bonds at December 31, 2010 is zero.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	2.00%	\$ 350,000	\$ 148,225	\$ 498,225
2012	2.00%	350,000	141,225	491,225
2013	2.25%	360,000	134,225	494,225
2014	2.50%	365,000	126,125	491,125
2015	3.00%	375,000	117,000	492,000
2016-2020	3.00%-3.70%	2,065,000	400,843	2,465,843
2021-2022	3.85%-3.88%	930,000	54,135	984,135
		<u>\$ 4,795,000</u>	<u>\$ 1,121,778</u>	<u>\$ 5,916,778</u>

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

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

On November 12, 2009, the General Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The General Authority used the Series D bond proceeds to currently refund the 2003 Bonds Payable, Series A. As of December 31, 2010, the Series A and Series B of 2003 bonds had a zero balance.

The bonds bear interest and mature as follows:

Series D of 2009

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1.20%	\$ 290,000	\$ 60,328	\$ 350,328
2012	1.55%	295,000	56,848	351,848
2013	2.00%	295,000	52,275	347,275
2014	2.30%	300,000	46,375	346,375
2015	2.70%	305,000	39,475	344,475
2016-2018	3.00%-3.40%	975,000	64,420	1,039,420
		<u>\$2,460,000</u>	<u>\$ 319,721</u>	<u>\$2,779,721</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

On September 1, 1998, the General Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$4,285,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$340,000. The bond proceeds were used to acquire certain real estate in the City of Harrisburg, known as "100 Chestnut Street," to fund certain renovations to the facility, to fund a debt service reserve, and to pay the costs of issuance. On October 1, 2003, the General Authority advance refunded the Series A of the 1998 Bonds, resulting in a defeasance of the bonds. As a result, the liability for those bonds has been removed from the 100 Chestnut Street Fund. The balance outstanding on the defeased Series A bonds on December 31, 2010 is \$2,355,000. The Series B bonds matured in 2006 and were paid in full.

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

On January 6, 2005, the General Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds are insured by a municipal bond guaranty insurance policy. The net proceeds were used to advance refund the 1993 Series Capital Appreciation Bonds, advance refund the County Guaranteed Revenue Bonds, Series of 2003 and pay the costs of issuing the bonds. As a result, the liability for those bonds has been removed from Dauphin Highlands. At December 31, 2010, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$12,495,000 and \$8,274,704, respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2010.

Dauphin County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2005 Revenue Refunding Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.25%	\$ 5,000	\$ 392,348	\$ 397,348
2012	3.50%	5,000	392,166	397,166
2013	3.60%	5,000	392,010	397,010
2014	4.00%	5,000	391,830	396,830
2015	4.00%	5,000	391,630	396,630
2016-2020	4.00%	25,000	1,957,150	1,982,150
2021-2025	4.00% - 4.50%	2,005,000	1,814,150	3,819,150
2026-2030	4.50% - 4.7%	3,220,000	1,236,238	4,456,238
2031-2034	4.70%	3,265,000	392,726	3,657,726
		<u>\$ 8,540,000</u>	<u>\$ 7,360,248</u>	<u>\$ 15,900,248</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

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 2005 (Dauphin Highlands) (Continued)

Dauphin County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series B of 2005 Revenue Refunding Bonds. These bonds mature as follows:

Years	Interest Rate	Principal	Interest	Total
2011	4.50%	\$ 95,000	\$ 114,254	\$ 209,254
2012	4.65%	115,000	109,980	224,980
2013	5.15%	135,000	104,632	239,632
2014	5.15%	155,000	97,680	252,680
2015	5.15%	180,000	89,696	269,696
2016-2020	5.15%-5.50%	1,295,000	280,648	1,575,648
2021	5.50%	195,000	10,726	205,726
		\$ 2,170,000	\$ 807,616	\$ 2,977,616

Dauphin County Industrial Development AuthorityQualified Tax-Exempt Obligations

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

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

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

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

Principal	Interest	Interest Rate	Maturity Date
\$ 51,406	\$ 6,858	3.63%	2011
53,214	5,051	3.63%	2012
55,085	3,179	3.63%	2013
57,023	1,242	3.63%	2014
4,842	14	3.63%	2015
\$ 221,570	\$ 16,344		

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$900,000 Guaranteed Lease Revenue Note, Series of 2005, due in monthly installments of interest only through June 1, 2006 and in monthly installments of \$6,319 through June 1, 2026. Interest is at 5.75%.

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

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

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series of 2005:

Principal	Interest	Interest Rate	Maturity Date
\$ 31,544	\$ 44,281	5.75%	2011
33,407	42,418	5.75%	2012
35,379	40,446	5.75%	2013
37,468	38,357	5.75%	2014
39,680	36,145	5.75%	2015
236,434	142,691	5.75%	2016 to 2020
314,969	64,156	5.75%	2021 to 2025
57,097	1,338	5.75%	2026 to 2030
<u>\$ 785,978</u>	<u>\$ 409,832</u>		

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

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

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 34,655	\$ 33,466	4.40%	2011
36,239	31,883	4.40%	2012
37,895	30,226	4.40%	2013
39,627	28,494	4.40%	2014
41,438	26,683	4.40%	2015
237,389	103,217	4.40%	2016 to 2020
296,828	43,779	4.40%	2021 to 2025
39,151	586	4.40%	2026 to 2030
<u>\$ 763,222</u>	<u>\$ 298,334</u>		

Loan Payable, Vartan Bank, due in monthly installments of interest only through May 13, 2006 and in monthly installments of \$1,563 through March 16, 2026. Interest is fixed at 7.00% through March 13, 2009 then is adjusted monthly with the Wall Street Journal Prime (WSJP) for the balance of the term. The WSJP at September 30, 2010 was 3.25%.

The proceeds of the loan, dated March 13, 2006, were used for and towards renovations and improvements to a building located at 112 Market Street in the city of Harrisburg, Dauphin County, known as the Veterans Building.

The following is a maturity schedule for the Loan Payable, Vartan Bank:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 6,640	\$ 12,116	Var.	2011
7,127	11,629	Var.	2012
7,617	11,139	Var.	2013
8,117	10,639	Var.	2014
8,645	10,111	Var.	2015
53,095	40,685	Var.	2016 to 2020
77,184	16,596	Var.	2021 to 2025
6,506	134	Var.	2026 to 2030
<u>\$ 174,931</u>	<u>\$ 113,049</u>		

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

\$410,651 Guaranteed Lease Revenue Note, Series 2007A, 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>
\$ 14,728	\$ 17,525	4.83%	2011
15,454	16,799	4.83%	2012
16,216	16,037	4.83%	2013
17,016	15,238	4.83%	2014
17,854	14,399	4.83%	2015
103,374	57,891	4.83%	2016 to 2020
131,492	29,773	4.83%	2021 to 2025
54,023	2,420	4.83%	2026 to 2030
<u>\$ 370,157</u>	<u>\$ 170,082</u>		

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)\$900,000 Guaranteed Lease Revenue Note Series 2007 (Continued)

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>
\$ 31,948	\$ 39,100	4.83%	2011
33,546	37,502	4.83%	2012
35,224	35,824	4.83%	2013
36,987	34,062	4.83%	2014
38,837	32,211	4.83%	2015
225,346	129,894	4.83%	2016 to 2020
287,640	67,600	4.83%	2021 to 2025
124,343	5,912	4.83%	2026 to 2027
<u>\$ 813,871</u>	<u>\$ 382,105</u>		

\$1,000,000 Guaranteed Construction Note (Veterans Building Project) Series of 2008 (Taxable) interest due in monthly installments at a rate of 4.40% APR on the outstanding principle balance. The balance of all principle outstanding is due on the Notes maturity date which has been extended from June 2010 until December 2010.

The proceeds of the note, dated June 17, 2008, are to be used to finance the costs acquisition, construction, and installation of improvements on an 8 story building located at 112 Market Street in the City of Harrisburg known generally as the "Veterans Building". The IDA draws on the note as needed to fund the capital project. The principal balance outstanding on the note at September 30, 2010 was \$714,961.

The following is a maturity schedule for the Guaranteed Construction Note Series 2008:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 714,961	\$ 7,865	4.40%	2011
<u>\$ 714,961</u>	<u>\$ 7,865</u>		

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT (CONTINUED)

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

The following is a summary of long-term debt for the year ended September 30, 2010:

Guaranteed lease revenue notes:	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010	Due Within One Year
Series of 2004	\$ 274,114	\$ -	\$ 52,544	\$ 221,570	\$ 51,406
Series of 2005	814,953	-	28,975	785,978	31,544
Series of 2006	797,182	-	33,960	763,222	34,655
Series of 2007	849,489	-	35,618	813,871	14,728
Series of 2007(A)	384,166	-	14,009	370,157	31,948
Subtotal	3,119,904	-	165,106	2,954,798	164,281
2008 Construction Note	714,961	-	-	714,961	714,961
Loan Payable	181,780	-	6,849	174,931	6,640
Total	\$ 4,016,645	\$ -	\$ 171,955	\$3,844,690	\$ 885,882

Dauphin County Economic Development Corporation

Long-term debt at December 31, 2010, 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, 2010 was 1.7534%. \$ 1,870,000

Section 108 Note payable in the amount of \$3,000,000 issued for the purpose of redeveloping a brownfield site at an approximate interest rate of 5.4% and final payment due August 2026. 2,680,000

4,550,000

Less current portion (160,000)

Long-term debt \$ 4,390,000

Maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 160,000	\$ 177,185	\$ 337,185
2012	215,000	169,153	384,153
2013	230,000	160,140	390,140
2014	230,000	150,833	380,833
2015	235,000	141,493	376,493
2016 to 2020	1,273,000	557,861	1,830,861
2021 to 2025	1,380,000	281,799	1,661,799
2026 to 2030	827,000	46,307	873,307
	<u>\$ 4,550,000</u>	<u>\$ 1,684,771</u>	<u>\$ 6,234,771</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 9: GUARANTEED DEBT

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

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

The second swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003 (the "2003D Bonds"), originally issued in the amount of \$96,480,000. The floating-to-fixed swap (the "2006 Fixed Payor") was executed in the amount of \$96,480,000. The 2006 Fixed Payor was entered into with the Royal Bank of Canada (the Counterparty). The 2006 Fixed Payor had an effective date of June 1, 2006 and a termination date of June 1, 2011. The Harrisburg Authority pays to the Counterparty a fixed rate of 3.35% and receives from the Counterparty 68% of One-Month LIBOR.

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

Component Units – Guaranteed Debt

Dauphin County Economic Development Corporation

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

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 9: GUARANTEED DEBT (CONTINUED)

Component Units – Guaranteed Debt (Continued)Dauphin County Economic Development Corporation (Continued)

Under the bond indenture and the Repayment Agreement, the County is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. DCEDC will make debt service payments to the Trustee on behalf of the County using Hotel Tax Revenue from Dauphin County. However, the Bonds are the obligations of the County, not DCEDC, and therefore are not reflected as a liability in the financial statements of DCEDC as of December 31, 2010.

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

<u>Maturity</u> <u>November 15</u>	<u>Rate of</u> <u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2011	3.75%	\$ 425,000	\$ 32,878	\$ 457,878
2012	3.85%	440,000	16,940	456,940
		<u>\$ 865,000</u>	<u>\$ 49,818</u>	<u>\$ 914,818</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 10: INTEREST RATE SWAPS

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

At December 31, 2010, the County has the following derivative instruments outstanding:

	Notional Amount	Classification	Fair Value		Changes in Fair Value	
			Amount	Amount	Classification	Amount
Governmental Activities						
Investment Derivatives:						
2007 Fixed to Variable Rate Swaption	\$ 16,975,000	Investment	\$ (579,642)		Unrestricted Investment Loss	\$ (361,442)
2007 Fixed to Variable Rate Swaption	\$ 16,480,000	Investment	\$ (554,412)		Unrestricted Investment Loss	\$ (330,919)
2007 Fixed to Variable Rate Swaption	\$ 6,600,000	Investment	\$ (271,595)		Unrestricted Investment Loss	\$ (42,288)
Total Fixed to Variable Interest Rate Swaps			\$ (1,405,649)			\$ (734,649)
2005 Basis Swap	\$ 14,805,000	Investment	\$ (10,936)		Unrestricted Investment Gain	\$ 320,321

The governmental activities 2005 basis swap was deemed ineffective as of December 31, 2009 and 2010. Accordingly, the County restated net assets (See Note 34) and recorded as an investment derivative instrument in the amount of (\$10,938). In 2010, the change in fair value of the derivative instrument in the amount of \$320,321 is recorded within the unrestricted investment earnings classification in the government-wide Statement of Activities.

The 2007 fixed to variable rate swaptions were deemed ineffective as of December 31, 2009 and 2010. Accordingly, the County restated net assets (See Note 34) and recorded the swaptions as investment derivative instruments in the amount of (\$1,405,649). In 2010, the change in fair value of the derivative instruments in the amount of (\$734,649) is recorded within the unrestricted investment earnings classification in the government-wide Statement of Activities.

In March 2008 the County entered into a fixed swap in the amount of \$16,865,000 with Deutsche Bank as the Counterparty (the "2008 Fixed Swap"). The County will pay the Counterparty a fixed rate of 3.979%, while the Counterparty will pay the County 67% of 1-month LIBOR. The 2008 Fixed Swap was deemed to be effective as of December 31, 2009 under the regression analysis method. In accordance with hedge accounting the fair value of this swap of (\$1,847,495) should have been recorded as a derivative instrument and a deferred inflow of resources as of December 31, 2009, and therefore there would be no impact on beginning net assets. In April 2010, the County terminated this swap and as a result paid fees totaling \$2,363,500. These fees are recorded as swap termination fees in the fund level Statement of Revenues, Expenditures and Changes in Fund Balance and in the government-wide Statement of Activities.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

2005 SWAP

Objectives and terms of the swap. In October 2005, the County entered into a basis swap with the Royal Bank of Canada as the Counterparty. The basis swap is structured such that the notional principle schedule matches the principle amortization of the County's General Obligation Notes, Series D of 2004. The County pays the Counterparty the SIFMA Municipal Swap Index, while the Counterparty pays the County 67% of 1-month LIBOR plus a pre-determined .39% per annum.

The terms, fair values, and credit ratings of the basis swap as of December 31, 2010 were as follows. The notional amount of the swap match the principal amount of the 2004 D Series Notes.

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Fair Value	Swap Termination Date	Counterparty Credit Rating
Series D of 2004 GON	\$ 14,805,000	10/1/2005	SIFMA	67% of USD-LIBOR + .39%	\$ (10,396)	3/1/2019	Aa1/AA-IAA

Fair market value. The swap had a negative fair market value as of December 31, 2010. The fair market value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. The swap's fair value represented the County's exposure to the counterparty as of December 31, 2010. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the County faces a maximum possible loss equivalent to the swap fair value. As of December 31, 2010, the counterparty was rated Aa1 by Moody's Investors Service, AA- by Standard & Poor's, and AA by Fitch Ratings.

Interest Rate Risk. The swap increases the County's exposure to interest rate risk.

Basis Risk. The County is exposed to basis risk to the extent that there is a shortfall between the floating rate paid (SIFMA) and the floating rate received of 67% of 1-month LIBOR plus .39% per annum. As of December 31, the County was not subject to basis risk because the SIFMA rate of .34% was less than the 67% of 1-month LIBOR plus .39% per annum of .56462%.

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

2007 SWAPS

Objectives and terms of the swaps. In September 2007 the County executed fixed to variable rate swaps with DEPFA Bank as the Counterparty. The 2005C fixed to variable rate swap has a beginning notional amount of \$16,975,000 and is structured to match the principal amortization of the 2005C Bonds. The Counterparty will have the right to place the County into the swap quarterly beginning November 15, 2007, through and including November 15, 2012, thus creating "synthetic variable rate debt". In exchange for this right, the Counterparty made an upfront payment to the County in the amount of \$424,200. The 2002A fixed to variable rate swap has a beginning notional amount of \$16,480,000 and is structured to match the principal amortization of the 2002A Bonds. The Counterparty will have the right to place the County into the swap quarterly beginning November 15, 2007, through and including November 15, 2012, thus creating "synthetic variable rate debt". In exchange for this right, the Counterparty made an upfront payment to the County in the amount of \$411,850. The Series B of 2005 fixed to variable rate swap has a beginning notional amount of \$6,600,000 and is structured to match the principal amortization of the 2005B Bonds. The Counterparty will have the right to place the County into the swap quarterly beginning November 15, 2007, through and including November 15, 2012, thus creating "synthetic variable rate debt". In exchange for this right, the Counterparty made an upfront payment to the County in the amount of \$164,950. These upfront payments represent the value of the options. The upfront payments are being amortized using the straight-line method over the life of the swaptions and the unamortized balances at December 31, 2010 of (\$121,200), (\$117,671) and (\$47,129) respectively are recorded as other liabilities on the Statement of Net Assets.

The terms, fair values, and credit ratings of the outstanding transactions as of December 31, 2010, were as follows:

Transaction Type	Associated Bonds	County Pays	County Receives	Effective Date	Maturity Date	Initial Notional	Counterparty	Counterparty Credit Rating	Fair Value
Swaption	Series 2005C	SIFMA	3.735%	9/25/2007	11/15/2012	\$ 16,975,000	DEPFA Bank	Baa3/BBB/BBB+	\$ (579,642)
Swaption	Series 2002A	SIFMA	3.735%	9/25/2007	11/15/2012	\$ 16,480,000	DEPFA Bank	Baa3/BBB/BBB+	\$ (554,412)
Swaption	Series 2005B	SIFMA	3.775%	9/25/2007	11/15/2012	\$ 6,600,000	DEPFA Bank	Baa3/BBB/BBB+	\$ (271,595)

Fair Market Values. The swaps had negative fair market values as of December 31, 2010. The fair market values are a calculation of the mid-market value were the County to exit the swaps. Mid-market values exclude transaction costs. These are estimated using the zero-coupon method and market standard option pricing methods. This method calculates the future net settlement payments required by the swaps, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. The swap's fair value represented the County's exposure to the counterparty as of December 31, 2010. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the County faces a maximum possible loss equivalent to the swap fair value.

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

As of December 31, 2010, the counterparty was rated Baa3 by Moody's Investors Service, BBB by Standard & Poor's, and BBB+ by Fitch Ratings. Due to recent ratings downgrades of DEPFA, a more highly rated counterparty is being sought to replace DEPFA and assume all obligation of DEPFA under the swaptions.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

2007 SWAPS (Continued)

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

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

NOTE 11: DIRECT FINANCING LEASES

Component Unit - Direct Financing LeasesDauphin County General Authority

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

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

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

<u>Years Ending December 31,</u>	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
2011	\$ 498,225	\$ 350,328	\$ 848,553
2012	491,225	351,848	843,073
2013	494,225	347,275	841,500
2014	491,125	346,375	837,500
2015	492,000	344,475	836,475
2016-2020	2,465,843	1,039,420	3,505,263
2021-2022	984,135	-	984,135
	<u>\$ 5,916,778</u>	<u>\$ 2,779,721</u>	<u>\$ 8,696,499</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

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

The net investment in direct financing leases consists of the following at December 31, 2010:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
Total Minimum Lease			
Payments to be Received	\$ 5,916,778	\$ 2,779,721	\$ 8,696,499
Less: Unearned Income	1,121,778	304,639	1,426,417
	<u>\$ 4,795,000</u>	<u>\$ 2,475,082</u>	<u>\$ 7,270,082</u>
Current Portion	\$ 350,000	\$ 305,082	\$ 655,082
Noncurrent Portion	4,445,000	2,170,000	6,615,000
	<u>\$ 4,795,000</u>	<u>\$ 2,475,082</u>	<u>\$ 7,270,082</u>

Dauphin County Industrial Development Authority

On November 4, 2004 the IDA entered into a lease agreement with the County of Dauphin for a building for a fifteen year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2004 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased buildings and equipment for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2004 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2010 is \$221,570.

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, 2010 is \$763,222.

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, 2010 is \$370,157.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

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

On November 29, 2007 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty-year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series 2007 Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series 2007 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2010 is \$813,871.

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

<u>Years Ending</u> <u>September 30,</u>	
2011	\$ 229,686
2012	229,688
2013	229,686
2014	229,689
2015	176,278
2015 - 2019	857,111
2020 - 2024	857,112
2025 - 2029	226,435
	<u>\$ 3,035,685</u>

The net investment in direct financing lease consists of the following at September 30, 2010:

Total Minimum Lease Payments to be Received	\$ 3,035,685
Less: Unearned Interest Income	<u>(866,865)</u>
	<u>\$ 2,168,820</u>
Current Portion	\$ 132,737
Noncurrent Portion	<u>2,036,083</u>
	<u>\$ 2,168,820</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 12: CAPITAL LEASE OBLIGATIONS

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for as an Enterprise Fund bearing interest at rates from 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, 2010 is \$107,560. Also as a result of refunding, the County recognized a loss of \$68,278 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2010 is \$55,592 and is included in deferred interest from refunding on the Statement of Net Assets.

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

In 2010, the County entered into two new capital leases, one in Governmental Activities and one in the 911 Enterprise Fund. The Governmental lease was with the Dauphin County Industrial Development Authority for the Hoffman Street Project in the amount of \$318,850 and the 911 lease was for an additional server in the amount of \$255,194.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

The following is a schedule of future minimum lease payments under the capital lease agreements, together with the present value of the net minimum lease payments as of December 31, 2010:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>911 EMA Fund</u>
2011	\$ 851,212	\$ 498,226	\$ 64,025
2012	841,489	491,226	63,002
2013	673,954	494,226	26,677
2014	588,457	491,126	-
2015	537,443	492,001	-
2016-2020	2,020,263	2,465,847	-
2021-2025	991,786	984,136	-
2026-2030	321,498	-	-
Total Minimum Lease Payments	6,826,102	5,916,788	153,704
Less: Amount Representing Interest	1,373,705	1,121,788	11,794
Total Present Value of Net Minimum Lease Payments	5,452,397	4,795,000	141,910
Less: Amounts Due within One Year	668,234	350,000	57,374
	\$ 4,784,163	\$ 4,445,000	\$ 84,536

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Component Unit- Capital Lease Obligation

Dauphin County General Authority

In 2009, Dauphin Highlands purchased golf carts under a long-term lease agreement that is classified as a capital lease. As of December 31, 2010, Dauphin Highlands includes these golf carts at a cost of \$159,800, with accumulated depreciation of \$36,145.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2010 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2011	\$ 36,094
2012	36,094
2013	<u>36,094</u>
Total Minimum lease payments	108,282
Less amount representing interest	<u>(10,439)</u>
Present value of future minimum lease payments	<u>\$ 97,843</u>

NOTE 13: LINE OF CREDIT

Component Unit – Line of Credit

Case Management Unit

At June 30, 2010, 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, 2010. There were \$4,065,000 in borrowings on the line and \$4,290,000 in repayments for the year ended June 30, 2010. The principle balance on the line as of June 30, 2010 was \$350,000.

Dauphin County Industrial Development Authority

During 2008, the IDA entered into a \$50,000 line of credit with PNC Bank, secured by gross revenues from the Trinity Harvest LLC project, which expires on September 1, 2013. Interest on outstanding borrowing is due monthly at the Lenders Prime Rate of 1.25% on September 30, 2010 less 2%. The outstanding principle balance on the Line at September 30, 2010 was \$29,767.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 14: RESERVED FUND BALANCES/NET ASSETS

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

Governmental FundsGeneral Fund

<u>Workers Compensation</u>	<u>\$ 297,002</u>
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This reserve represents cash and accrued interest that is held in trust for workers compensation (See Note 4 for further detail).

<u>Prepaid Expenses</u>	<u>\$5,116,259</u>
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This reserve represents various prepaid expenses including health insurance and a district justice office lease.

<u>Accounts Receivable</u>	<u>\$42,832,224</u>
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This reserve represents the amount due from the Harrisburg Authority and the City of Harrisburg for a debt service payment that was made on behalf of these entities.

<u>Human Service Building</u>	<u>\$ 76,875</u>
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This reserve represents amounts reserved for the Human Service Building Fund unrestricted net asset deficit.

Special Revenue Funds

<u>Program Purposes</u>	<u>\$24,462,028</u>
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This reserve represents amounts reserved for the payment of specific program expenditures.

<u>Capital Projects Fund</u>	<u>\$ 18,732,026</u>
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This reserve represents the restriction of funds for capital projects.

<u>Permanent Fund</u>	<u>\$ 907,715</u>
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This reserve represents unexpended contributions that are to be used to fund future expenditures of the Fort Hunter Trust Fund.

<u>Fiduciary Funds</u>	<u>\$ 199,701,583</u>
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This reserve represents funds restricted to the retirement fund use for future payments of members' benefits.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

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

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

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

Tourism and regional promotion	\$ 2,559,350
State of the County event	148,613
HOME Investment Partnerships Program	3,808
	<u>\$ 2,771,771</u>

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2010:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 7,893,964	\$ 88,327
Special Revenue Funds		
Children and Youth Families Fund	66,285	7,680,287
ARRA Fund	11,301	213,677
Total Special Revenue Funds	<u>77,586</u>	<u>7,893,964</u>
Total Governmental Funds	<u>7,971,550</u>	<u>7,982,291</u>
Proprietary Funds :		
Enterprise Funds:		
Emergency 911	10,741	-
Total Proprietary Funds	<u>10,741</u>	<u>-</u>
	<u>\$ 7,982,291</u>	<u>\$ 7,982,291</u>

Component Unit-Interfund Receivables and Payables

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

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	<u>\$ 194,803</u>	<u>\$ 194,803</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 17: INTERFUND OPERATING TRANSFERS

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

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental Funds:		
General Fund	\$ 2,540,260	\$ 15,447,352
Special Revenue Funds		
Mental Health/Mental Retardation Fund	851,744	21,999
Children and Youth Families Fund	9,301,735	643,907
Domestic Relations	1,352,191	-
Weatherization Program Fund	66,348	-
State Grants Fund	55,307	104,043
Human Services Development Fund	96,997	56,246
Aging Fund	620,019	246,218
Drug and Alcohol Fund	207,871	96,039
Liquid Fuels Fund	3,863	-
Drug Forfeited State Property Fund	163,880	-
Drug Forfeited Federal Property Fund	-	163,880
Low Income Housing Fund	3,916	-
ARRA Fund	21,999	719
Gaming Fund	-	1,177,279
Total Special Revenue Funds	<u>12,745,870</u>	<u>2,510,330</u>
Capital Projects Fund	<u>1,260,000</u>	<u>-</u>
Total Governmental Funds	<u>\$ 16,546,130</u>	<u>\$ 17,957,682</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	93,218
Human Services Building Fund	1,448,392	-
Emergency 911	56,378	-
Total Proprietary Funds	<u>1,504,770</u>	<u>93,218</u>
	<u>\$ 18,050,900</u>	<u>\$ 18,050,900</u>

Component Unit - Interfund Operating Transfers

	<u>Transfers from Component Units</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	<u>\$ 635,589</u>	<u>\$ 635,589</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 18: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through July 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Real estate property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2010 and expected to be collected within the first sixty (60) days of 2011 are recognized as revenue in 2010. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility.

The rate of taxation in 2010 was 6.876 mills, for general purposes. In addition, a special tax of .35 mills was approved for the County Library System.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

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

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CONDENSED BALANCE SHEET			
ASSETS			
Current assets	\$ 350,000	\$ 316,005	\$ 666,005
Noncurrent investment in direct financing lease	4,445,000	2,170,000	6,615,000
Restricted assets	66,922	1,099,830	1,166,752
Total assets	<u>\$ 4,861,922</u>	<u>\$ 3,585,835</u>	<u>\$ 8,447,757</u>
LIABILITIES			
Current liabilities	\$ 438,200	\$ 818,683	\$ 1,256,883
Noncurrent liabilities	4,445,000	2,170,000	6,615,000
Total liabilities	<u>4,883,200</u>	<u>2,988,683</u>	<u>7,871,883</u>
NET ASSETS (DEFICITS)			
Restricted	-	597,152	597,152
Unrestricted	(21,278)	-	(21,278)
Total net assets	<u>(21,278)</u>	<u>597,152</u>	<u>575,874</u>
Total liabilities and net assets (deficits)	<u>\$ 4,861,922</u>	<u>\$ 3,585,835</u>	<u>\$ 8,447,757</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	County Building <u>Bond Fund</u>	100 Chestnut Street <u>Fund</u>	Total Nonmajor Enterprise Funds
Operating revenue	\$ 155,172	\$ 342,749	\$ 497,921
Operating expenses	(174,191)	(344,293)	(518,484)
Operating income (loss) before transfers	(19,019)	(1,544)	(20,563)
Transfers Out	(57,451)	-	(57,451)
Total Transfers	(57,451)	-	(57,451)
Change in Net Assets (Deficits)	(76,470)	(1,544)	(78,014)
Net assets (Deficits) Beginning of year	55,192	598,696	653,888
End of year	\$ (21,278)	\$ 597,152	\$ 575,874
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided by (used in):			
Operating activities	\$ 746,515	\$ 434,105	\$ 1,180,620
Investing activities	59,686	(104,986)	(45,300)
Capital and related financing	-	(67,584)	(67,584)
Noncapital financing activities	(806,201)	(285,000)	(1,091,201)
Net change	-	(23,465)	(23,465)
Cash and cash equivalents –beginning	-	41,775	41,775
Cash and cash equivalents – ending	\$ -	\$ 18,310	\$ 18,310

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 20: LEGAL COMPLIANCE

Appropriations

For the year ended December 31, 2010, total expenditures exceeded appropriations by \$9,971,730 due to a management decision to move most of the grant activity that had been previously recorded in the County's State Grant Fund into the General Fund. This revenue and expenditure activity was transferred for the period July 1, 2010 through December 31, 2010. The resulting revenue and expense increase to the General Fund for this six-month transfer of activity was not included in the final 2010 budget figures. The expenditures transferred were fully covered by transferred revenues.

Net Asset Deficit

For the year ended December 31, 2010, the following funds had a deficit unrestricted fund balance / net asset balance:

Enterprise Funds:	
Human Service Building Fund	\$ 76,875

The above deficits resulted from additional expenses that will be paid through contributions by the General Fund. At December 31, 2010, the County has reserved a portion of the General Fund fund balance for this deficit amounts.

Component Unit – Net Asset DeficitDauphin County General Authority

The following funds of the General Authority had negative net assets as of December 31, 2010:

<u>Fund</u>	<u>Amount</u>
Dauphin Highlands Golf Course	\$ 7,238,394
County Building Bonds	21,278
Riverfront Office Center	9,492,942
Pittsburgh Hyatt Hotel and Conference Center	21,812,970

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

NOTE 21: EMPLOYEES RETIREMENT PLAN

Plan Description

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

At December 31, 2010, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	944
Terminated Employees Entitled to Benefits but not yet Receiving Them	158
Active Plan Participants	<u>1,578</u>
Total Membership	<u>2,680</u>

Employees are required to contribute a portion of their salaries (5% of earnings in 2010) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

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

Investments

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

Funding Status and Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 74.8 percent funded. The actuarial accrued liability for benefits was \$254.6 million, and the actuarial value of assets was \$190.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$64.1 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 74.8%. The covered payroll was \$75.8 million, and the ratio of the UAAL to the covered payroll was 84.5%.

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

The aggregate actuarial cost method is used to determine the annual required contribution for the County. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funding progress of the Plan.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2010. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually; (b) projected salary increases of 4.50% per year, and (c) an inflation rate of 3.00%. The method used to determine the actuarial value of assets is a five year smoothed market. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

Year Ended December 31,	Annual Required Contribution (ARC)	Interest on Net Pension Asset	ARC Adjustment	Pension Cost	County Contribution	Percentage of Annual Pension Cost Contributed	Change in Net Pension Asset	Net Pension Asset
2010	\$10,118,006	\$ (1,578)	\$ (2,532)	\$10,118,960	\$10,118,006	99.99%	\$ 954	\$ (20,092)
2009	7,732,226	(1,653)	(2,646)	7,733,219	7,732,226	99.99%	993	(21,046)
2008	3,377,905	(1,729)	(2,745)	3,378,921	3,377,905	99.97%	1,016	(22,039)

Legally Required Reserves

At December 31, 2010, the County has a balance of \$55,532,931 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, 2010. Since these accumulations represent the present value as of December 31, 2010 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$49,270,197 in the County Annuity Reserve Account as of December 31, 2010. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances. This is the account of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

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

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$80,659,008 as of December 31, 2010.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN

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

Funding Policy. The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does require contributions from some retirees. Retiree contributions depend upon the terms of the various union contracts. The County funds the Plan on a pay-as-you-go basis. For 2010, the County contributed \$959,967 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	\$ 1,436,918
Interest on net OPEB obligation	44,430
Adjustment to annual required contribution	<u>(64,242)</u>
Annual OPEB cost (expense)	1,417,106
Contributions made	<u>(959,967)</u>
Increase in net OPEB obligation	457,139
Net OPEB obligation – beginning of year	<u>1,110,747</u>
Net OPEB obligation – end of year	<u>\$ 1,567,886</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2010	\$ 1,417,106	67.70%	\$ 1,567,886
12/31/2009	1,427,167	60.50%	1,110,747
12/31/2008	901,662	70.40%	546,700

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress. As of January 1, 2009 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$11,290,422 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,290,422. The covered payroll (annual payroll of active employees covered by the plan) was \$71,264,760, and the ratio of the UAAL to the covered payroll was 15.8%.

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, 2009, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5%. The UAAL is being amortized using the level dollar method over a period of 30 years on an open basis.

Schedule of Funding Progress

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 23: COMPENSATED ABSENCES

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

Vacation Pay

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

Sick Pay

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

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

NOTE 24: LEASES

Operating Leases

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

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

2011	\$ 1,054,790
2012	961,784
2013	769,631
2014	71,806
2015	69,406
2016 – 2020	257,180
2021 – 2025	204,230
2026 – 2030	<u>68,852</u>
Total minimum payments required	<u>\$ 3,457,679</u>

Total rental expense for these leases during 2010 approximated \$1,361,236.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 24: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$615,861 for the fiscal year ended June 30, 2010.

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

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

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

Year ending June 30,	Amount
2011	\$ 632,678
2012	649,948
2013	667,703
2014	259,149
2015	52,759
2016-2020	281,657
2021-2025	304,538
2026-2030	328,132
2031-2033	173,314
	<u>\$3,349,878</u>

Dauphin County Economic Development Corporation

The DCEDC leases office space from the Dauphin County Industrial Development Authority under a year-to-year operating lease. Minimum rental payments at December 31, 2010, are as follows:

2011	<u>\$32,692</u>
Total	<u>\$32,692</u>

Rental expense totaled \$32,692 for the year ended December 31, 2010.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 25: RELATED PARTY TRANSACTIONS

Component Units - Related Party TransactionsDauphin County General Authority

The General Authority is a component unit of Dauphin County. The General Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the General Authority for 2010 were \$625,285.

The County has been paying rent in excess of the lease requirement to the General Authority since 2000. The total amount of these overpayments is \$486,230 at December 31, 2010 and is reported as deferred revenue on the balance sheet. The County has a claim on such overpayments until February 17, 2010, when an indemnity agreement was signed.

Dauphin County Industrial Development Authority

The County of Dauphin pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. The IDA's management and support staff are employees of the County and other significant operating expenses such as telephone service, office maintenance and insurance are paid for by the County. The amount of the County's support and the corresponding operating costs are not reported as revenue and expenses in the IDA's financial statements. The County also provides significant operating revenue, primarily through Gaming distributions passed-through to IDA. Revenue from the County was \$9,462,153 in 2010, representing 94% of total operating revenue.

See Note 8 for additional information concerning long-term debt transactions 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, 2010, IDA had received \$32,692 in lease payments.

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

Case Management Unit

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

Dauphin County Economic Development Corporation

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

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

The County also provides significant operating revenue, primarily through Hotel Tax distributions passed-through to DCEDC. Revenue from the County was \$1,993,643 in 2010, representing 42% of total revenue.

At December 31, 2010 due from related party was comprised of the following pass-through items:

2% Hotel Tax Distribution	\$ 29,809
1% Hotel Tax Distribution	149,101
	\$178,910

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, 2010 were \$93,875.

NOTE 26: COMMITMENTS AND CONTINGENCIES

- A. In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2010.
- B. In 2009, the County entered into a contract for an Energy Conservation Project. The contract value approximated \$11,000,000 of which \$7,531,220 has been expended at December 31, 2010.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

- C. In 2009, the County entered into a contract for a Night Court / Central Court Project. The contract value approximated \$3,000,000 of which \$143,805 has been expended at December 31, 2010.
- D. In 2009, the County entered into a contract for a Female Work Release Center Project. The contract value approximated \$4,000,000 of which \$631,815 has been expended at December 31, 2010.
- E. In 2009, the County entered into a contract for a Juvenile Court Project. The contract value approximated \$3,000,000 of which \$437,444 has been expended at December 31, 2010.
- F. During 2009, the County made the initial payment on the Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and the City of Harrisburg. The County is the second guarantor on a portion of the facility's debt. The County has paid a total of \$42,832,224 during 2009 and 2010 as a result of these defaults. This balance is reflected as a receivable in the County's financial statements as is reserved in the General Fund fund balance (See Note 14). Additional payments were made in 2011 (See Note 36).

Component Unit-Commitments and Contingencies

Dauphin County General Authority

Payments in Lieu of Taxes and Real Estate Taxes

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

Project Viability

The continued operation of the Dauphin Highlands Golf Course is dependent on the Administrative Fund providing working capital to fund any deficits created by operations of this golf course. The Dauphin County General Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course. The Administrative Fund provided \$150,000 of working capital advances during 2010 to the Dauphin Highlands Golf Course. As of December 31, 2010, all \$150,000 had been repaid to the Administrative Fund.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

If the General Authority fails to generate sufficient revenues to pay debt service on the Series A of 2005 and the Series B of 2005, or ceases revenue generating operations, or if other monies set aside for such purposes are insufficient, the County will be required to pay principal on such bonds when due pursuant to the County Bond Guarantee Agreement among the County, the Authority, and the trustee for the bonds. The Dauphin Highlands Golf Course has incurred substantial accumulated losses, which have resulted in cash flow difficulties. Throughout 2010, Dauphin Highlands Golf Course has made a concerted effort to better market the property, in conjunction with substantial cost-cutting measures. The Authority continues to work on maximizing the revenue and controlling expenses of Dauphin Highlands Golf Course. The Authority credits the positive operating results of the year ended December 31, 2010 with a combination of the two. Thus, the Authority will continue to emulate this same process during the year ended December 31, 2011. Moreover, the Authority will continue to pursue the sale of the golf course, "consistent with our fiduciary responsibility."

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

However, there were sufficient cash flows to cover July 1, 2009 debt service requirements prior to the transfer from the Bond Reserve Fund. This amount remained in the Bond Fund and was used to service the debt payment made on January 4, 2010. On January 4, 2010, \$776,474 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement. On July 1, 2010, \$1,623,115 was transferred from the Bond Reserve Fund and \$92 was transferred from the Bond Redemption and Improvement Fund in order to meet the July 1, 2010 debt service requirements. However, a balance of \$790,000 remained in the Bond Fund after the July 1, 2010 payment, which was used to service the debt payment made on January 3, 2011. During 2010, the Revenue Fund made the remaining seven monthly transfers of \$54,432, which represented one-twelfth of the \$653,186 transferred out of the Bond Reserve Fund on July 1, 2009. Also during 2010, the Revenue Fund began making monthly transfers of \$64,706, which represents one-twelfth of the \$776,474 and payments of \$135,260, which represents one-twelfth of the \$1,623,115 in an effort to fully replenish the Bond Reserve Fund within one year. At December 31, 2010, \$1,011,523 and \$92 remained due to Bond Reserve Fund and the Bond Redemption and Improvement Fund, respectively. However, an additional \$1,739,224 and \$1,990 was transferred out of the Bond Reserve Fund and Bond Redemption and Improvement Fund, respectively, in order to meet the debt service requirement on January 3, 2011.

In 2010, the Pittsburgh Hyatt Hotel and Conference Center was unable to meet debt covenant requirement 6.1, which states that hotel revenues must be deposited into a Revenue Fund at an amount at least equal to 130% of the Annual Debt Service Payment. Per pending agreement with the bondholders, the Pittsburgh Hyatt Hotel and Conference Center does not have to take remedial action and hire a consultant to help manage the hotel.

Cease and Desist Order

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Receivership Litigation

During 2010, the General Authority paid costs related to legal fees, assessment of property, and other items in regard to Forum Place, a property put into receivership by the courts in 2003. As a result, the Authority has recorded accounts receivable totaling \$90,135 as Due From Forum Place as of December 31, 2010. However, based on correspondence subsequently obtained from the receiver, the Authority has established an allowance for doubtful accounts in the amount of \$46,627. Ultimately, the amount to be received by the Authority will be determined by the courts and the Authority plans to exhaust any legal means necessary to collect the amount due.

NOTE 27: ADMINISTRATIVE FEES

Component Units – Administrative Fees

Dauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the General Authority. For the year ended December 31, 2010, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	265,596
Chestnut Street	35,184
Dauphin Highlands Golf Course	24,600
Pittsburgh Hyatt Hotel & Conference Center	37,584
Bond reissuance fees	18,500
Total Administrative Fees	\$401,464

NOTE 28: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES

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

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

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

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

The next 1% hotel tax revenue may be distributed at the discretion of the County Commissioners, to be used solely for tourism and regional promotion purposes. DCEDC is the County's sole recipient and administrator of this 1% Hotel Tax revenue. These funds are required to be kept in an account separate from other funds received by DCEDC. DCEDC had transfers in from Dauphin County of \$1,993,643 for the year ended December 31, 2010.

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

NOTE 29: AFFORDABLE HOUSING LOAN PROGRAMS

The Home Grant Program and Affordable Housing Program disburse funds in the form of deferred payment loans for low and moderate income households. The deferred payment loans are secured by a mortgage on the property. Repayment of the loan is deferred until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2010 for these loans totaled \$3,671,354. These outstanding deferred loans have been recorded as receivables at December 31, 2010, and unearned revenues totaling \$3,671,354 have been recorded to offset the deferred loans.

NOTE 30: LOANS RECEIVABLE

In 2010, the County entered into a verbal agreement with the Township of Derry (the "Township") in which the County would pay the Township's costs associated with the reconstruction and relocation of County Bridge No. 122. All expenditures related to this project were incurred in calendar year 2010. On January 26, 2011, the County entered into a formal loan agreement with the Township in the amount of \$408,948 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 \$44,638 to the County for 10 years beginning in 2011. The amount outstanding on the loan as of December 31, 2010 is \$408,948.

Year	Principal	Interest	Total Due
2011	\$ 37,993	\$ 6,645	\$ 44,638
2012	38,610	6,028	44,638
2013	39,238	5,401	44,639
2014	39,875	4,763	44,638
2015	40,523	4,115	44,638
2016-2020	<u>212,709</u>	<u>10,481</u>	<u>223,190</u>
	<u>\$ 408,948</u>	<u>\$ 37,433</u>	<u>\$ 446,381</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 30: LOANS RECEIVABLE (CONTINUED)

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

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

The amount outstanding on the loan at December 31, 2010 is \$1,000,000.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
2011	<u>\$ 1,000,000</u>	<u>\$ 12,329</u>	<u>\$ 1,012,329</u>

Component Units – Loans Receivable

Dauphin County Industrial Development Authority

On August 29, 2006 the IDA entered into a loan agreement with the Strawberry Square Development Corporation (SSDC) in the amount of \$100,000 at a fixed interest rate of 5.0%. The agreement required the SSDC to make monthly principal and interest payments of \$1,887 to the IDA for 60 consecutive months beginning on September 29, 2006. The amount outstanding on the loan as of September 30, 2010 is \$22,044.

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, 2010 is \$59,627 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 Authority for 60 consecutive months beginning on February 1, 2009. The amount outstanding on the loan as of September 30, 2010 is \$13,663.

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, 2010 is \$34,158 which is fully reserved on the financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)

Dauphin County Industrial Development Authority (Continued)

On May 8, 2009 the IDA entered in to a loan agreement with 39 Ventures, LP (Arooga's) in the amount of \$200,000 at a fixed interest rate of 4.5%. The agreement required 39 Ventures, LP to make monthly principal and interest payments of \$3,729 to the IDA for 60 consecutive months beginning on June 1, 2009. The amount outstanding on the loan as of September 30, 2010 is \$147,816.

During the fiscal year ended, September 30, 2008 Dauphin County transferred the collection and rights of 5 loans receivable previously recorded as assets on the Dauphin County Financial statements to the Authority. The principle balance of the loans receivable at the time of transfer was \$92,172. The principle balance outstanding for these loans as of September 30, 2010 was \$61,610 of which \$61,428 is fully reserved on the financial statements.

Loans Receivable at September 30, 2010 is as follows:

Displayed as:

Current Portion	\$ 61,762
Noncurrent Portion	121,943
	<u>\$ 183,705</u>

Dauphin County Economic Development Corporation

In addition, 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, 2010, the amount owed to the DCEDC is \$2,315,056. As a result of the developer filing for bankruptcy, the balance has been determined to be uncollectible and has been fully reserved in DCEDC's financial statements.

NOTE 31: ECONOMIC DEPENDENCY

Component Units - Economic Dependency

Case Management Unit

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

Dauphin County Economic Development Corporation

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

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 32: LITIGATION

Component Unit – Litigation

Dauphin County General Authority

The General Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2010. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

NOTE 33: TERMINATION BENEFITS

In October 2010, the County authorized a resolution to close the secured detention portion of the Herbert A. Schaffner Youth Center. As a result of the closing, the County entered into a Memorandum of Understanding ("MOU") with Teamsters Local 776 (the "Union") to amend and supersede the current Labor Agreement for certain employees. In accordance with the MOU with the Union, in order to be eligible for the severance benefits the employee must: 1) be actively working (on paid leave, approved unpaid leave or subject to a prior layoff by virtue of the closing of the detention facility in 2010) up to, and including, the date on which the detention function ceases to operate under County ownership; and 2) have executed an individual release and waive all claims also countersigned by the Union and submitted to the County as directed. Failure to meet any one of these requirements shall render the employee ineligible for these severance benefits.

In addition, under the severance package, the County would pay the following: 1) severance pay equal to one month's base wages for each full year of service within the bargaining unit; 2) the same health plan and options then in effect for one year (Subsequently, the employee shall have the right to purchase such health benefits in accordance with COBRA. Where the employee or spouse can obtain other coverage which provides similar benefits at no cost for either or both, this benefit may be suspended.); and 3) an education and retraining benefit for up to \$2,000 which must be used within 2 years.

The County recorded a liability and expense at the fund level upon election by the employees to participate in the severance package and terminate employment. Total termination benefits related to the closing of the Schaffner Center were \$1,383,652, of which \$596,835 were paid out to participating employees prior to December 31, 2010. The remaining \$786,817 was to be paid out subsequent to year end.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 34: RESTATEMENT OF NET ASSETS/CHANGE IN ACCOUNTING PRINCIPLE

The following restatement was necessary to properly reflect the adoption of the provision of GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instrument". The adoption of GASB Statement No. 53 resulted in the County recording a derivative instrument liability and offsetting deferred outflow – derivative instrument liability of \$1,847,495 for the derivative instruments deemed to be an effective hedge at the beginning of the year, and a derivative instrument liability decrease in unrestricted net assets in the governmental activities of the Statement of Net Assets and the Statement of Activities in the amount of \$1,431,257 for the 2005 basis swap and the 2007 swaptions, which were deemed ineffective.

	Governmental Activities
Net Assets,	
beginning of year, as previously stated	\$ 64,440,402
Understatement of derivative instrument liability due to the adoption of GASB 53.	(1,431,257)
Net Assets,	
beginning of year, as restated	\$ 63,009,145

NOTE 35: MANAGEMENT'S PLAN

Component Unit – Management's Plan

Dauphin County Economic Development Corporation

The DCEDC has a deficit unrestricted net assets balance in the amount of \$2,677,761 at December 31, 2010. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$2,680,000. This loan is being repaid in accordance with the loan amortization schedule using CDBG funds. The payments will continue through the loans maturity in 2026 and subsequently relieve the net asset deficit.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 36: SUBSEQUENT EVENTS

- A. In February 2011 the County entered in to a Basis Swap related to the Series A of 2002, Series C of 2005, and Series of 2006 with Royal Bank of Canada as the counterparty. The notional amount of this swap is \$45,040,000. The County will pay the SIFMA rate to the counterparty and will receive from the counterparty 70% of 1-month LIBOR plus a fixed spread of 0.383%.
- B. In March 2011, Standard & Poors upgraded the County's credit rating from 'AA-Negative Outlook' to 'AA-Stable Outlook'.
- C. In June 2011 the County approved a second six month extension on a loan receivable due from the Harrisburg University of Science and Technology as well as an additional \$1,200,000 to pay certain operating expenses. The additional note shall carry an annual fixed interest rate of 1%. The maturity date of the original loan as well as the additional funding is December 31, 2011.
- D. In June 2011 the County settled General Obligation Bonds, Series of 2011 in the amount of \$15,655,000 for the purpose of refunding the County's General Obligation Bonds, Series A of 2002. The Bonds shall mature no later than November 15, 2024 and will bear an interest rate from 0.40% to 5.00%.
- E. Between January and October 2011, the County paid an additional \$4,017,782 toward Harrisburg Incinerator debt after default by the Harrisburg Authority and the City of Harrisburg.

REQUIRED
SUPPLEMENTARY
INFORMATION

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

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	\$ 10,118,006	100%
2009	\$ 7,732,226	100%
2008	\$ 3,377,905	100%
2007	\$ 4,340,916	100%+
2006	\$ 6,683,297	100%
2005	\$ 7,329,921	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, 2010
Actuarial cost method	Aggregate actuarial cost
Amortization method	Level percentage of projected payroll
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at:	3.00%
Cost-of-living adjustments	None

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)
12/31/2010	\$ 190,544,004	\$ 254,614,559	\$ 64,070,555	74.8%	\$ 75,798,908	84.5%
12/31/2009	\$ 181,680,257	\$ 243,319,733	\$ 61,639,476	74.7%	\$ 77,592,072	79.4%
12/31/2008	\$ 180,822,261	\$ 224,855,097	\$ 44,032,836	80.4%	\$ 71,264,760	61.8%
12/31/2007	\$ 201,142,949	\$ 210,420,043	\$ 9,277,094	95.6%	\$ 66,233,427	14.0%

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

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

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

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

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

COUNTY OF DAUPHIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 97,730,000	\$ 97,730,000	\$ 98,928,619	\$ 1,198,619
Intergovernmental	8,666,737	9,067,317	26,827,361	17,760,044
Charges for Services	20,418,154	20,683,154	20,927,846	244,692
License and Permits	90,200	90,200	81,145	(9,055)
Court Costs and Fines	4,453,695	4,729,109	4,183,086	(546,023)
Interest and Rents	825,500	825,500	375,658	(449,842)
Miscellaneous Revenue	-	-	-	-
Total Revenues	132,184,286	133,125,280	151,323,715	18,198,435
Expenditures				
Current:				
General Government	17,370,490	17,422,890	15,246,114	2,176,776
Judicial	51,610,073	52,110,768	48,536,232	3,574,536
Public Safety	41,623,169	42,026,330	43,747,276	(1,720,946)
Human Services	3,497,400	3,440,288	17,882,754	(14,442,466)
Culture and Recreation	2,195,043	2,260,636	2,083,272	177,364
Conservation and Development	2,999,967	2,976,224	3,675,798	(699,574)
Debt Service				
Principle	5,703,360	5,703,360	5,021,465	681,895
Interest	5,658,549	5,658,549	5,377,864	280,685
Total Expenditures	130,658,051	131,599,045	141,570,775	(9,971,730)
Excess of Revenues Over Expenditures	1,526,235	1,526,235	9,752,940	8,226,705
Other Financing Sources (Uses)				
Operating Transfer In	1,890,634	1,890,634	2,540,260	649,626
Operating Transfer (Out)	(56,380,744)	(56,380,744)	(15,447,352)	40,933,392
Transfer from Component Units	-	-	635,589	635,589
Gain (Loss) from Sale of Fixed Assets	4,000	4,000	5,513	1,513
Net Premium (Discount) on Bonds Issued	-	-	560,109	560,109
Swap Termination Fees	-	-	(2,363,500)	(2,363,500)
Capital Lease Proceeds	-	-	318,850	318,850
Payment to Bond Escrow Agent	-	-	(23,610,000)	(23,610,000)
Proceeds of General Obligation Debt	-	-	58,126,500	58,126,500
Total Other Financing Uses	(54,486,110)	(54,486,110)	20,765,969	75,252,079
Net Change in Fund Balances	(52,959,875)	(52,959,875)	30,518,909	83,478,784
Fund Balances - January 1	52,959,875	52,959,875	65,518,334	12,558,459
Fund Balances - December 31	\$ -	\$ -	\$ 96,037,243	\$ 96,037,243

OTHER
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 7,773,623	\$ -	\$ 7,773,623
Investments	-	907,715	907,715
Receivables:			
Accounts	249,646	-	249,646
Loans	408,948	-	408,948
Due From Other Funds	11,301	-	11,301
Due From Other Governments	1,935,284	-	1,935,284
Other Assets	77,261	-	77,261
Total Assets	\$ 10,456,063	\$ 907,715	\$ 11,363,778
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 2,978,921	\$ -	\$ 2,978,921
Accrued Liabilities	186,796	-	186,796
Deferred Revenues	3,020,936	-	3,020,936
Due to Other Funds	213,677	-	213,677
Total Liabilities	6,400,330	-	6,400,330
<u>Fund Balances</u>			
Reserved for Program Purposes	4,055,733	-	4,055,733
Reserved for Permanent Fund	-	907,715	907,715
Total Fund Balances	4,055,733	907,715	4,963,448
Total Liabilities and Fund Balances	\$ 10,456,063	\$ 907,715	\$ 11,363,778

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Other Special Revenue <u>Funds</u>	Fort Hunter Permanent <u>Fund</u>	Total Other Governmental <u>Funds</u>
Revenues			
Hotel Taxes	\$ 8,458,641	\$ -	\$ 8,458,641
Intergovernmental	61,011,139	-	61,011,139
Charges for Services	1,539,198	-	1,539,198
Court Costs and Fines and Fees	1,012,826	-	1,012,826
Interest and Rent	59,740	22,987	82,727
Appreciation in Fair Market Value of Investments	-	64,132	64,132
Miscellaneous Revenue	77,632	8,798	86,430
Total Revenues	72,159,176	95,917	72,255,093
Expenditures			
Current:			
Judicial	8,196,411	-	8,196,411
Public Safety	1,217,361	-	1,217,361
Public Works	4,683,407	-	4,683,407
Human Services	54,286,017	-	54,286,017
Conservation and Development	1,381,680	-	1,381,680
Culture and Recreation	8,004,901	-	8,004,901
Debt Service			
Principle	549,650	-	549,650
Interest	78,716	-	78,716
Total Expenditures	78,398,143	-	78,398,143
Excess of Revenues Over (Under)			
Expenditures	(6,238,967)	95,917	(6,143,050)
Other Financing Sources (Uses)			
Transfers In	3,440,219	-	3,440,219
Transfers Out	(689,144)	-	(689,144)
Proceeds from Asset Disposal	1,200	-	1,200
Total Other Financing Sources (Uses)	2,752,275	-	2,752,275
Net Change in Fund Balances	(3,486,692)	95,917	(3,390,775)
Fund Balances - Beginning of Year	7,542,425	811,798	8,354,223
Fund Balances - End of Year	\$ 4,055,733	\$ 907,715	\$ 4,963,448

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2010

	Mental/Health Mental Retardation	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weather- ization Program	Hazard Material Emergency Response	Human Services Development Fund
Cash and Cash Equivalents	\$ 2,219,623	\$ 421,363	\$ 2,482,570	\$ 50	\$ 118,404	\$ 179,052	\$ -
Receivables:							
Accounts	-	36,563	-	10,075	26,543	113,148	-
Loans	-	-	408,948	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due From Other Governments	49,725	170,667	-	880,114	86,946	-	25,625
Other Assets	287	-	36	922	42,218	2	2
Total Assets	\$ 2,269,635	\$ 628,613	\$ 2,891,554	\$ 891,161	\$ 274,111	\$ 292,202	\$ 25,627

Liabilities and Fund Balances

Liabilities							
Accounts Payable	\$ 639,826	\$ 170,910	\$ 422,759	\$ 23,955	\$ 21,486	\$ 94,220	\$ 24,725
Accrued Liabilities	44,363	2,253	-	61,435	3,761	-	-
Deferred Revenues	1,585,446	-	-	-	209,883	-	902
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	2,269,635	173,163	422,759	85,390	235,130	94,220	25,627
Fund Balances (Deficit)							
Reserved for Program Purposes	-	455,450	2,468,795	805,771	38,981	197,982	-
Total Fund Balances (Deficit)	-	455,450	2,468,795	805,771	38,981	197,982	-
Total Liabilities and Fund Balances	\$ 2,269,635	\$ 628,613	\$ 2,891,554	\$ 891,161	\$ 274,111	\$ 292,202	\$ 25,627

COUNTY OF DAUPHIN
 COMBINED BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2010

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Property	Drug Act-Forfeited Federal Property	Hotel Tax Fund	ARRA Fund	Total
Assets							
Cash and Cash Equivalents	\$ 595,123	\$ 828,410	\$ 138,661	\$ 35,551	\$ 754,816	\$ -	\$ 7,773,623
Receivables:							
Accounts	54,915	8,402	-	-	-	-	249,646
Loans	-	-	-	-	-	-	408,948
Due From Other Funds	-	-	-	-	-	11,301	11,301
Due From Other Governments	156,505	202,994	-	-	-	362,688	1,935,284
Other Assets	33,472	306	2	1	13	-	77,261
Total Assets	\$ 840,015	\$ 1,040,112	\$ 138,663	\$ 35,552	\$ 754,829	\$ 373,989	\$ 10,456,063
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 179,949	\$ 420,026	\$ 83,882	\$ 558	\$ 754,314	\$ 142,311	\$ 2,978,921
Accrued Liabilities	54,249	12,571	1,021	-	515	6,628	186,796
Deferred Revenues	605,817	607,515	-	-	-	11,373	3,020,936
Due to Other Funds	-	-	-	-	-	213,677	213,677
Total Liabilities	840,015	1,040,112	84,903	558	754,829	373,989	6,400,330
Fund Balances							
Reserved for Program Purposes	-	-	53,760	34,994	-	-	4,055,733
Total Fund Balances	-	-	53,760	34,994	-	-	4,055,733
Total Liabilities and Fund Balances	\$ 840,015	\$ 1,040,112	\$ 138,663	\$ 35,552	\$ 754,829	\$ 373,989	\$ 10,456,063

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Mental/Health Mental Refardation	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatheri- zation Program	Hazard Material Emergency Response	Human Services Development Fund
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	25,943,424	15,946,998	1,448,818	4,136,995	320,755	118,114	424,836
Charges for Services	858,857	-	-	75,991	34,245	184,056	-
Court Costs and Fines and Fees	-	499,958	-	-	-	-	-
Interest and Rent	22,176	306	23,567	1,167	(1,368)	658	384
Miscellaneous Revenue	-	5,040	-	-	-	1,750	10,156
Total Revenues	26,824,457	16,452,302	1,472,385	4,214,153	353,632	304,578	435,376
Expenditures							
Current:							
Judicial	-	742,450	-	5,932,361	-	-	-
Public Safety	-	890,535	-	-	-	200,831	-
Public Works	-	-	4,683,407	-	-	-	-
Human Services	27,483,678	14,096,267	-	-	404,304	-	476,127
Conservation and Development	-	657,438	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Debt Service	139,650	-	-	-	-	-	-
Principle	30,874	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	27,654,202	16,386,690	4,683,407	5,932,361	404,304	200,831	476,127
Excess of Revenues Over (Under)	(829,745)	65,612	(3,211,022)	(1,718,208)	(50,672)	103,747	(40,751)
Other Financing Sources (Uses)							
Transfers In	851,744	55,307	3,863	1,352,191	66,348	-	96,997
Transfers Out	(21,999)	(104,043)	-	-	-	-	(56,246)
Proceeds from Asset Disposal	-	1,200	-	-	-	-	-
Total Other Financing Sources (Uses)	829,745	(47,536)	3,863	1,352,191	66,348	-	40,751
Net Change in Fund Balances	-	18,076	(3,207,159)	(366,017)	15,676	103,747	-
Fund Balances - Beginning of Year	-	437,374	5,675,954	1,171,788	23,305	94,235	-
Fund Balances - End of Year	-	455,450	2,468,795	805,771	38,981	197,982	-

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Fund	Drug Act-Forfeited Federal Fund	Hotel Tax Fund	ARRA Fund	Totals
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,458,641	\$ -	\$ 8,458,641
Intergovernmental	6,032,612	3,644,525	-	-	-	2,994,062	61,011,139
Charges for Services	224,646	161,403	-	-	-	-	1,539,198
Court Costs and Fines and Fees	-	-	490,868	22,000	-	-	1,012,826
Interest and Rent	3,398	4,123	317	773	4,102	137	59,740
Miscellaneous Revenue	60,686	-	-	-	-	-	77,632
Total Revenues	6,321,342	3,810,051	491,185	22,773	8,462,743	2,994,199	72,159,176
Expenditures							
Current:							
Judicial	-	-	520,036	44,937	-	956,627	8,196,411
Public Safety	-	-	-	-	-	125,995	1,217,361
Public Works	-	-	-	-	-	-	4,683,407
Human Services	6,695,143	3,921,883	-	-	-	1,208,615	54,286,017
Conservation and Development	-	-	-	-	-	724,242	1,381,680
Culture and Recreation	-	-	-	-	8,004,901	-	8,004,901
Debt Service	-	-	-	-	-	-	549,650
Principle	-	-	-	-	410,000	-	78,716
Interest	-	-	-	-	47,842	-	-
Total Expenditures	6,695,143	3,921,883	520,036	44,937	8,462,743	3,015,479	78,398,143
Excess of revenues Over (Under) Expenditures	(373,801)	(111,832)	(28,851)	(22,164)	-	(21,280)	(6,238,967)
Other Financing Sources(Uses)							
Transfers In	620,019	207,871	163,880	-	-	21,999	3,440,219
Transfers Out	(246,218)	(96,039)	-	(163,880)	-	(719)	(689,144)
Proceeds from Asset Disposal	-	-	-	-	-	-	1,200
Total Other Financing Sources (Uses)	373,801	111,832	163,880	(163,880)	-	21,280	2,752,275
Net Change in Fund Balances	-	-	135,029	(186,044)	-	-	(3,486,692)
Fund Balances - Beginning of Year	-	-	(81,269)	221,038	-	-	7,542,425
Fund Balances - End of Year	\$ -	\$ -	\$ 53,760	\$ 34,994	\$ -	\$ -	\$ 4,055,733

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2010

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 668,344	\$ 4,719,460	\$ 22,986	\$ 5,410,790
Accounts Receivables	165,564	298,082	-	463,646
Due From Other Funds	-	10,741	-	10,741
Other Assets	100,012	434	-	100,446
Total current assets	933,920	5,028,717	22,986	5,985,623
Noncurrent Assets:				
Capital Assets, Not Being Depreciated	-	63,821	111,492	175,313
Capital Assets, Being Depreciated, (Net)	1,742,361	1,849,582	506,890	4,098,833
Total noncurrent assets	1,742,361	1,913,403	618,382	4,274,146
Total assets	\$ 2,676,281	\$ 6,942,120	\$ 641,368	\$ 10,259,769
LIABILITIES				
Current liabilities:				
Accounts Payable	\$ 185,361	\$ 154,845	\$ -	\$ 340,206
Accrued Liabilities	5,486	48,587	-	54,073
Obligation Under Capital Lease	-	57,374	-	57,374
Total current liabilities	190,847	260,806	-	451,653
Noncurrent liabilities:				
Accrued Compensated Absences	13,590	272,564	-	286,154
Obligation Under Capital Lease	-	84,536	-	84,536
Total noncurrent liabilities	13,590	357,100	-	370,690
Total liabilities	204,437	617,906	-	822,343
NET ASSETS				
Invested in Capital Assets				
Net of Related Debt	1,742,361	1,771,493	618,382	4,132,236
Unrestricted	729,483	4,552,721	22,986	5,305,190
Total net assets	\$ 2,471,844	\$ 6,324,214	\$ 641,368	\$ 9,437,426

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Operating Revenues				
Charges for Services	\$ 895,602	\$ 5,505,946	\$ 41,150	\$ 6,442,698
Total Operating Revenues	895,602	5,505,946	41,150	6,442,698
Operating Expenses				
Personnel Services	378,485	4,327,346	-	4,705,831
Contracted Services	663,681	53,246	-	716,927
Supplies and Materials	11,705	159,242	-	170,947
Repairs and Maintenance	86,050	333,131	-	419,181
Utilities	9,170	362,871	11,530	383,571
Other Services and Charges	151,384	223,987	25,405	400,776
Depreciation and Amortization	170,117	502,722	59,685	732,524
Total Operating Expenses	1,470,592	5,962,545	96,620	7,529,757
Operating Loss	(574,990)	(456,599)	(55,470)	(1,087,059)
Nonoperating Revenues (Expenses)				
Interest Income	4,934	34,696	-	39,630
Interest Expense	-	(411)	-	(411)
Grants	72,630	-	-	72,630
Total Nonoperating Revenues	77,564	34,285	-	111,849
Income (Loss) Before Operating Transfers In (Out)	(497,426)	(422,314)	(55,470)	(975,210)
Transfers In	-	56,378	-	56,378
Total Transfers In	-	56,378	-	56,378
Changes in Net Assets	(497,426)	(365,936)	(55,470)	(918,832)
Total Net Assets - Beginning of Year	2,969,270	6,690,150	696,838	10,356,258
Total Net Assets - End of Year	\$ 2,471,844	\$ 6,324,214	\$ 641,368	\$ 9,437,426

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Cash Flows From Operating Activities				
Receipts from Recycling Services	\$ 950,306	\$ 5,439,568	\$ -	\$ 6,389,874
Receipts from Recreational Activities	-	-	41,150	41,150
Payments to Employees	(376,945)	(4,317,801)	-	(4,694,746)
Payments to Suppliers	(882,281)	(1,029,757)	(36,937)	(1,948,975)
Internal Activity - Payments to other funds	6,322	(1,316,516)	-	(1,310,194)
Net Cash Provided by (Used In) Operating Activities	<u>(302,598)</u>	<u>(1,224,506)</u>	<u>4,213</u>	<u>(1,522,891)</u>
Cash Flow From Noncapital Financing Activities				
Operating Transfers In	-	56,378	-	56,378
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>56,378</u>	<u>-</u>	<u>56,378</u>
Cash Flows from Capital and Related Financing Activities				
Interest Paid	-	(411)	-	(411)
Grants	72,630	-	-	72,630
Purchase of Capital Assets	-	(502,812)	-	(502,812)
Increase in Capital Lease Obligation	-	255,194	-	255,194
Principal Payments on Capital Lease	-	(123,604)	-	(123,604)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>72,630</u>	<u>(371,633)</u>	<u>-</u>	<u>(299,003)</u>
Cash Flows from Investing Activities				
Interest Income	4,934	34,696	-	39,630
Net Cash Provided by Investing Activities	<u>4,934</u>	<u>34,696</u>	<u>-</u>	<u>39,630</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(225,034)	(1,505,065)	4,213	(1,725,886)
Cash and Cash Equivalents, Beginning of Year	893,378	6,224,525	18,773	7,136,676
Cash and Cash Equivalents, End of Year	<u>\$ 668,344</u>	<u>\$ 4,719,460</u>	<u>\$ 22,986</u>	<u>\$ 5,410,790</u>
Supplemental Schedule of Noncash Items				
Increase in Capital Lease	<u>\$ -</u>	<u>\$ 255,194</u>	<u>\$ -</u>	<u>\$ 255,194</u>

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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	\$ (574,990)	\$ (456,599)	\$ (55,470)	\$ (1,087,059)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	170,117	502,722	59,685	732,524
Change in assets and liabilities				
Accounts Receivable	54,716	(66,378)	-	(11,662)
Accrued Interest	(12)	-	-	(12)
Prepaid Expenditures	(100,000)	570	-	(99,430)
Accounts Payable	139,709	102,150	(2)	241,857
Accrued Expenses	1,334	6,707	-	8,041
Accrued Vacation and Sick Pay	206	2,838	-	3,044
Due To/Due From Other Funds	6,322	(1,316,516)	-	(1,310,194)
Net Cash Provided by (Used In) Operating Activities	<u>\$ (302,598)</u>	<u>\$ (1,224,506)</u>	<u>\$ 4,213</u>	<u>\$ (1,522,891)</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2010

	Tax Collector Agency Fund	Sheep 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 Agency Fund	Children and Youth Agency Fund	Flexible Spending Account	Totals
Assets															
Cash and Cash Equivalents	\$ 3,330,749	\$ 489,572	\$ 397,293	\$ 111	\$ 139,202	\$ 1,102,393	\$ 1,283,781	\$ 2,222,685	\$ 28,328	\$ 65,033	\$ 359	\$ 16,355	\$ 62,507	\$ 26,358	\$ 9,158,726
Total Assets	\$ 3,330,749	\$ 489,572	\$ 397,293	\$ 111	\$ 139,202	\$ 1,102,393	\$ 1,283,781	\$ 2,222,685	\$ 28,328	\$ 65,033	\$ 359	\$ 16,355	\$ 62,507	\$ 26,358	\$ 9,158,726
Liabilities															
Accounts Payable	\$ 763,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763,212
Funds Held in Escrow	2,557,537	489,572	397,293	-	139,202	1,102,393	1,283,781	2,222,685	28,328	65,033	-	16,355	62,507	26,358	5,984,186
Due To Other Governments	-	-	-	111	-	-	-	-	-	-	-	-	-	-	2,431,318
Total Liabilities	\$ 3,330,749	\$ 489,572	\$ 397,293	\$ 111	\$ 139,202	\$ 1,102,393	\$ 1,283,781	\$ 2,222,685	\$ 28,328	\$ 65,033	\$ 359	\$ 16,355	\$ 62,507	\$ 26,358	\$ 9,158,726

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government				
Commissioners - Governing Body				
Personal Services	\$ 837,970	\$ 842,828	\$ 1,165,906	\$ (323,078)
Supplies and Services	3,039,367	2,873,967	1,768,287	1,105,680
Capital Outlay	20,000	20,000	-	20,000
	<u>3,897,337</u>	<u>3,736,795</u>	<u>2,934,193</u>	<u>802,602</u>
Finance				
Personal Services	317,115	319,105	312,567	6,538
Supplies and Services	74,581	74,784	41,390	33,394
Capital Outlay	-	-	-	-
	<u>391,696</u>	<u>393,889</u>	<u>353,957</u>	<u>39,932</u>
Risk Management				
Personal Services	162,626	162,626	158,818	3,808
Supplies and Services	6,361	10,081	7,488	2,593
	<u>168,987</u>	<u>172,707</u>	<u>166,306</u>	<u>6,401</u>
Purchasing				
Personal Services	397,176	399,628	372,275	27,353
Supplies and Services	520,222	520,222	516,295	3,927
Capital Outlay	-	-	-	-
	<u>917,398</u>	<u>919,850</u>	<u>888,570</u>	<u>31,280</u>
Voter's Registration				
Personal Services	485,252	493,597	434,376	59,221
Supplies and Services	720,365	662,177	613,216	48,961
Capital Outlay	-	6,752	-	6,752
	<u>1,205,617</u>	<u>1,162,526</u>	<u>1,047,592</u>	<u>114,934</u>
Tax Assessment				
Personal Services	1,619,107	1,526,919	1,465,123	61,796
Supplies and Services	1,747,885	1,768,150	1,427,168	340,982
Capital Outlay	70,000	67,500	-	67,500
	<u>3,436,992</u>	<u>3,362,569</u>	<u>2,892,291</u>	<u>470,278</u>
Treasurer				
Personal Services	314,507	324,907	310,210	14,697
Supplies and Services	15,349	16,879	13,692	3,187
Capital Outlay	-	-	-	-
	<u>329,856</u>	<u>341,786</u>	<u>323,902</u>	<u>17,884</u>
Tax Collectors				
Personal Services	204,535	204,535	170,636	33,899
Supplies and Services	52,600	89,705	65,013	24,692
Capital Outlay	39,000	-	-	-
	<u>296,135</u>	<u>294,240</u>	<u>235,649</u>	<u>58,591</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Personnel				
Personal Services	795,956	800,924	1,469,281	(668,357)
Supplies and Services	888,146	888,146	55,138	833,008
Capital Outlay	-	-	-	-
	<u>1,684,102</u>	<u>1,689,070</u>	<u>1,524,419</u>	<u>164,651</u>
Controller				
Personal Services	954,572	958,189	928,759	29,430
Supplies and Services	221,843	221,843	241,431	(19,588)
Capital Outlay	-	-	-	-
	<u>1,176,415</u>	<u>1,180,032</u>	<u>1,170,190</u>	<u>9,842</u>
Solicitor				
Personal Services	456,123	458,081	448,629	9,452
Supplies and Services	116,709	116,709	181,611	(64,902)
Capital Outlay	-	-	-	-
	<u>572,832</u>	<u>574,790</u>	<u>630,240</u>	<u>(55,450)</u>
Public Defender				
Personal Services	2,787,795	2,799,009	2,688,238	110,771
Supplies and Services	778,061	773,380	771,664	1,716
Capital Outlay	-	-	-	-
	<u>3,565,856</u>	<u>3,572,389</u>	<u>3,459,902</u>	<u>112,487</u>
Recorder of Deeds				
Personal Services	684,160	686,930	545,610	141,320
Supplies and Services	471,415	725,876	698,060	27,816
Capital Outlay	-	16,000	15,832	168
	<u>1,155,575</u>	<u>1,428,806</u>	<u>1,259,502</u>	<u>169,304</u>
Facilities Management				
Personal Services	3,142,938	3,142,333	2,965,546	176,787
Supplies and Services	3,222,058	3,237,058	2,952,085	284,973
Capital Outlay	4,848	17,280	12,432	4,848
	<u>6,369,844</u>	<u>6,396,671</u>	<u>5,930,063</u>	<u>466,608</u>
Printing				
Personal Services	-	-	248	(248)
Supplies and Services	26,036	26,036	14,036	12,000
Capital Outlay	8,064	8,064	-	8,064
	<u>34,100</u>	<u>34,100</u>	<u>14,284</u>	<u>19,816</u>
Data Processing				
Personal Services	2,228,039	2,164,366	2,061,617	102,749
Supplies and Services	1,208,218	1,276,347	1,118,379	157,968
Capital Outlay	232,173	237,604	5,431	232,173
	<u>3,668,430</u>	<u>3,678,317</u>	<u>3,185,427</u>	<u>492,890</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Veterans' Affairs				
Personal Services	91,407	91,407	89,319	2,088
Supplies and Services	143,411	128,446	105,753	22,693
Capital Outlay	-	-	-	-
	<u>234,818</u>	<u>219,853</u>	<u>195,072</u>	<u>24,781</u>
Gasoline Center				
Supplies and Services	264,500	264,500	144,951	119,549
Capital Outlay	-	-	-	-
	<u>264,500</u>	<u>264,500</u>	<u>144,951</u>	<u>119,549</u>
Pass-through Library Grant	<u>-</u>	<u>-</u>	<u>1,512,952</u>	<u>(1,512,952)</u>
Less: Indirect Cost Reimbursement	<u>(12,000,000)</u>	<u>(12,000,000)</u>	<u>(12,623,348)</u>	<u>623,348</u>
Total General Government	<u>\$ 17,370,490</u>	<u>\$ 17,422,890</u>	<u>\$ 15,246,114</u>	<u>\$ 2,176,776</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Judicial				
Courts				
Personal Services	\$ 2,186,885	\$ 2,196,381	\$ 2,157,730	\$ 38,651
Supplies and Services	3,192,437	3,217,600	2,993,903	223,697
Capital Outlay	-	-	-	-
	<u>5,379,322</u>	<u>5,413,981</u>	<u>5,151,633</u>	<u>262,348</u>
Court Reporters				
Personal Services	1,368,102	1,368,102	1,357,866	10,236
Supplies and Services	92,652	92,652	62,161	30,491
Capital Outlay	-	-	-	-
	<u>1,460,754</u>	<u>1,460,754</u>	<u>1,420,027</u>	<u>40,727</u>
Jury Commissioners				
Personal Services	-	-	-	-
Supplies and Services	-	-	200	(200)
	<u>-</u>	<u>-</u>	<u>200</u>	<u>(200)</u>
District Justices				
Personal Services	4,618,021	4,623,676	4,281,042	342,634
Supplies and Services	2,051,220	2,116,514	1,779,298	337,216
Capital Outlay	223,210	223,210	-	223,210
	<u>6,892,451</u>	<u>6,963,400</u>	<u>6,060,340</u>	<u>903,060</u>
Law Library				
Personal Services	193,600	196,324	191,344	4,980
Supplies and Services	487,510	497,306	485,745	11,561
Capital Outlay	-	-	-	-
	<u>681,110</u>	<u>693,630</u>	<u>677,089</u>	<u>16,541</u>
Night Court				
Personal Services	338,054	298,634	418,462	(119,828)
Supplies and Services	17,800	18,357	12,638	5,719
Capital Outlay	-	-	-	-
	<u>355,854</u>	<u>316,991</u>	<u>431,100</u>	<u>(114,109)</u>
Clerk of Courts				
Personal Services	1,610,840	1,610,840	1,421,707	189,133
Supplies and Services	358,444	346,884	313,431	33,453
Capital Outlay	-	-	-	-
	<u>1,969,284</u>	<u>1,957,724</u>	<u>1,735,138</u>	<u>222,586</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Judicial (Continued)				
Coroner				
Personal Services	501,784	501,784	494,065	7,719
Supplies and Services	496,520	506,958	487,926	19,032
Capital Outlay	-	10,022	10,419	(397)
	<u>998,304</u>	<u>1,018,764</u>	<u>992,410</u>	<u>26,354</u>
District Attorney				
Personal Services	3,478,589	3,491,062	3,260,594	230,468
Supplies and Services	1,312,464	1,325,670	1,138,371	187,299
Capital Outlay	-	-	-	-
	<u>4,791,053</u>	<u>4,816,732</u>	<u>4,398,965</u>	<u>417,767</u>
Criminal Investigation				
Personal Services	1,402,582	1,402,582	1,390,637	11,945
Supplies and Services	600,060	585,153	525,527	59,626
Capital Outlay	25,550	25,550	9,995	15,555
	<u>2,028,192</u>	<u>2,013,285</u>	<u>1,926,159</u>	<u>87,126</u>
Prothonotary				
Personal Services	997,372	997,372	910,189	87,183
Supplies and Services	331,160	309,553	291,044	18,509
Capital Outlay	40,000	40,000	-	40,000
	<u>1,368,532</u>	<u>1,346,925</u>	<u>1,201,233</u>	<u>145,692</u>
Registrar of Wills				
Personal Services	470,888	469,074	456,224	12,850
Supplies and Services	287,780	300,759	283,858	16,901
Capital Outlay	-	-	2,254	(2,254)
	<u>758,668</u>	<u>769,833</u>	<u>742,336</u>	<u>27,497</u>
Sheriff				
Personal Services	3,379,295	3,365,574	3,083,401	282,173
Supplies and Services	640,850	699,148	656,035	43,113
Capital Outlay	30,000	34,500	8,275	26,225
	<u>4,050,145</u>	<u>4,099,222</u>	<u>3,747,711</u>	<u>351,511</u>
Cost & Fines				
Personal Services	226,006	226,006	220,868	5,138
Supplies and Services	35,907	32,268	32,098	170
Capital Outlay	-	-	-	-
	<u>261,913</u>	<u>258,274</u>	<u>252,966</u>	<u>5,308</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Judicial (Continued)				
Adult Probation				
Personal Services	10,372,140	10,396,814	9,888,819	507,995
Supplies and Services	1,659,982	1,670,782	1,468,964	201,818
Capital Outlay	75,000	75,000	352,904	(277,904)
	<u>12,107,122</u>	<u>12,142,596</u>	<u>11,710,687</u>	<u>431,909</u>
Juvenile Probation				
Personal Services	6,136,245	6,139,275	5,850,818	288,457
Supplies and Services	1,251,642	1,341,762	1,022,694	319,068
Capital Outlay	-	31,480	12,432	19,048
	<u>7,387,887</u>	<u>7,512,517</u>	<u>6,885,944</u>	<u>626,573</u>
Victim Witness				
Personal Services	63,242	63,242	61,317	1,925
Supplies and Services	523,207	729,865	659,659	70,206
	<u>586,449</u>	<u>793,107</u>	<u>720,976</u>	<u>72,131</u>
Pretrial				
Personal Services	-	-	-	-
Supplies and Services	401,533	401,533	402,089	(556)
	<u>401,533</u>	<u>401,533</u>	<u>402,089</u>	<u>(556)</u>
RO County Records Improvement				
Supplies and Services	85,500	110,500	79,229	31,271
Capital Outlay	46,000	21,000	-	21,000
	<u>131,500</u>	<u>131,500</u>	<u>79,229</u>	<u>52,271</u>
Total Judicial	<u>\$ 51,610,073</u>	<u>\$ 52,110,768</u>	<u>\$ 48,536,232</u>	<u>\$ 3,574,536</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 29,068,120	\$ 29,158,230	\$ 30,382,027	\$ (1,223,797)
Supplies and Services	11,413,074	11,665,240	10,925,810	739,430
Capital Outlay	-	30,440	113,984	(83,544)
	<u>40,481,194</u>	<u>40,853,910</u>	<u>41,421,821</u>	<u>(567,911)</u>
Emergency Services				
Personal Services	741,209	744,998	689,388	55,610
Supplies and Services	400,766	427,422	1,636,067	(1,208,645)
Capital Outlay	-	-	-	-
	<u>1,141,975</u>	<u>1,172,420</u>	<u>2,325,455</u>	<u>(1,153,035)</u>
Total Public Safety	<u>\$ 41,623,169</u>	<u>\$ 42,026,330</u>	<u>\$ 43,747,276</u>	<u>\$ (1,720,946)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 732,186	\$ 489,136	\$ 706,925	\$ (217,789)
Supplies and Services	2,765,214	2,951,152	17,175,829	(14,224,677)
Capital Outlay	-	-	-	-
Total Human Services	\$ 3,497,400	\$ 3,440,288	\$ 17,882,754	\$ (14,442,466)
Culture and Recreation				
Parks				
Personal Services	\$ 1,262,400	\$ 1,248,154	\$ 1,197,590	\$ 50,564
Supplies and Services	932,643	988,265	861,465	126,800
Capital Outlay	-	24,217	24,217	-
Total Culture and Recreation	\$ 2,195,043	\$ 2,260,636	\$ 2,083,272	\$ 177,364
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 246,373	\$ 249,953	\$ 239,379	\$ 10,574
Supplies and Services	269,464	259,519	259,527	(8)
Capital Outlay	-	-	-	-
Total Cooperative Extension	515,837	509,472	498,906	10,566
Conservation Programs				
Personal Services	1,101,924	1,101,924	1,065,226	36,698
Supplies and Services	657,016	652,455	671,499	(19,044)
Capital Outlay	20,000	20,000	-	20,000
Total Conservation Programs	1,778,940	1,774,379	1,736,725	37,654
Economic Development				
Personal Services	449,304	453,860	358,138	95,722
Supplies and Services	255,886	238,513	1,078,893	(840,380)
Capital Outlay	-	-	-	-
Total Economic Development	705,190	692,373	1,437,031	(744,658)
Housing Redevelopment				
Supplies and Services	-	-	3,136	(3,136)
Total Conservation and Development	\$ 2,999,967	\$ 2,976,224	\$ 3,675,798	\$ (699,574)

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Debt Service				
Principal	\$ 5,703,360	\$ 5,703,360	\$ 5,021,465	\$ 681,895
Interest	5,658,549	5,658,549	5,377,864	280,685
Total Debt Service	\$ 11,361,909	\$ 11,361,909	\$ 10,399,329	\$ 962,580
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 1,693,800	\$ 1,693,800	\$ 1,352,191	\$ 341,609
MH/MR Fund	890,200	890,200	773,636	116,564
Office of Aging Fund	90,000	90,000	595,010	(505,010)
Drug and Alcohol Fund	207,871	207,871	207,871	-
Children, Youth, and Families Fund	10,500,000	10,500,000	9,113,026	1,386,974
State Grant Fund	25,000	25,000	55,306	(30,306)
Human Services Development Fund	21,000	21,000	45,197	(24,197)
Hazard Materials Emergency Response Fund	10,000	10,000	-	10,000
Weatherization	30,000	30,000	66,348	(36,348)
Liquid Fuels	-	-	3,863	(3,863)
Federal Drug Act Forfeiture Fund	-	-	-	-
Affordable Housing	-	-	3,916	(3,916)
911 - EMA Communications Fund	-	-	56,378	(56,378)
Capital Projects Fund	1,250,000	1,250,000	1,260,000	(10,000)
Human Service Building Fund	800,000	800,000	1,448,392	(648,392)
General Fund	94,691	94,691	466,218	(371,527)
Debt Service	40,768,182	40,768,182	-	40,768,182
Total Interfund Transfers	\$ 56,380,744	\$ 56,380,744	\$ 15,447,352	\$ 40,933,392