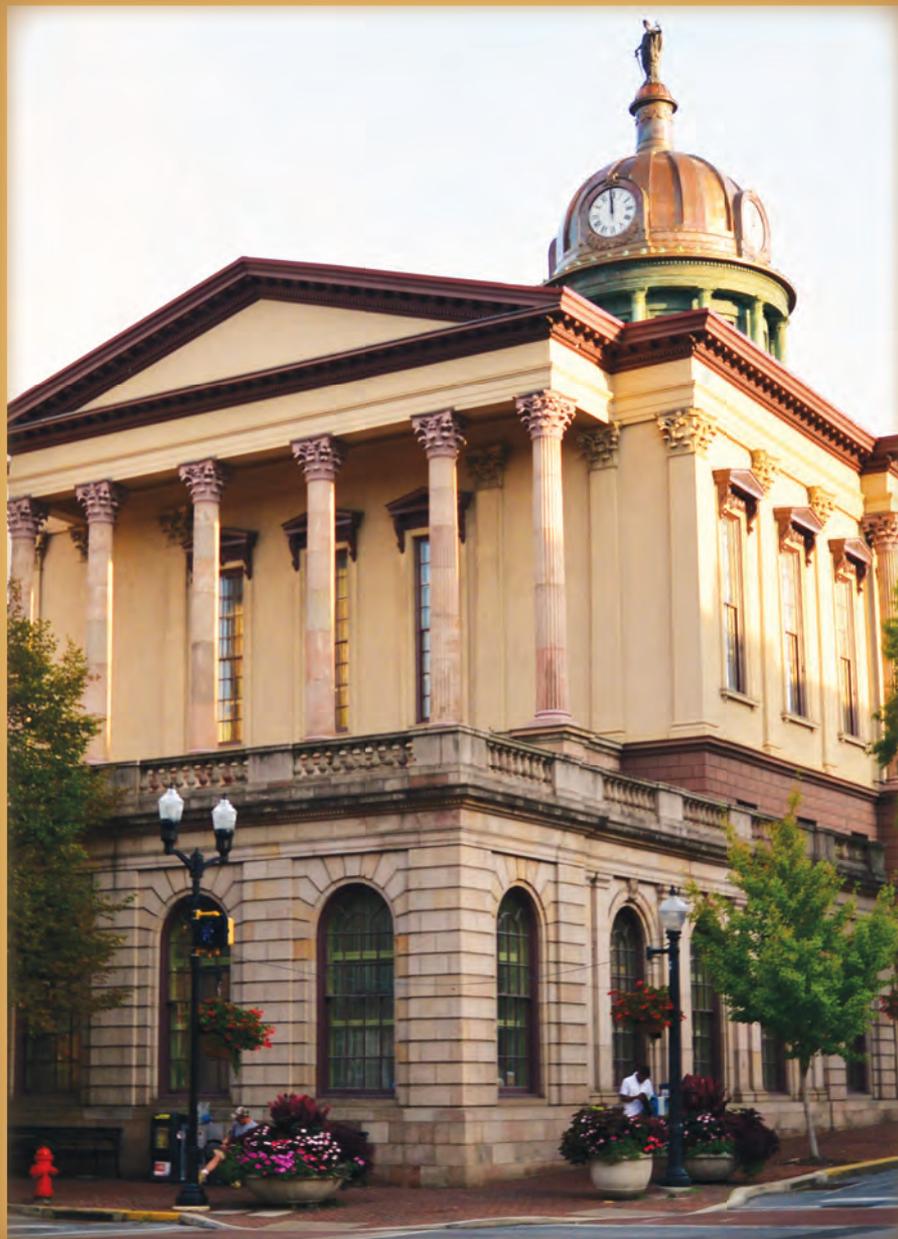


# *County of Lancaster* PENNSYLVANIA



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ended December 31, 2015

COUNTY OF LANCASTER, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL  
REPORT

For the Year Ended December 31, 2015

PREPARED BY THE CONTROLLER'S OFFICE

Brian K. Hurter, CPA, Controller  
Kathryn B. Kunkel, Deputy Controller  
Andrew D. Sapovchak, CPA, Accounting/Auditing Manager  
Rebecca M. Dittenhafer, Systems Administrator

CONTROLLER'S SOLICITOR  
George D. Alspach

COVER PHOTOGRAPH  
Lancaster County Old Courthouse  
Photo by: Robert Devonshire, Jr.

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COUNTY OF LANCASTER, PENNSYLVANIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the year ended December 31, 2015

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COUNTY OF LANCASTER, PENNSYLVANIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the year ended December 31, 2015

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Brian K. Hurter, CPA

Controller

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**Controller**  
Brian K. Hurter, CPA

June 28, 2016

To the Citizens of the County of Lancaster, Pennsylvania:

The comprehensive annual financial report of the County of Lancaster, Pennsylvania, for the year ended December 31, 2015, is hereby submitted.

The County's management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management of the County of Lancaster has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of Lancaster's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County of Lancaster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is accurate and complete in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities are included.

State statutes require that an annual audit be performed by independent certified public accountants. The Lancaster County Commissioners selected SB & Company, LLC. The independent auditors report on the basic financial statements and give an "in relation to" opinion on the combining and individual fund statements and schedules included in the financial section of this report. The independent auditors disclaim an opinion on the introductory and statistical sections of the report.

In addition to meeting the requirements set forth in state statutes, this audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the Uniform Grant Guidance. The single audit for 2015 will be completed during September 2016. Information related to this single audit, including the supplementary schedule of expenditures of federal awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations, and major program requirements, will be included in a separately issued single audit report.



This report includes all funds and activities of the County and reflects the extensive range of countywide services including, but not limited to, emergency services; health care and social services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events. The report includes the Lancaster County Convention Center Authority as a component unit.

## **Profile of the Government**

Lancaster County was part of Chester County until May 10, 1729 when it was formed as the fourth county in the Commonwealth of Pennsylvania. It was named for Lancastershire in England and has been a third class county since 1962. Consisting of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships it is located in the south central part of the state approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. The county occupies a land area of 946 square miles and is the sixth most populous county in the state behind only Philadelphia, Allegheny, Montgomery, Bucks and Delaware counties with approximately 536,624 people calling it their home.

The County of Lancaster acts as an agent of the Commonwealth for those functions which are specified by State law. To carry out those functions, three county commissioners are elected every four years and may be re-elected. The County Code stipulates that each party may put up no more than two candidates and that each voter may cast a ballot for only two commissioner candidates. The three receiving the highest number of votes are elected. This ensures that the commissioners are not all from the same political party. In addition to having limited legislative powers, the commissioners serve as the managers and administrators of county government, name residents to boards, commissions, and authorities, and award contracts. Assisting them is a number of officials elected for four-year terms, who fill the so-called row offices, and numerous appointed deputies and directors. To assist the commissioners with their administrative duties, they appoint a chief clerk who keeps the books and accounts of the Board of County Commissioners, records and files their proceedings and papers, attests all orders and voucher checks issued by them, and performs all other duties pertaining to the office of chief clerk. Additionally, the chief clerk is responsible for the preparation and monitoring of the annual county budget, contract negotiations, and monitoring the departments under the scope of the county commissioners.

The annual budget serves as the foundation for the County of Lancaster's financial planning and control. The County Commissioners must adopt an annual budget for the County by December 31 of each year for the subsequent year. The annual budget estimates revenues and expenditures for all governmental funds except the Community Development Block Grant, the Human Services Block Grant, and the Agricultural Land Preservation special revenue funds, and the capital projects fund. The debt service fund is controlled through a general obligation bond indenture provision. Project-length financial plans are adopted for all capital projects. The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control at the function and object level. Supplemental appropriations, which alter the total expenditures of any fund, require resolution by the County Commissioners. Appropriations lapse at the end of each year and must be reappropriated.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County of Lancaster operates.

**Local Economy.** Lancaster County saw a year of economic growth with home sales reaching post-recession highs and unemployment reaching post-recession lows. The County is fortunate to have an economy driven by diverse industries, impressive innovation and a global impact, which conflicts with its well-known reputation for rural landscapes, Amish population and a strong agricultural heritage. The County has significant business sectors in food processing, pharmaceutical production and packaging, light manufacturing, agribusiness, professional services and a live events cluster. With a number of major employers, no one sector or company dominates the economy and it is that diversity which leads to our prosperity. The County's unemployment rate of 3.0% remains consistently lower than both the state and national averages of 4.7% and 5.0%, respectively. Located within a 500-mile radius of more than half the buying power of the nation, the County benefits from its proximity to the major marketplaces and transportation hubs of the East Coast while taking advantage of the costs and values associated with a mid-sized community.

The farmlands of Lancaster County feature some of the richest, most productive, non-irrigated soil in the United States. The County's nearly 5,700 farms provide fresh, local food for its residents as well as people across the state and nation. The farmland and the industry it supports provide more than 51,000 jobs and contributes nearly \$6 billion to the local economy each year. Dairy farming is the leading agricultural business, but the local agriculture industry is an excellent example of a well-diversified farm economy that is not dependent on any one area for its success. Poultry, swine, beef, crop and vegetable production all contribute to the County's economic strength. As the County continues to struggle with the increasing pressure of development, communities are recognizing that new growth does not have to come at the expense of farmland. The Lancaster County Agricultural Preservation Board and the Lancaster Farmland Trust offer a solution to farmers who want to preserve their land and way of life for future generations. Thanks to their efforts, 105,448 acres of farmland on 1,372 farms have been preserved from future development. Land conservation offers many benefits to the County, including attracting jobs, enhancing property values, safeguarding a valuable way of life for generations to come, ensuring an adequate, fresh food supply, and protecting the quality of the environment.

The County is a first rate tourist destination that attracts an estimated 8.2 million visitors each year, generating a direct economic impact of \$2.6 billion. Tourism is a key economic developmental tool, an important source of tax revenues and one of the leading industries in Lancaster County. Located within a short drive of Philadelphia, Baltimore, New York and Washington, D.C., it is an ideal destination for a day trip, weekend getaway or even an extended vacation. Tourism's investments in attractions and amenities serve the traveling public as well as enhance the life of area residents and produces growth in other sectors of the economy. Through their direct interaction with tourists at places like attractions, restaurants, shops, gas stations and lodging properties, hundreds of companies in the County benefit from travel and tourism. With many rich cultures from the Amish to the arts, travelers can experience the vibrant downtown city life or explore the surrounding towns and villages to get a sampling of the heritage, food, craftsmanship, and attractions for which Lancaster County is famous.

## Major Initiatives

### For the Year

- \* Restoration of the historic statue and dome that sits on top of the Lancaster County Courthouse was completed. In April, a crane was used to hoist Lady Justice back to her lofty perch atop the courthouse dome. The nine foot tall copper statue, which hadn't been moved since it was installed in the early 1920's, was taken down last October and sent to Philadelphia for repairs and cleaning. It was just a small part of the larger project which involved repairing the rotting wood, missing bolts and loose copper panels of the dome. The courthouse's original 161 year old bell, linked to the refurbished four clock faces on the dome, resumed chiming at the completion of the project.
  
- \* In the past few years, trains carrying 100 or more cars of crude oil from Canada or the Dakotas pass through Lancaster County weekly on their way to refineries in Delaware. There have been accidents involving these trains in North America, most notably one in Canada which killed 47 people. To aid in the response to a train derailment involving crude oil, the Lancaster County Emergency Management Agency developed the self-titled Crude Oil Unit Train (COUT) Plan. The plan identifies potential public, private, and whole-community exposures along the entire length of the rail route through Lancaster County. It identifies and provides in-depth resources to aid in mitigating the effects of various land and waterway incident scenarios. The plan also provides instructions and documents to facilitate more timely acquisition of resources that are not locally available. The COUT Plan has become the model for the state of Pennsylvania and has been distributed by the PA Emergency Management Agency to all counties through which the trains pass.
  
- \* The Youth Intervention Center started a new Evening Treatment Center (ETC) Program that serves adolescents who are involved with the Office of Juvenile Probation or the Children and Youth Agency. The program is offered to males and females between the ages of 13 and 18. Participants can be referred to the program in three ways: recommended by a juvenile probation officer while the youth is waiting adjudication/disposition, court-ordered by Juvenile Probation after disposition or recommended by a Children and Youth Agency caseworker. The participants are transported to the Youth Intervention Center after school and transported back home at 8:30 pm as long as they live within a 12 mile radius of the center. The participant's goals, program length, and groups are determined based on recommendations from the Juvenile Probation Officer or the Children and Youth caseworker, consultation with the parents/guardians, and results of various assessments. The ETC participants will participate in evidence based programs, as well as psycho-educational groups.

## **For the Future**

- \* Lancaster County's president judge signed an order shifting the duties of serving arrest warrants from the nearly 100 elected constables to the county's deputy sheriffs effective June 1, 2016. This move is being made to save taxpayers money and improve service. The county commissioners supported the change and will budget extra money to hire more deputies to handle the workload. The change will end a long-standing system in which constables were paid \$25 for each warrant served and \$2.50 for each failed attempt to serve a warrant. The county currently spends approximately \$1.6 million on constable costs each year. Under the new system, deputy sheriffs will receive the same salary regardless of how many warrants they serve. By putting the sheriff in charge of all warrants, the county also expects to make great progress in reducing the large backlog of unserved warrants.
  
- \* The Lancaster County Department of Parks and Recreation will complete construction of the 1.5 miles of the Northwest County River Trail through Chickies Rock County Park with the paving of the trail as well as providing trail related amenities and signage. Negotiations for acquisition of the 107-acre parcel adjacent to the Speedwell Forge County Park will continue and hopefully be completed during 2016. Working with the Lancaster County SPCA, a program to offer the public guided horseback rides through Lancaster County Central Park is being established. Proceeds from the program will benefit the SPCA and the County Park. The park has wonderful trails that are well-suited for horseback riding. The tours will be offered Friday through Sunday beginning in May 2016.
  
- \* Discussion will continue regarding the future of the Lancaster County Prison. The debate centers on whether to repair the old building or build a new facility. It is estimated that it will cost \$26 million to repair the prison to keep it functional for another decade. Building a new facility would cost between \$111 million to \$170 million according to a consultant hired in 2009. The core part of the current building was originally built in 1851. A series of additions and renovations over the years has expanded the complex to seven buildings. While the prison board and county commissioners haven't taken a stance on the subject yet, prisoner-rights advocates are calling for building a new facility.

## **Financial Policies**

The County Commissioners and the Retirement Board have both formally adopted investment policies governing County and Pension Trust Fund investments, respectively.

The County Commissioners have formally adopted purchasing policies encompassing legal compliance and encouraging competitive and economical procurement of goods and services.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lancaster for its comprehensive annual financial report for the year ended December 31, 2014. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized comprehensive annual financial report (CAFR), which conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Controller's office staff, the cooperation of all County departments, various elected and appointed officials, and the assistance of our independent auditors, SB & Company, LLC. We appreciate the contributions made in the preparation of this report.

A handwritten signature in black ink, appearing to read "BKS, CPA". The signature is stylized and written in a cursive-like font.

Brian K. Hurter, CPA  
Controller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

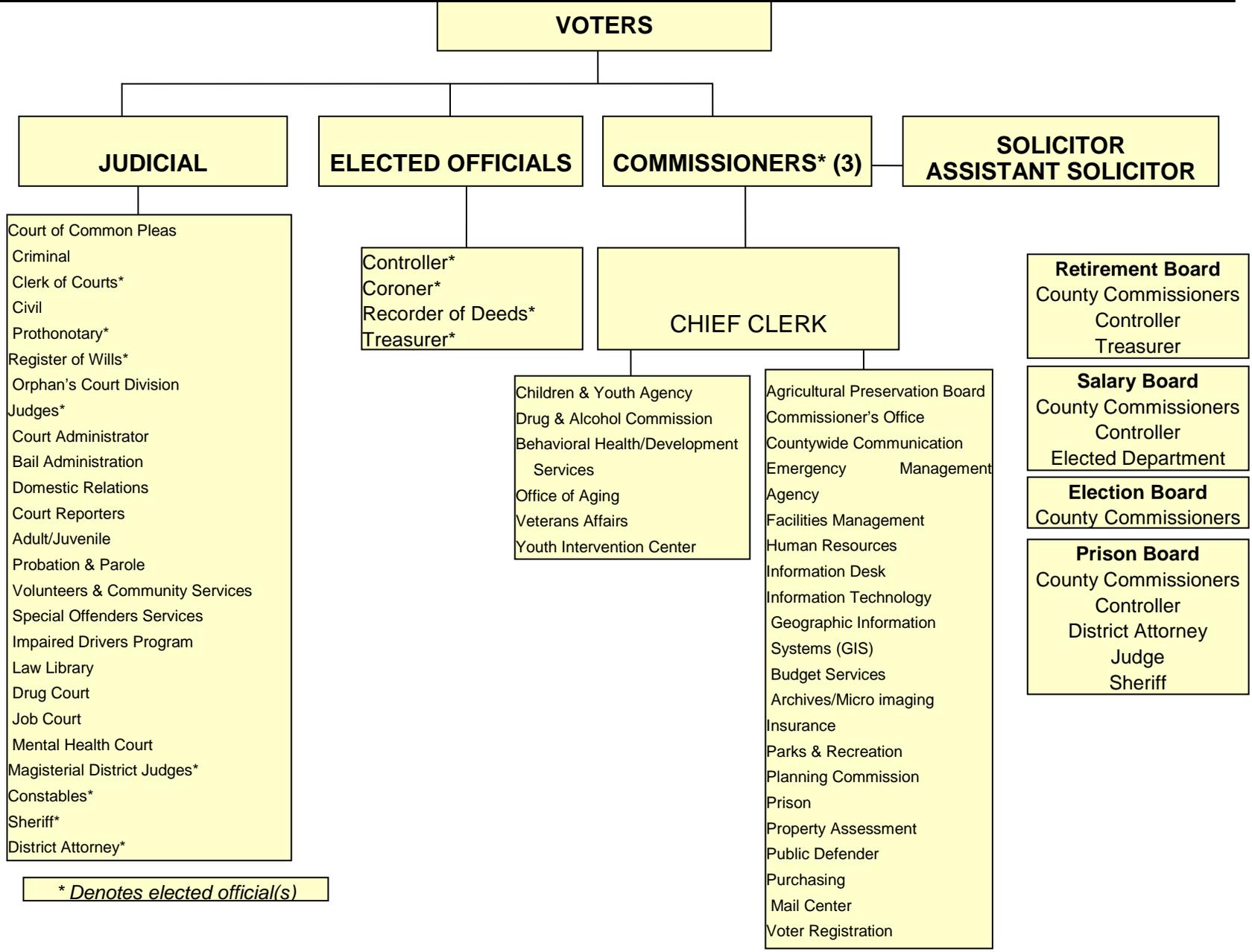
**County of Lancaster  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

**LANCASTER COUNTY ORGANIZATIONAL CHART – 3<sup>rd</sup> CLASS COUNTY**



\* Denotes elected official(s)

**2015  
County of Lancaster  
Elected Officials**

**COMMISSIONERS**

Dennis Stuckey, Chairman  
Scott Martin, Vice Chairman  
Craig Lehman

**CONTROLLER**

Brian K. Hurter, CPA

**TREASURER**

Craig Ebersole

**PROTHONOTARY**

Katherine Wood-Jacobs

**REGISTER OF WILLS**

Mary Ann Gerber

**RECORDER OF DEEDS**

Bonnie Bowman

**CLERK OF COURTS OF COMMON PLEAS**

Joshua G. Parsons, Esq.

**DISTRICT ATTORNEY**

Craig W. Stedman

**JUDGES OF COURT OF COMMON PLEAS**

Dennis E. Reinaker, President Judge  
David L. Ashworth  
Leonard G. Brown, III  
James P. Cullen  
Leslie Gorbey  
Christopher A. Hackman  
Jay J. Hoberg  
Howard F. Knisely  
Joseph C. Madenspacher  
Margaret C. Miller  
Jeffrey J. Reich  
Merrill Spahn, Jr.  
Donald R. Totaro  
David R. Workman  
Jeffery D. Wright

**SHERIFF**

Mark S. Reese

**CORONER**

Stephen G. Diamantoni, MD

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

Management and County Commissioners  
County of Lancaster

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lancaster County Convention Center Authority. 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 included for the Lancaster County Convention Center Authority, is based on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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### ***Opinions***

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

### ***Emphasis of Matter***

As discussed in Note 20 to the financial statements, during the year ended December 31, 2015, the County adopted new accounting guidance from Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the required supplementary schedule of changes in the County's net pension liability and related ratios, schedule of County contributions and schedule of investment returns for the County of Lancaster, Pennsylvania, Employee Retirement Plan, the schedule of employer contributions and schedule of funding progress for other postemployment healthcare benefits, and the required supplementary schedules of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis for the General Fund, Children and Youth Services Fund, Behavioral Health & Developmental Services Fund and Domestic Relations Special Revenue Fund 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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The combining and individual fund financial statements and schedules listed in the Table of Contents are the responsibility of management and have derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules listed in the Table of Contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Hunt Valley, Maryland  
June 27, 2016

*SB & Company, LLC*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

This section of the County of Lancaster's (County) comprehensive annual financial report presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2015. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2015.

### **FINANCIAL HIGHLIGHTS**

- ✓ The County's 2015 real estate property tax rate remained unchanged at 3.735 mills.
- ✓ The County's net position increased \$11.3 million in 2015, or 389%. The County implemented Governmental Accounting Standards Board Statement 68 (GASB 68) and has recorded a net pension liability of \$29,664,865 and deferred outflows of \$19,273,085 in the Statement of Net Position. The implementation of GASB 68 also required a restatement of net position of a negative \$11,655,954.
- ✓ The County's unrestricted deficit was \$(76.8) million at December 31, 2015 compared to \$(85.0) million at December 31, 2014.
- ✓ The County's bond rating is A1 (stable outlook).
- ✓ At December 31, 2015, the County had \$235 million of general obligation debt outstanding. This represents a decrease of \$15.5 million, or 6.2%, from the previous year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements), other required supplementary information, and a section that presents combining and individual fund statements and schedules. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. The diagram on the following page shows how the required components of the financial section of this comprehensive annual financial report are arranged and relate to one another.

The first two basic financial statements are *government-wide financial statements* that provide information about the County's overall financial status, as well as the financial status of the County's component unit. The remaining basic financial statements are *fund financial statements* that focus on major funds of County government, reporting the County's operations in more detail than the government-wide statements. The *fund financial statements* include:

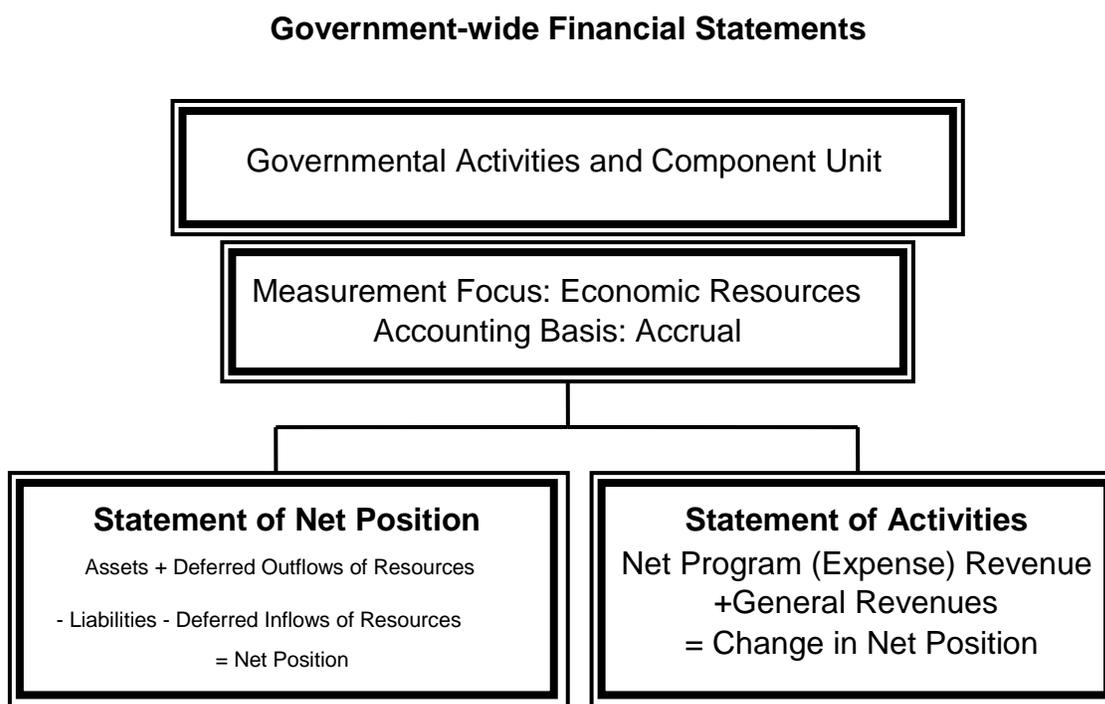
- ◆ *Governmental funds financial statements* which explain how services such as public safety were financed in the short term, as well as what remains for future spending.
- ◆ *Fiduciary funds financial statements* that reflect activities involving resources that are held by the County as a trustee or agent for parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

The basic financial statements also include notes to the financial statements that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements as well as required supplementary information regarding employee pension contributions and employee pension and other post-employment benefit funding progress and the County's budget for the General Fund and each major budgeted special revenue fund. In addition to these required elements, a section is included with combining and individual fund statements that provide particulars about non-major governmental funds.

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the County as a whole and its component unit using accounting methods similar to those used by private-sector companies. The primary features are reflected in the following diagram.



The statement of net position includes all of the County's assets, liabilities, and deferred outflows and inflows of resources, except fiduciary funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. The statement of activities focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid. Net position is one way to measure the County's financial health, or position. Over time, increases or decreases in the County's net position 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 government-wide financial statements of the County are divided into two categories:

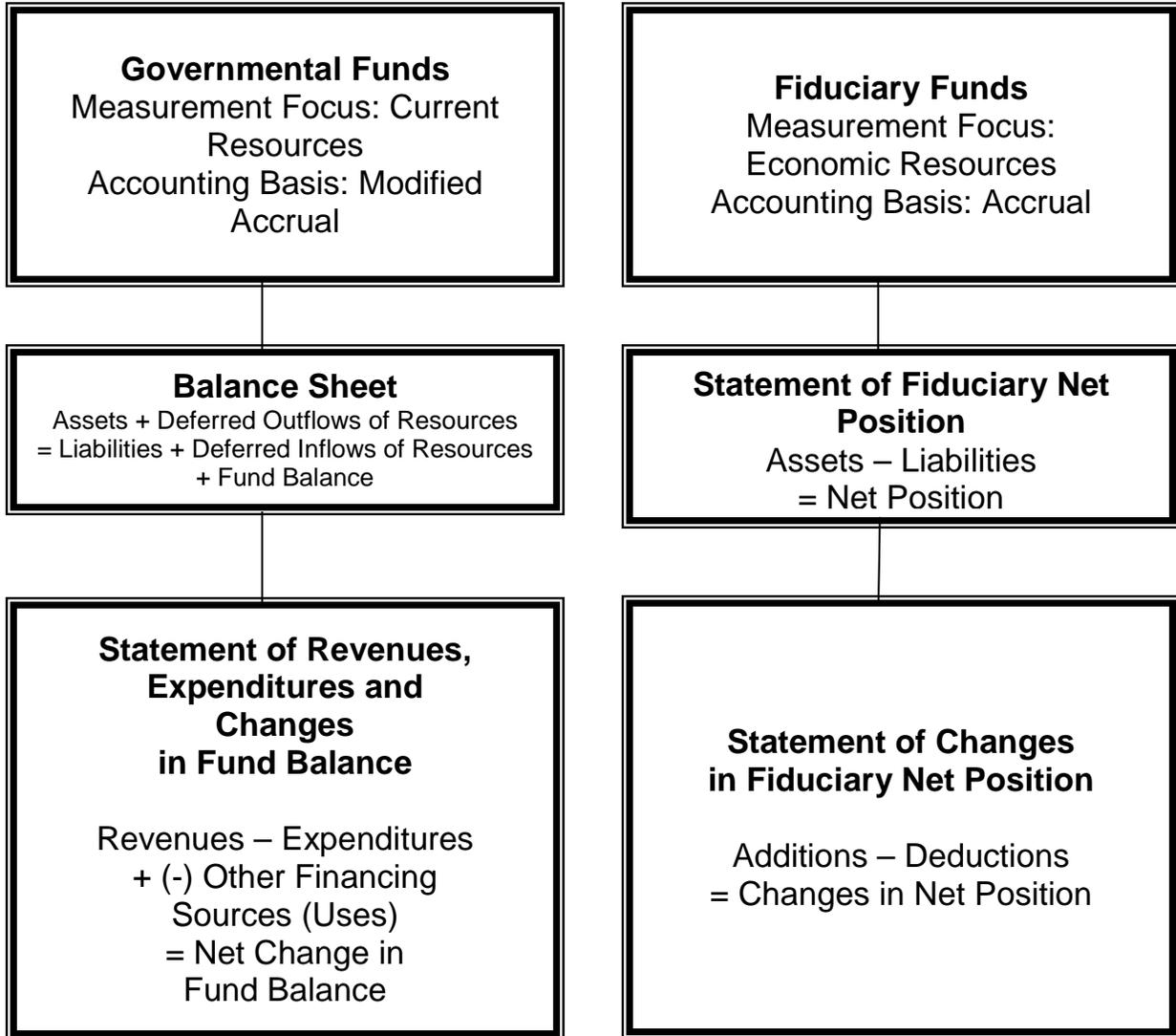
- ◆ *Governmental activities* – All of the County’s basic services are included here, such as public safety, public works, health and welfare and general government administration. Property and other such taxes and state and federal grants are the primary funding source of these activities.
- ◆ *Component Unit* – The County includes one other entity – the Lancaster County Convention Center Authority.\*

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the County’s funds with an emphasis on major funds, not the County as a whole. Funds are accounting groups that the County uses to keep track of specific sources of funding and spending for particular purposes. State law requires some funds while other funds are established to control and manage resources designated for specific purposes. The following diagram presents the major features of the fund financial statements, including the types of information contained therein.

\*See separate report as mentioned in the notes to the financial statements.

# Fund Financial Statements



The County has two types of funds:

- *Governmental funds* – Most of the County’s basic services are included in governmental funds, which 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. 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 County maintains the following major governmental funds: the General Fund, Behavioral Health and Developmental Services special revenue fund, Children and Youth Services special revenue fund and the Domestic Relations special revenue fund. The County also maintains seven non-major special revenue funds that are combined into a single aggregated presentation. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the fund and government-wide financial statements.
- *Fiduciary funds* – The County is the trustee, or fiduciary, for its employees’ pension plan. In addition, the County is also responsible for an agency fund, which represents 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 for ensuring that the assets reported in the fund are used for their intended purpose. All of the County’s fiduciary asset and liability balances are reported in the statement of fiduciary net position. A statement of changes in fiduciary net position is also presented. All fiduciary activities are excluded from the County’s government-wide financial statements because the County cannot use these assets to finance its operations.

## **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

The County is presenting its financial statements as required by Governmental Accounting Standards Board Statement No. 34 (GASB Statement No. 34), “Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments.” The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities to measure the results of the year’s activities.

**NET POSITION:**

The County's net position as of December 31, 2015 and 2014 are presented below:

Table A-1 <b>County Net Position for the year ended December 31, 2015</b> (amounts in millions)
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	<u>2015</u>	<u>2014</u>
Capital assets, net	\$ 300.4	\$ 291.0
Other assets	66.6	69.5
<b>Total assets</b>	<b>367.0</b>	<b>360.5</b>
Deferred outflows of resources	27.1	8.3
<b>Total deferred outflows of resources</b>	<b>27.1</b>	<b>8.3</b>
Other liabilities	24.4	15.4
Long-term liabilities	355.5	338.9
<b>Total liabilities</b>	<b>379.9</b>	<b>354.3</b>
Net position (deficit):		
Net investment in capital assets	64.5	57.8
Restricted	26.5	41.7
Unrestricted (deficit)	(76.8)	(85.0)
<b>Total net position</b>	<b>\$ 14.2</b>	<b>\$ 14.5</b>

Net position of the County's governmental activities decreased by 2.1% to \$14.2 million. Of this amount, \$64.5 million represents the balance of net investments in capital assets, while \$26.5 million is restricted for various purposes. The County has an unrestricted deficit balance of \$(76.8) million as of the end of the year.

Lancaster County's total assets stand at \$367.0 million and deferred outflows of resources stand at \$27.1 million as of December 31, 2015. Of the total assets, \$300.4 million is accounted for by capital assets, which includes some infrastructure.

The following table presents the County's changes in net position for the fiscal year ended December 31, 2015 and 2014:

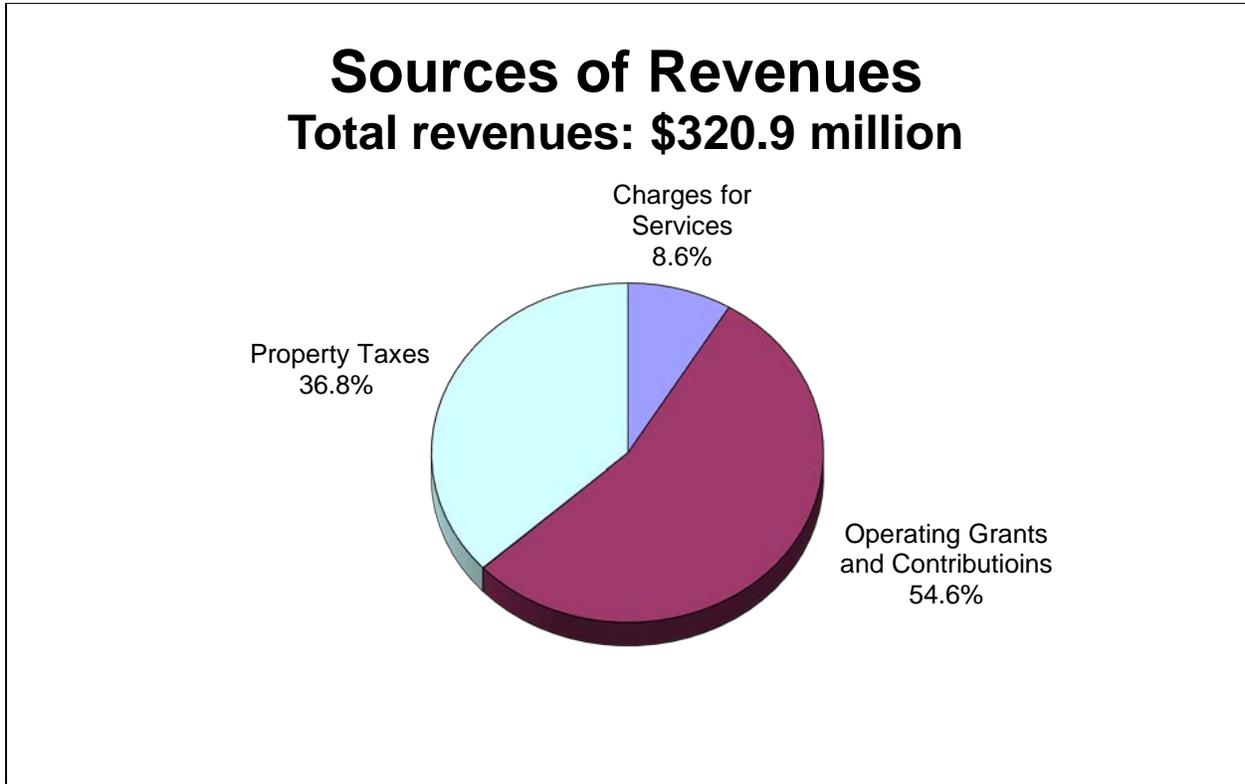
<p>Table A-2  <b>County's Changes in Net Position for the year ended December 31, 2015</b>  (amounts in millions)</p>
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	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$ 27.6	\$ 25.3
Operating grants and Contributions	175.1	173.6
<b>General revenues:</b>		
Property taxes	118.0	117.2
Gain on sale of capital assets	-	-
Unrestricted investment Earnings	0.2	2.3
<b>Total revenues</b>	<b>320.9</b>	<b>318.4</b>
<b>Expenses:</b>		
General government	49.3	47.7
Public safety	15.8	15.0
Roads and bridges	1.3	0.7
Health, education, and welfare	156.7	156.2
Judicial	41.7	42.4
Corrections	26.7	26.4
Cultural and recreation	1.6	2.4
Community development	6.9	4.3
Bond issuance costs	-	0.1
Interest on long-term debt	9.5	10.6
<b>Total expenses</b>	<b>309.5</b>	<b>305.8</b>
<b>Change in net position</b>	<b>11.4</b>	<b>12.6</b>
<b>Net position – beginning</b>	<b>*2.8</b>	<b>1.9</b>
<b>Net position – ending</b>	<b>\$ 14.2</b>	<b>\$ 14.5</b>

\*As restated

**GOVERNMENTAL ACTIVITIES:**

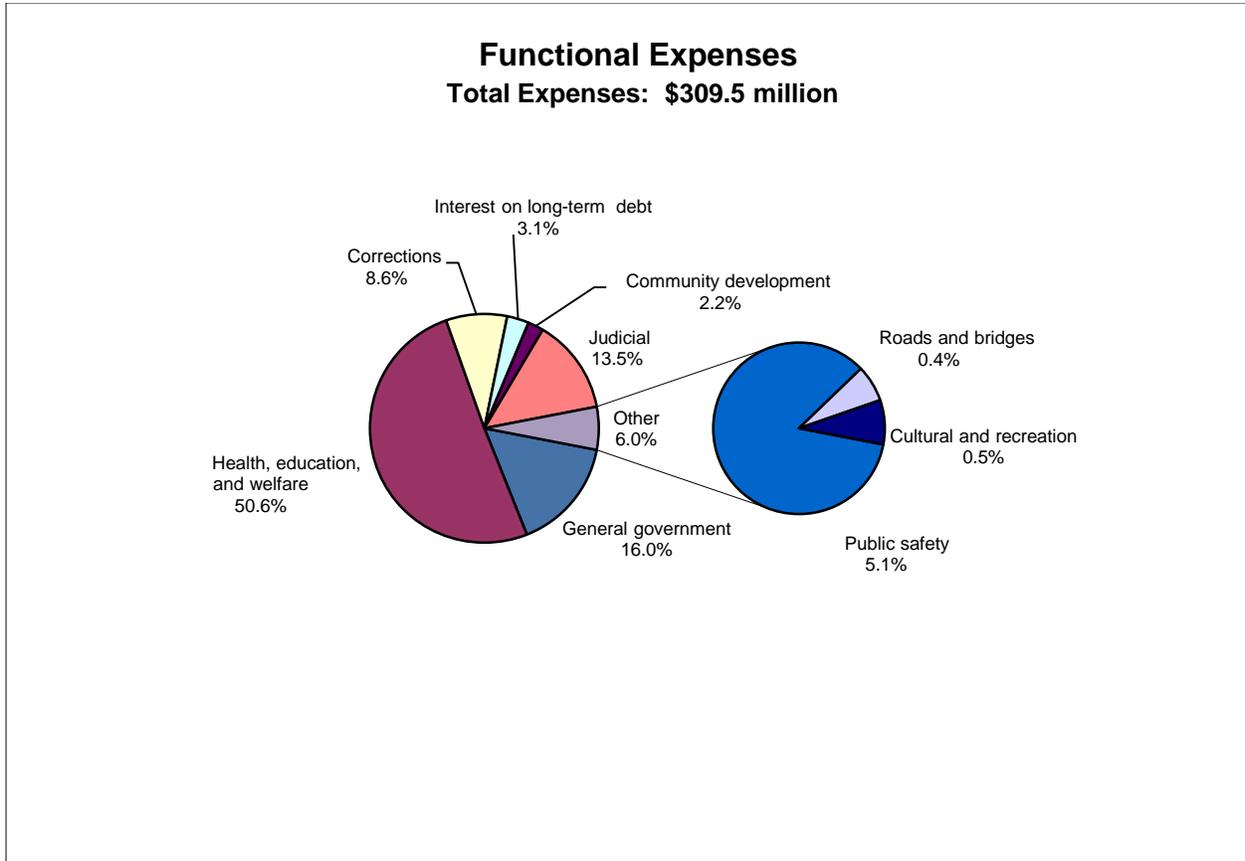
The following chart graphically depicts the sources of revenues for the year ended December 31, 2015:



Total government-wide revenues of \$320.9 million were derived primarily from operating grants and contributions, representing 54.6% of the total. Property taxes made up the second largest source of revenue at 36.8%, followed by charges for services at 8.6%.

## GOVERNMENTAL ACTIVITIES:

The following chart graphically depicts the functional expenses for the year ended December 31, 2015:



Total expenses for all programs in 2015 were \$309.5 million. The expenses cover a wide range of services, with the largest being health, education, and welfare at 50.6%. The second largest program area was general government at 16.0%, followed by judicial at 13.5%, corrections at 8.6%, other (cultural and recreation, public safety and roads and bridges) at 6.0%, interest on long term debt at 3.1%, and community development at 2.2%.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **GOVERNMENTAL FUNDS:**

The General Fund, the Children and Youth Services special revenue fund, the Behavioral Health and Developmental Services special revenue fund and the Domestic Relations special revenue fund make up the County's major governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, spendable (both restricted and unrestricted) fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

At December 31, 2015, the General Fund reported a fund balance of \$18.1 million, which was a \$3.9 million or 17.7% decrease over the previous year's balance of \$22.0 million. This decrease resulted from monies spent on equipment for the P25 radio project. Revenues increased from \$145.8 million to \$150.0 million, a \$4.2 million or 2.9% increase. This increase was the result of the receivable for the 911 surcharge being substantially higher than last year. Expenditures increased from \$138.8 million to \$142.8 million, which was a \$4.0 million or 2.9% increase. This increase was the result of a payroll related accrual for Capital Blue Cross which we did not have in the past. In addition, the net of indirect reimbursement with related expenditures adjustment per GASB codification section 1800.103B was lower in 2015.

The fund balance in the Children and Youth Services special revenue fund increased to \$2.2 million at December 31, 2015, from \$0.7 million, a \$1.5 million or 214.3% increase. This increase is a result of the PA budget impasse for FY 15/16. Revenues increased from \$32.3 million to \$32.5 million, a \$0.2 million or 0.6% increase. Expenditures decreased from \$40.1 million to \$38.9 million, a decrease of \$1.2 million or 3.0%.

The Behavioral Health and Developmental Services special revenue fund has no fund balance to report. Revenues in this fund increased to \$114.9 million from \$113.0 million, an increase of \$1.9 million or 1.7%. Expenditures increased from \$113.8 million to \$115.3 million, a \$1.5 million or 1.3% increase. These increases resulted from additional interdepartmental revenue from Block Grant Funding which correlated to an increase in spending.

As of December 31, 2015 the Domestic Relations special revenue fund balance was \$10.6 million as compared to \$9.9 million last year, an increase of \$0.7 million or 7.0%. The increase in the fund balance was primarily due to transfers. The revenues decreased from \$4.9 million to \$4.6 million, a decrease of \$0.3 million or 6.1%. The expenditures decreased from \$6.3 million to \$6.0 million, a decrease of \$0.3 million or 4.8%. This decrease was the result of payroll expenses being lower than the previous year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the County Board of Commissioners revised the County budget several times. These budget amendments fall into two categories:

- Amendments to appropriations approved shortly after the beginning of the year to reflect budget carryovers from the prior year.
- Increases in appropriations based on supplemental funding sources.

The County's original revenue budget increased from \$164.0 million to \$164.3 million, an increase of \$0.3 million or 0.2%. Actual revenues received totaled \$150.9 million or 91.8% of the final budget. Departmental revenues were \$12.2 million less than the final budgeted amount as a result of the PA budget impasse for FY 15/16.

The County's original operating expenditure budget, excluding transfers, increased from \$150.7 million to \$151.4 million, an increase of \$0.7 million or 0.5%. Actual expenditures were \$142.5 million or 94.1% of the final budget due to cost saving measures implemented in 2015.

Differences between the original General Fund budget and the final amended budget were primarily the result of increasing the budget due to an increase in appropriations based on supplemental funding sources.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS:

The County's investment in capital assets at December 31, 2015, net of accumulated depreciation, amounted to \$300.4 million. Capital assets consist primarily of land and improvements, buildings and improvements, furniture and equipment, infrastructure and easements. The following is a summary of capital assets at December 31, 2015 and 2014:

<b>Summary of Capital Assets</b>		
	<b>2015</b>	<b>2014</b>
Land	\$ 5,275,585	\$ 5,275,585
Buildings and improvements	210,547,530	205,448,341
Improvements other than buildings	1,969,330	1,969,330
Furniture and equipment	62,036,294	54,072,040
Infrastructure	22,032,195	19,424,232
Easements	102,991,548	101,055,372
Less accumulated depreciation/amortization	(104,474,892)	(96,233,922)
Total	<u>\$ 300,377,590</u>	<u>\$ 291,010,978</u>

Total capital assets increased from \$291.0 million to \$300.4 million, an overall increase of \$9.4 million or 3.2%. Significant elements of this increase include a \$5.1 million dollar increase in building and improvements due to the renovations at 150 North Queen Street for Children and Youth Agency's move as well as an \$8.0 million increase in furniture and equipment which includes equipment for the new radio system.

As of December 31, 2015, the County had \$203,264 in commitments outstanding related to contracts for the acquisition, construction, and renovation of various facilities.

More detailed information about the County's capital assets can be found in Note 7 of the notes to the financial statements.

**LONG-TERM DEBT:**

At December 31, 2015, the County had \$235 million of general obligation bonds and notes outstanding. This was a decrease of \$15.5 million, or 6.2%, from the previous year. The following details activity related to general obligation bonds and notes during 2015:

<b>Summary of General Obligation Bond and Note Activity</b>	
---	--

Beginning balance at 1/1/2015	\$ 250,667,700
Debt issued	28,900,000
Less principal refunded	(29,370,000)
Less credits paid by escrow	(380,713)
Less principal payments	<u>(14,633,587)</u>
Ending balance at 12/31/2015	<u>\$ 235,183,400</u>

**BOND RATING:**

The County's series 2015 and series A of 2015 refunding bonds have been assigned an A1 rating with a stable outlook by Moody's Investors Service.

More detailed information about the County's long-term debt can be found in Note 9 of the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The key economic factors affecting the County include the following:

- The County's population has grown consistently over the past decade and the vast majority of the County's residents succeed in finding employment.
- The County's unemployment rate stands at 3.0%, which is a 16.7% decrease over the previous year's rate of 3.6%. This rate compares favorably with the State's rate of 4.7% and the national rate of 5.0%.

These factors were considered in preparing the County's 2016 budget. Amounts available for appropriation in the General Fund budget are \$153.7 million, a decrease of 10.3% over the final 2015 budget of \$164.0. Fees and fines were budgeted to increase by \$1.4 million as a result of an increase in wireless income. No monies were budgeted for the radio project for 2016 resulting in a \$12.6 million decrease over last year.

Budgeted operating expenditures, excluding transfers, have decreased 5.8% to \$144.1 million. This is due to the radio project being completed.

## **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 report or requests for additional information should be directed to:

Lancaster County Controller's Office  
County of Lancaster, Pennsylvania  
150 North Queen Street, Suite 710  
Lancaster, PA 17603

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## **Basic Financial Statements**

County of Lancaster, Pennsylvania

Statement of Net Position

December 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Lancaster County Convention Center Authority
<b>ASSETS</b>		
Cash and temporary investments:		
Operating	\$ 21,009,445	\$ 1,807,854
Other	481,433	-
Cash with fiscal agents	136	-
Investments	1,038,614	-
Receivables:		
Room rental tax	-	834,860
Taxes, net of allowance for uncollectibles of \$87,944	2,843,514	-
Fines and costs, net of allowance for uncollectibles of \$36,647,236	4,879,828	-
Accounts	2,797,473	-
Due from other governments	33,550,672	-
Other	20,311	72,493
Unamortized charges:		
Prepaid items	-	65,981
Restricted cash and investments	-	8,166,509
Capital assets not being depreciated/amortized:		
Land	5,275,585	1,579,621
Easements	102,991,548	-
Capital assets being depreciated/amortized:		
Buildings and improvements	210,547,530	75,113,954
Improvements other than buildings	1,969,330	-
Furniture and equipment	62,036,294	4,597,286
Infrastructure	22,032,195	-
Less accumulated depreciation/amortization	(104,474,892)	(15,926,158)
Total assets	<u>366,999,016</u>	<u>76,312,400</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in the fair value of hedging derivatives	5,103,090	-
Deferred charge on refunding	2,734,536	-
Deferred outflows related to pensions	19,273,085	-
Total deferred outflows of resources	<u>27,110,711</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	16,603,680	324,497
Contracts payable	1,536,532	-
Retainage payable	252,427	-
Accrued interest payable	1,396,617	236,567
Unearned revenue	414,479	120,035
Payroll related accruals	4,193,221	7,667
Long-term liabilities:		
Due within one year	20,230,377	410,000
Due in more than one year	327,791,984	62,415,000
Derivative instruments - interest rate swap/swaption liability	5,892,842	4,095,988
Borrowing payable	1,547,826	18,991,109
Total liabilities	<u>379,859,985</u>	<u>86,600,863</u>
<b>NET POSITION</b>		
Net investment in capital assets	64,556,495	6,930,766
Restricted for:		
Federal and state grant programs	20,536,531	-
Capital projects	1,879,240	-
Public Safety	2,239,642	-
Community Development	1,880,814	-
Other	-	3,725,446
Unrestricted (deficit)	(76,842,980)	(20,944,675)
Total net position	<u>\$ 14,249,742</u>	<u>\$ (10,288,463)</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania  
Statement of Activities  
For the Year Ended December 31, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Component Unit Lancaster County Convention Center Authority
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 49,312,867	\$ 9,111,789	\$ 5,322,572	\$ (34,878,506)	\$ —
Public safety	15,845,032	5,827,034	168,559	(9,849,439)	—
Roads and bridges	1,287,186	15,653	1,472,544	201,011	—
Health, education, and welfare:					
Drug and alcohol	3,211,770	177,173	3,089,650	55,053	—
Behavioral Health/Developmental Services	114,433,590	1,960,718	112,981,411	508,539	—
Office of aging	8,105,977	36,589	8,643,804	574,416	—
Children and Youth	30,213,722	1,940,797	29,849,785	1,576,860	—
Other	763,487	—	—	(763,487)	—
Judicial	41,683,823	6,851,144	6,758,492	(28,074,187)	—
Corrections	26,710,816	1,245,477	264,310	(25,201,029)	—
Cultural and recreation	1,560,006	305,651	33,057	(1,221,298)	—
Community development	6,855,968	145,882	6,468,065	(242,021)	—
Interest on long-term debt	9,539,788	—	—	(9,539,788)	—
Total governmental activities	<u>\$ 309,524,032</u>	<u>\$ 27,617,907</u>	<u>\$ 175,052,249</u>	<u>(106,853,876)</u>	<u>—</u>
<b>Component unit:</b>					
Convention Center	<u>\$ 7,949,776</u>	<u>\$ 3,153,655</u>	<u>\$ —</u>		<u>(4,796,121)</u>
Total component unit	<u>\$ 7,949,776</u>	<u>\$ 3,153,655</u>	<u>\$ —</u>		<u>(4,796,121)</u>
General Revenues:					
Property taxes				118,030,667	—
Unrestricted investment earnings (loss)				158,622	(1,506,328)
Room rental tax				—	5,825,503
Total general revenues				<u>118,189,289</u>	<u>4,319,175</u>
Change in net position				11,335,413	(476,946)
Net position – beginning				14,570,283	(9,811,517)
Net position – restatement				(11,655,954)	—
Net position – ending				<u>\$ 14,249,742</u>	<u>\$ (10,288,463)</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania  
Balance Sheet - Governmental Funds

December 31, 2015

	General	Children and Youth Services	Behavioral Health & Developmental Services	Domestic Relations	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and temporary investments:						
Operating	\$ 2,215,808	\$ -	\$ 1,375,716	\$ 9,649,871	\$ 7,768,050	\$ 21,009,445
Other	-	159,331	185,381	-	136,721	481,433
Cash with fiscal agents	136	-	-	-	-	136
Investments	324,261	-	-	-	714,353	1,038,614
Receivables:						
Taxes	2,931,458	-	-	-	-	2,931,458
Less allowance for uncollectible taxes	(87,944)	-	-	-	-	(87,944)
Fines and costs	41,527,064	-	-	-	-	41,527,064
Less allowance for uncollectible fines and costs	(36,647,236)	-	-	-	-	(36,647,236)
Accounts	2,797,473	-	-	-	-	2,797,473
Due from other funds	14,542,186	-	-	-	-	14,542,186
Due from other governments	2,313,563	15,850,892	3,712,352	1,014,602	10,659,263	33,550,672
Other	-	2,100	620	35	17,556	20,311
<b>Total assets</b>	<b>\$ 29,916,769</b>	<b>\$ 16,012,323</b>	<b>\$ 5,274,069</b>	<b>\$ 10,664,508</b>	<b>\$ 19,295,943</b>	<b>\$ 81,163,612</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,796,413	\$ 7,079,986	\$ 5,153,623	\$ 2,217	\$ 2,571,441	\$ 16,603,680
Contracts payable	-	-	-	-	1,536,532	1,536,532
Retainage payable	118,959	-	-	-	133,468	252,427
Due to other funds	-	6,311,036	-	-	8,231,150	14,542,186
Unearned revenue - intergovernmental	-	-	-	-	414,479	414,479
Payroll related accruals	3,798,449	147,152	120,446	66,119	61,055	4,193,221
<b>Total liabilities</b>	<b>5,713,821</b>	<b>13,538,174</b>	<b>5,274,069</b>	<b>68,336</b>	<b>12,948,125</b>	<b>37,542,525</b>
Deferred inflows of resources:						
Unavailable revenue-property taxes, fines & costs	6,109,136	-	-	-	-	6,109,136
Unavailable revenue-intergovernmental	-	272,866	-	-	-	272,866
<b>Total deferred inflows of resources</b>	<b>6,109,136</b>	<b>272,866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,382,002</b>
Fund balances:						
Restricted -						
Health, education, and welfare	-	2,201,283	-	-	272,936	2,474,219
Capital projects	-	-	-	-	1,879,240	1,879,240
Roads and bridges	1,546,324	-	-	-	2,314,828	3,861,152
General government	2,201,107	-	-	-	-	2,201,107
Public safety	2,239,642	-	-	-	-	2,239,642
Judicial	1,403,881	-	-	10,596,172	-	12,000,053
Community development	-	-	-	-	1,880,814	1,880,814
Assigned -						
Capital projects	560,614	-	-	-	-	560,614
Future benefits	1,500,000	-	-	-	-	1,500,000
Healthcare benefits	1,773,084	-	-	-	-	1,773,084
Postemployment benefits	4,387,135	-	-	-	-	4,387,135
Unassigned -	2,482,025	-	-	-	-	2,482,025
<b>Total fund balances</b>	<b>18,093,812</b>	<b>2,201,283</b>	<b>-</b>	<b>10,596,172</b>	<b>6,347,818</b>	<b>37,239,085</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 29,916,769</b>	<b>\$ 16,012,323</b>	<b>\$ 5,274,069</b>	<b>\$ 10,664,508</b>	<b>\$ 19,295,943</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore are not reported as assets in the governmental funds. (Note 7)	300,377,590
Certain receivables are not available to pay for current-period expenditures and, therefore, are not recognized or unearned in the funds.	6,382,002
Long-term liabilities, including general obligation bonds, notes payable, capital leases, etc. are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (Note 3)	(329,748,935)
<b>Total net position of governmental activities</b>	<b>\$ 14,249,742</b>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2015

	General	Children and Youth Services	Behavioral Health & Developmental Services	Domestic Relations	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Real estate taxes	\$ 118,053,482	\$ -	\$ -	\$ -	\$ -	\$ 118,053,482
Intergovernmental	4,751,750	30,608,315	112,981,411	4,557,433	19,837,112	172,736,021
Departmental	22,331,474	1,940,797	349,169	74,582	24,254	24,720,276
Fines and costs	3,264,006	-	-	-	-	3,264,006
Investment earnings	88,370	13	1,606	11,486	16,569	118,044
Other	1,538,776	-	-	-	351,043	1,889,819
Health Choices revenues	-	-	1,611,549	-	-	1,611,549
Total revenues	150,027,858	32,549,125	114,943,735	4,643,501	20,228,978	322,393,197
<b>EXPENDITURES</b>						
Current:						
General government	33,032,097	-	-	-	309,302	33,341,399
Public safety	12,835,662	-	-	-	-	12,835,662
Roads and bridges	285,945	-	-	-	478,777	764,722
Health, education, and welfare:						
Drug and alcohol	-	-	-	-	3,349,555	3,349,555
Behavioral Health/Developmental Services	-	-	115,171,710	-	-	115,171,710
Office of aging	-	-	-	-	9,477,123	9,477,123
Children and youth	-	38,844,666	-	-	-	38,844,666
Other	-	-	-	-	610,546	610,546
Judicial	37,803,305	-	-	5,953,656	-	43,756,961
Corrections	25,234,661	-	-	-	-	25,234,661
Cultural and recreation	1,343,717	-	-	-	-	1,343,717
Community development	-	-	-	-	6,468,065	6,468,065
Capital outlay	7,928,301	66,822	92,903	11,512	9,651,560	17,751,098
Debt Service:						
Principal retirement	14,633,587	-	-	-	-	14,633,587
Interest and fiscal charges	9,656,490	-	-	-	-	9,656,490
Total expenditures	142,753,765	38,911,488	115,264,613	5,965,168	30,344,928	333,239,962
Excess (deficiency) of revenues over expenditures	7,274,093	(6,362,363)	(320,878)	(1,321,667)	(10,115,950)	(10,846,765)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	7,909,099	320,878	2,031,244	1,389,944	11,651,165
Transfers out	(11,545,068)	-	-	-	(106,097)	(11,651,165)
Premium on refunding bonds issued	2,170,372	-	-	-	-	2,170,372
Face amount of refunding bonds issued	28,900,000	-	-	-	-	28,900,000
Payment to refunded bond escrow agent	(30,670,188)	-	-	-	-	(30,670,188)
Total other financing sources (uses)	(11,144,884)	7,909,099	320,878	2,031,244	1,283,847	400,184
Net change in fund balances	(3,870,791)	1,546,736	-	709,577	(8,832,103)	(10,446,581)
Fund balances, January 1	21,964,603	654,547	-	9,886,595	15,179,921	47,685,666
Fund balances, December 31	\$ 18,093,812	\$ 2,201,283	\$ -	\$ 10,596,172	\$ 6,347,818	\$ 37,239,085

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2015

Net change in fund balances – total governmental funds	\$ (10,446,581)
The change in net position reported for <i>governmental activities</i> in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over its estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period. (Note 3)	9,366,612
Unearned revenues that do not provide current financial resources and activities which are not recognized as available in the governmental funds, but are earned in the statement of activities.	(1,574,330)
The issuance of long-term debt (e.g., bonds, notes, capital leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 3)	18,216,754
Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. (Note 3)	(3,089,858)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 3)	<u>(1,137,184)</u>
Change in net position of governmental activities	<u><u>\$ 11,335,413</u></u>

*The notes to the financial statements are an integral part of this statement.*

County of Lancaster, Pennsylvania  
Statement of Fiduciary Net Position – Fiduciary Funds  
December 31, 2015

	Pension Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and temporary investments-operating	\$ 5,540,003	\$ 12,449,795
Investments, at fair value:		
U.S. Government securities	23,204,547	–
Domestic corporate bonds	30,075,874	–
International corporate bonds	2,029,054	–
Collateralized mortgage obligations	2,135,323	–
Domestic common stock	61,056,275	–
Equity Mutual funds	23,063,153	–
International equity mutual funds	51,206,728	–
Fixed income mutual funds	5,505,260	–
Exchange traded index funds	36,568,368	–
Brokered CDs	4,005,105	–
Total investments	238,849,687	–
Receivables	358,405	–
Total assets	244,748,095	12,449,795
<b>LIABILITIES</b>		
Deposits and advances	–	2,628,700
Escrow liability	–	3,623,228
Other liabilities	–	1,797,262
Due to other governments	–	4,400,605
Total liabilities	–	12,449,795
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 244,748,095</b>	<b>\$ –</b>

*The notes to the financial statements are an integral part of this statement.*

County of Lancaster, Pennsylvania

Statement of Changes in Fiduciary Net Position – Pension Trust Fund

For the Year Ended December 31, 2015

**ADDITIONS**

Contributions:	
Employer	\$ 5,228,813
Plan members	4,973,865
Total contributions	<u>10,202,678</u>
Investment income:	
Net depreciation in fair value of investments	(7,213,042)
Interest and dividends	6,919,773
Less investment expenses	<u>(660,741)</u>
Net investment income	(954,010)
Other	<u>3,098</u>
Total additions	<u>9,251,766</u>

**DEDUCTIONS**

Benefit payments, including refunds of member contributions	13,356,419
Administrative expenses	44,558
Other	<u>25,125</u>
Total deductions	<u>13,426,102</u>
Net decrease in net position	(4,174,336)

**NET POSITION RESTRICTED FOR PENSIONS**

Beginning of year	<u>248,922,431</u>
End of year	<u>\$ 244,748,095</u>

*The notes to the financial statements are an integral part of this statement.*

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# County of Lancaster, Pennsylvania

## Notes to Financial Statements

December 31, 2015

### **1. Summary of Significant Accounting Policies**

The financial statements of the County of Lancaster (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

#### **A. Reporting Entity**

In evaluating how to define the County of Lancaster for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61. GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. The primary government may also be financially accountable if a potential component unit is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Conditions that would indicate the ability to impose will by the primary government include, but are not limited to, the primary government's ability to remove appointed members of the organization's governing board at will, the ability to modify or approve the budget of the organization, the ability to modify or approve rate or fee changes affecting revenues, the ability to veto, overrule, or modify the decisions of the organization's governing body, and the ability to appoint, hire, reassign, or dismiss management of the organization. Conditions that would indicate the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government include, but are not limited to, the legal entitlement or access by the primary government to the organization's resources, legal obligation by the primary government to finance the deficits of or provide financial support to the organization, and the obligation

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### A. Reporting Entity (continued)

by the primary government for the debt of the organization. Based upon the application of these criteria, one entity met the requirements to be included in the County's reporting entity.

##### *Component Unit*

The Lancaster County Convention Center Authority (the Convention Center Authority) was formed on September 15, 1999 under the Municipal Authority Act of 1945 and the Third Class County Convention Center Authority Act. The purpose of the Convention Center Authority is to provide financing and arrange for the development, construction, and operation of the convention center facility for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth. The Convention Center Authority is a legally separate organization administered by a seven-member Board, of which three Board Members are appointed by the County Commissioners, three Board Members are appointed by the City of Lancaster, and the remaining Board Member is appointed on an alternating basis between the aforementioned appointing entities.

The County is financially accountable for the Convention Center Authority because the Convention Center Authority is fiscally dependent on the County, based upon the criteria of GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61. The County has established a hotel room rental tax, applied to all hotel room rentals throughout the County; the Convention Center Authority relies on the County to levy these taxes or set rates or charges, as it does not have the power to do so on its own. The revenues derived from this hotel room rental tax provide substantially all operating revenues of the Convention Center Authority. The Convention Center Authority imposes an additional financial burden on the County by virtue of the County's guarantee to replenish the required reserve amounts associated with the Convention Center Authority's Hotel Room Tax Revenue Bonds.

As a result of the above criteria, the Convention Center Authority is considered to be a discretely presented component unit of the County. Complete financial statements of this component unit can be requested from the County Controller's Office of Lancaster County, 150 North Queen Street, Suite 710, Lancaster, Pennsylvania 17603.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

*Related Organizations*

The County's Board of Commissioners is responsible for appointing some of the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. These organizations include:

- Lancaster County Housing & Redevelopment Authority (the Redevelopment Authority)
- Lancaster Airport Authority
- Lancaster County Hospital Authority
- Lancaster County Housing Authority
- Lancaster County Solid Waste Management Authority
- Lancaster County Solid Waste Management Authority Citizen Advisory
- Library System of Lancaster County
- Lancaster County Planning Commission
- Red Rose Transit Authority
- Lancaster County Conservation District
- Lancaster County Transportation Authority
- Lancaster County Vacant Property Reinvestment Board
- Lancaster County Workforce Investment Board
- Youth Council of the Lancaster County Workforce Investment Board
- Lancaster County Agricultural Preserve Board
- Lancaster County Board of Assessment
- Speedwell Forge Advisory Council
- Lancaster County Behavioral Health/Developmental Services Advisory Board
- Lancaster County Children and Youth Advisory Board
- Lancaster County Drug and Alcohol Advisory Board
- Lancaster County Office of Aging Advisory Council
- Lancaster County Public Safety Training Center Authority
- South Central Transit Authority

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### A. Reporting Entity (continued)

###### *Other Organization*

Capital Area Behavioral Health Collaborative, Inc. is a private, not-for-profit company formed out of the collaboration among Cumberland, Dauphin, Lancaster, Lebanon and Perry Counties' programs of Mental Health and Drug and Alcohol. The County participates in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers, the HealthChoices Behavioral Health Program. The program is designed to improve access and quality of care for Medical Assistance consumers throughout Pennsylvania.

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements. Prior to GASB Statement No. 34, the model emphasized fund types (the total of all funds of a particular type), the current reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements).

###### *Government-wide Financial Statements*

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The focus of the government-wide financial statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period. As a general rule, the effect of interfund activity has been eliminated from these statements. The County's policy is to eliminate internal activity by distinguishing overhead costs through its cost allocation plan, which are eliminated during consolidation, from interfund services provided and used between functions, which are not eliminated. The County does not allocate indirect costs on the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Also, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# County of Lancaster, Pennsylvania

## Notes to Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

##### *Government-wide Financial Statements (continued)*

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets as well as long-term debt and obligations. Interfund balances between governmental funds are not included in the government-wide statement of net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, general government, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items that are not included among program revenues are reported instead as general revenues.

##### *Fund Financial Statements*

The financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The fund financial statements are very similar to the financial statements presented in the reporting model used prior to the issuance of GASB Statement No. 34. Emphasis under the GASB Statement No. 34 reporting model is on major funds in the governmental categories. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds in each category are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules section.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

###### *Fund Financial Statements (continued)*

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if collected within 60 days after year-end.

Property taxes, fines, and costs due but not collected within 60 days after year-end are reflected as a deferred inflow of resources. Licenses and permits are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure, or the amounts are deferred and recognized as an inflow of resources in the period that amounts become available. Interest earnings are recorded when earned. Real estate tax, intergovernmental, departmental, fines and costs, interest, Health Choices, and telephone subscriber revenues are all considered susceptible to accrual and, as a result, have been recognized as revenue in the current year.

Expenditures are generally recognized under the modified accrual basis of accounting when they are paid from current expendable financial resources. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized as fund liabilities when due and payable. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

Net position is restricted when constraints placed on it is either externally imposed or is imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position.

# County of Lancaster, Pennsylvania

## Notes to Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

##### *Fund Financial Statements (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.

The County's fiduciary funds are presented in the fund financial statements by type (Pension Trust Fund and Agency Fund). Since by definition, the assets of these funds are held for the benefit of a third-party (third-parties, pension participants, etc.) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting and economic resources measurement focus, except for the Agency Fund, which does not measure operations and does not have a measurement focus.

The following major funds are used by the County:

##### *Governmental Funds:*

The focus of governmental fund measurement in the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County:

- General Fund – The General Fund accounts for numerous County primary services (Public Safety, Judicial, Corrections, General Government, Cultural and Recreation, Debt Service, etc.) and is the primary operating unit of the County. It accounts for all financial resources of the general government, except those required to be accounted for by another fund.
- Children and Youth Services Fund – This special revenue fund is used to account for amounts received from various Federal, State, and local sources. Local sources include dependent support and revenues received from other Counties for detention services. These funds are restricted to provide support services to underprivileged juveniles.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

*Fund Financial Statements (continued)*

- Behavioral Health and Developmental Services Fund – This special revenue fund is used to account for amounts received from various Federal, State, and local sources. Local sources include payments from third parties which include payments for rent. These funds are restricted to provide assistance and medical care to those individuals with mental health and developmental disability problems.
  
- Domestic Relations Fund – This special revenue fund is used to account for amounts received from various Federal and local sources. Local sources include blood test fees and EFT support fees. These funds are restricted to enforce the support obligations owed by absent parents, locate absent parents, and establish paternity to obtain child and spousal support.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

*Other Funds:*

In addition to the major funds discussed above, the County reports the following fiduciary fund types:

- Pension Trust Fund – This fund is used to account for the accumulation of resources for pension payments to qualified County employees under a single-employer contributory defined benefit pension plan covering substantially all County employees.
- Agency Fund – This fund is used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. The following County agencies collect fees, fines, and taxes for distribution to other governmental units and citizens for whom it was collected, and are collectively reported as an agency fund:
  - Prothonotary
  - Recorder of Deeds
  - Treasurer
  - Register of Wills
  - Domestic Relations Office (Support Account)
  - Sheriff
  - Clerk of Courts
  - Magisterial District Judges

**C. Summary of Significant Accounting Policies – Component Unit**

*Basis of Accounting*

The Convention Center Authority utilizes the accrual basis of accounting.

*Cash and Cash Equivalents*

The Convention Center Authority considers all highly liquid debt instruments and certificates of deposit purchased with a maturity of three months or less to be cash equivalents.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**C. Summary of Significant Accounting Policies – Component Unit (continued)**

*Hotel Room Rental Tax*

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the 3.9% tax, 20% was originally allocated to Discover Lancaster (formerly known as the Pennsylvania Dutch Convention and Visitors Bureau (PDCVB)) to be used to promote tourism in Lancaster County and 80% was received by the Convention Center Authority (Authority) to be used for the construction and operation of the convention center facility. If the Authority encountered an event of default on the Hotel Room Rental Tax Revenue bonds, Series of 2003 or the Hotel Room Rental Tax Revenue Bonds, Series of 2007, (collectively, the Bonds) the 20% allocated to Discover Lancaster would be diverted to the trustee of the Authority's Bonds. Revenue was recognized in the period to which the County attributed collection.

On July 31, 2014, the Convention Center Authority entered into a collaboration agreement with the County, The Lancaster County Redevelopment Authority, The Lancaster City Revitalization and Improvement Zone Authority (Lancaster CRIZ Authority), and Discover Lancaster. Under the collaboration agreement, Discover Lancaster agreed to direct 100% of the hotel room rental tax revenue to the Convention Center Authority for the period July 2014 through June 2019. As of December 31, 2016, and each December 31 thereafter, if the funds on deposit with the Trustee under the terms of the indenture exceed \$5,750,000 after all obligations have been paid, the Convention Center Authority shall remit the lesser of any funds in excess of \$5,750,000 or 20% of the hotel room rental tax revenue by January 15 of the following year to Discover Lancaster. Beginning in July 2019, the terms of the Lancaster County Ordinance No. 45 shall again govern the distribution of the hotel room rental tax revenue,

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### D. New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." Statement No. 68 improves information provided by state and local governmental employers and financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB Statement No. 68 is effective for periods beginning after June 15, 2014. The County adopted this standard effective January 1, 2015, which resulted in the replacement of the County's net pension obligation with the County's net pension liability. The required supplementary information was also expanded to include information about the County's pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. Accordingly, GASB Statement No. 71 is effective for periods beginning after June 15, 2014. The County adopted this standard effective January 1, 2015; however, it did not have a significant impact on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### D. New Accounting Pronouncements (continued)

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The County is currently evaluating what effect, if any, the adoption of GASB Statement No. 72 will have on the County's financial statements.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. Accordingly, GASB Statement No. 73 is effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. This statement will not have an effect on the County's financial statements.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." Statement No. 74 replaces GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### D. New Accounting Pronouncements (continued)

statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. Accordingly, GASB Statement No. 74 is effective for financial statements for periods beginning after June 15, 2016. This statement will not have an effect on the County's financial statements.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The objective of this Statement is to address reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement No. 75 replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. Accordingly, GASB Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The County expects the adoption of GASB Statement No. 75 to have a material impact on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### D. New Accounting Pronouncements (continued)

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". Accordingly, GASB Statement No. 76 is effective for fiscal years beginning after June 15, 2015, and should be applied retroactively. This statement will not have an effect on the County's financial statements.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosures". For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting governments tax revenues. Accordingly, GASB Statement No. 77 is effective for fiscal years beginning after December 15, 2015. The County is currently evaluating what effect, if any, the adoption of GASB 77 will have on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### D. New Accounting Pronouncements (continued)

In December 2015, the GASB issued Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans". The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, "Accounting and Financial Reporting for Pensions". This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics as described within the Statement. Accordingly, GASB Statement No. 78 is effective for fiscal years beginning after December 15, 2015. This statement will not have an effect on the County's financial statements.

In December 2015, the GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants". This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Accordingly, GASB Statement No. 79 is effective for fiscal years beginning after June 15, 2015. This statement will not have an effect on the County's financial statements.

In January 2016, the GASB issued Statement No. 80, "Blending Requirements for Certain Component Units". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, "The Financial Reporting Entity", as amended. Accordingly, GASB Statement No. 80 is effective for fiscal years beginning after June 15, 2016. This statement will not have an effect on the County's financial statements.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**D. New Accounting Pronouncements (continued)**

In March 2016, the GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements". The Objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Accordingly, GASB Statement No. 81 is effective for fiscal years beginning after December 15, 2016. This statement will not have an effect on the County's financial statements.

In March 2016, the GASB issued Statement No. 82, "Pension Issues". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, "Financial Reporting for Pension Plans", No. 68, "Accounting and Financial Reporting for Pensions", and No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statements 67 and 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Accordingly, GASB Statement No. 82 is effective for fiscal years beginning after June 15, 2016. The County is currently evaluating what effect, if any, the adoption of GASB Statement No. 82 will have on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position**

##### **Pooled Cash and Temporary Investments**

The majority of cash balances and temporary investments of most governmental funds and the Agency Fund are pooled by the County. Balances are segregated by fund but accounted for centrally for receipt and disbursement purposes. Interest income is reported in the General Fund, except for amounts allocated to those funds where there is a statutory requirement to do so, as dictated in program and/or grant requirements. Individual fund pooled cash and temporary investment deficits are subsidized through transfers by the General Fund at year end.

Temporary investments are defined as short term with original maturities of three months or less that are readily convertible to known amounts of cash, which include money market investments.

##### **Investments**

Investments are reported at fair value in accordance with GASB Statement No. 31. Unrealized appreciation or depreciation on investments due to changes in fair value is recognized in individual fund operations each year.

Fair values are based on published market prices, quotations from national securities exchanges and securities pricing services, or by the respective fund managers for securities which are not actively traded.

In accordance with authorized investment laws, the County invests in various fixed income securities, mutual funds, money market funds, brokered CDs, and equity securities. These securities are reported at fair value on the balance sheet.

##### **Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The receivables and payables resulting from these transactions are classified as "due from other funds" or "due to other funds" on the fund balance sheet.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)**

**Restricted Assets**

*Discretely Presented Component Unit*

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and investments, in the amount of \$8,166,509 on the statement of net position because their use is limited by applicable trust indentures or other agreements.

**Capital Assets**

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met. The County capitalizes assets valued over \$5,000 with a useful life longer than one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at fair value as of the date of donation.

Maintenance, repairs, minor renovations are charged to operations when incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from the respective accounts, and any resulting gain or loss is included in the determination of net income for the period.

In accordance with GASB Statement No. 34, the County's infrastructure has been capitalized retroactively to 1980.

Capital assets of the County are depreciated using the straight-line method over the estimated useful lives of purchased and donated assets as follows:

Infrastructure	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5-20 Years
Improvements other than buildings	20-30 Years

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)**

##### **Capital Assets (continued)**

The County has an art collection that is not capitalized because the collection meets the criteria for non-capitalization in accordance with GASB Statement No. 34. Specifically, the collection is held for reasons other than financial gain. The collection is protected, kept unencumbered, cared for, and preserved; it is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County.

##### **Unearned Revenue**

Unearned revenue arises 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 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 financial statements and revenue is recognized.

##### **Deferred Outflows/Inflows of Resources**

The County reports a deferred outflow of resources in the statement of net position resulting from the accumulated increase in the fair value of hedging derivatives, in accordance with GASB Statement No. 63, and the deferred charge on debt refunding resulting from the difference between the carrying value of the refunded debt and its reacquisition price, and amortized over the shorter of the life of the refunded or refunding debt, as a result of adopting GASB Statement No. 65.

The County reports a deferred inflow of resources in its governmental funds. A deferred inflow of resources arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period, such as property taxes, fines, and costs due but not collected within 60 days after year-end, or intergovernmental revenue not meeting the available criteria to be recognized as revenue in the funds.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)**

##### **Accrued Vacation and Sick Pay**

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund-type vested accrued vacation and sick pay benefits is recorded as a liability in the government-wide statement of net position.

##### **Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters, as well as from the self-insured employees' workers compensation program. The General Fund is used to account for the risks for all other risk financing activities.

The County purchases commercial insurance for risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. There have been no significant changes in insurance coverage in the past three years, and settled claims have not exceeded the commercial coverage in those years.

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workman's Compensation Act of 1915 as Reenacted and Amended. The exposure of risk is financed mostly through retention of all liability exposure, with limited purchase of commercial excess insurance.

The liability is recorded as estimated by the County's actuary. Claims are paid from the General Fund. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR).

##### **Fund Balance**

The County applies Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for governmental funds.

The County's governmental fund financial statements reflect GASB Statement No. 54 fund balance classifications that comprise a hierarchy based primarily on the extent of constraints imposed upon the use of net resources reported in governmental funds.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)**

**Fund Balance (continued)**

The County is limited to spending restricted fund balance on the activities allowed by the terms of a grant contract, bond covenants or by applicable legislation.

With the exception of self-imposed constraints, consisting of (1) formal action taken by the County Commissioners to enact fund balance commitments, in the form of a formal Commissioner approved resolution to establish, modify or rescind a fund balance commitment, or (2) fund balance assignments by the Commissioners, unrestricted fund balance may be spent on a wide variety of governmental activities.

The County considers the most restrictive governmental resources, including any committed or assigned fund balances, to have been spent first, unless applicable legislation, grant or a formal action by the Commissioners mandates an exception.

*Nonspendable Fund Balance*

Nonspendable fund balance is the component of fund balance that is not available for expenditure and typically represents prepaid items; however, no such amounts existed as of December 31, 2015.

*Restricted Fund Balance*

Restricted fund balance represents amounts that can be spent only for the specific purposes allowed by the resource providers, i.e. grantors, bond proceeds or applicable legislation. The County's restrictions are as follows:

*Health, education and welfare* – Amounts used for the provision of human services and education activities for County residents.

*Capital projects* – Amounts used to pay for future capital-related projects.

*Roads and bridges* – Amounts used for the restricted purpose of maintaining and replacing County owned bridges and roads which includes Act 13 funds.

*General Government - Act 8* – Amounts collected, per statute, are restricted for records management and record improvements for certain row offices (e.g., recorder of deeds, clerk of courts, prothonotary, register of wills).

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)**

**Fund Balance (continued)**

*Public safety* – Amounts used to coordinate essential public safety activity among federal, state, regional, county, municipal agencies, and volunteer organizations to provide quick, reasoned responses to the needs of County citizens in times of emergency.

*Judicial services* – Amounts used for the provision of County judicial services which includes *Act 122* funds – collected, per statute, which are restricted to be used for training and equipment for the Coroner’s Office.

*Community Development* – Amounts paid as easements to farmers within the County in efforts to preserve agricultural land.

*Unrestricted Fund Balance*

Unrestricted fund balance consists of the committed, assigned and unassigned fund balance categories, as applicable.

*Committed Fund Balance*

Committed fund balance represents amounts that can be spent only for the specific purposes allowed by the formal action taken by the County Commissioners in the form of a Resolution. There were no funds committed as of December 31, 2015.

*Fund Balance Assignments*

Assigned fund balance represents the County’s plans for future use of the County’s net financial resources which are not otherwise restricted or committed. The County Commissioners have not authorized management to assign fund balances.

Assignments have been established in the general fund as follows:

*Capital Projects* – this assignment is established to pay future capital-related projects.

*Future Benefits* – this assignment is established to pay future payroll costs.

*Healthcare Benefits* – this assignment is established to pay future healthcare benefits.

*Other Postemployment Benefits* – this assignment is established to pay future medical benefits for County retirees.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)**

##### **Leases**

For capital leases in the governmental fund types, acquisition costs are recorded as expenditures with an offsetting entry to other financing sources.

##### **Intergovernmental Revenues**

Intergovernmental revenues represent revenues received from the Commonwealth and Federal agencies generally to fund specific programs. Awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs and the revenues are measurable and available. Reimbursement type grants are recorded as revenues in governmental funds when the related expenditures or expenses are incurred and the related revenues are available. The amounts reported as due from other governments consist primarily of amounts due from the Commonwealth.

##### **Departmental Revenues**

Departmental revenues shown in the governmental funds represent revenues that are considered payment for services and are collected by departments that charge for services. Departmental revenues include licenses, fees and other charges.

##### **Investment Earnings**

Investment earnings include interest, dividends, realized gains and losses, and the change in the fair value of investments, if any, during the fiscal year.

##### **Derivatives – Interest Rate Swap/Swaptions**

In accordance with GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, derivatives are stated at fair value on the Statement of Net Position. The change in fair value of the derivative is recorded as deferred inflows or deferred outflows or as adjustments to investment earnings.

Also, in accordance with GASB Statement No. 53, up-front premiums received by the County related to swap or swaption agreements are considered borrowings for financial reporting purposes and are reported as a liability in the government-wide financial statements. The borrowing related to the swap, or hedging derivative instrument, is amortized over the life of the swap agreement. The interest related to the borrowing for the swaptions, or investment derivatives, is accreted to the balance of the liability from inception through the swaptions’ exercise date (if applicable) or maturity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**3. Reconciliation of Government-wide and Fund Financial Statements**

*Explanation of Certain Differences between the Total Fund Balance – Governmental Fund Balance Sheet and the Total Net Position – Governmental Activities, Government-wide Statement of Net Position*

The governmental fund balance sheet includes a reconciliation between *total fund balance – total governmental funds* and *total net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including general obligation bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.” The detail of this \$329,748,935 difference is as follows:

General obligation bonds and notes payable	\$ 235,183,400
Plus: Issuance premium (amortized as income)	7,916,958
Accrued vacation and sick pay	5,538,721
Net pension liability	29,664,865
Net OPEB obligation	46,352,453
Accrued interest payable	1,396,617
Deferred outflow from refundings	(2,734,536)
Deferred outflow from interest rate swap	(5,103,090)
Deferred outflow related to pensions	(19,273,085)
Derivative instrument – interest rate swap/swaption liability	5,892,842
Borrowing payable	1,547,826
Capital leases	22,099,009
Contracts payable	643,708
Workers’ compensation	623,247
Net adjustment to <i>total fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ 329,748,935

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**3. Reconciliation of Government-wide and Fund Financial Statements (continued)**

*Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities*

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over its estimated useful lives and reported as depreciation/amortization expense.” The detail of this \$9,366,612 difference is as follows:

Capital outlay	\$ 17,607,582
Depreciation/amortization expense	<u>(8,240,970)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 9,366,612</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes, capital leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The detail of this \$18,216,754 difference is as follows:

Debt issued or incurred:	
Issuance of general obligation bonds and notes	\$ (28,900,000)
Swaptions net change in fair value	319,588
Principal repayments:	
Capital lease payment	1,493,391
General obligation debt	14,633,587
Payment to escrow agent for refunding	<u>30,670,188</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 18,216,754</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**3. Reconciliation of Government-wide and Fund Financial Statements (continued)**

*Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities (continued)*

Another element of that reconciliation states that, “governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are amortized in the statement of activities.” The detail of this \$(3,089,858) difference is as follows:

Bond premiums	\$ (2,170,372)
Net unamortized amounts on refunding and prepayments	<u>(919,486)</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ (3,089,858)</u>

Another element of that reconciliation states that, “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this \$(1,137,184) difference is as follows:

Accrued vacation and sick pay	\$ 232,396
Contracts payable	(387,903)
Net pension liability	(16,892,581)
Net OPEB obligation	(5,010,379)
Deferred outflows related to pensions	19,273,085
Accrued interest payable	116,702
Amortization of gain on refunding	38,704
Workers’ compensation	416,054
Amortization of net bond premiums	<u>1,076,738</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ (1,137,184)</u>

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **4. Budgets and Budgetary Accounting**

The County adopts budgets for the General Fund and all special revenue funds, except the Community Development Block Grant Fund, the Human Services Block Grant Fund, and the Agricultural Land Preservation Fund. Project-length financial plans are adopted for the Capital Projects Fund.

The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control at the function and object level. Appropriations lapse at the end of each year and must be reappropriated. The Chief Clerk is authorized to transfer budget amounts between departments within any fund; however, any supplemental appropriations which alter the total expenditures of any fund require resolution of the County Commissioners. Budgeted amounts are as originally adopted or as amended by the Commissioners at various times. During the year, several supplemental appropriations were necessary for the General and special revenue funds as a result of additional revenues made available from State grants and other sources.

The budgetary schedules for the General Fund, Behavioral Health and Developmental Services, Children and Youth Services, and Domestic Relations special revenue funds are located in required supplementary information. The budgetary schedules for Office of Aging, Drug and Alcohol, and Liquid Fuels nonmajor special revenue funds are located in the combining and individual fund statements and schedules.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments**

##### **Deposits**

At December 31, 2015, the County's bank balances, which include cash and temporary investments, totaled \$33,605,824. Of the bank balances, \$1,331,004 was covered by Federal depository insurance, \$1,711,479 was invested in money market funds which do not expose the County to custodial credit risk, and the remainder was categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal policy relative to managing custodial credit risk.

##### **Non-Pension Investments**

The County utilizes various investment sources in an effort to maximize interest earnings on its non-pension cash balances. Commonwealth of Pennsylvania statutes limit the County to the types of investments it may make. Allowable investments include repurchase agreements, U.S. government and related agency obligations, Commonwealth of Pennsylvania and related agency obligations, and prime commercial paper.

##### *Custodial Credit Risk*

At December 31, 2015, the County's non-pension investments included \$2,738,854 invested in U.S. Treasury Strips, Mutual Funds, Money Market Funds and Certificates of Deposit. Of the investment balance, \$199,096 was covered by federal depository insurance. The U.S. Treasury Strips are not insured, are not registered in the name of the County, and are held by the counterparty in the counterparty's name. The \$1,711,479 invested in Money Market Funds does not expose the County to custodial credit risk, as noted above. The County limits its exposure to custodial credit risk by maintaining only those non-pension investments required by sinking fund or other similar contractual requirements. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Non-Pension Investments (continued)**

*Interest Rate Risk*

Interest rate risk is the risk associated with changes in interest rates adversely affecting the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. At December 31, 2015, the County's non-pension investments were subject to interest rate risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1 Year</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10 Years</u>
Non-pension Investments					
U.S. Treasury Strips	\$ 714,353	\$ 360,470	\$ -	\$ 353,883	\$ -
Mutual Funds	113,926	-	113,926	-	-
Money Market Funds	<u>1,711,479</u>	<u>1,711,479</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-pension Investments -					
Debt Securities	\$ 2,539,758	<u>\$2,071,949</u>	<u>\$ 113,926</u>	<u>\$ 353,883</u>	<u>\$ -</u>
Certificates of Deposit	<u>199,096</u>				
Total Investments	<u>\$ 2,738,854</u>				

Of the \$2,738,854, \$1,038,614 is classified as investments and the remainder is classified as cash and temporary investments in the Statement of Net Position.

The County manages its exposure to interest rate risk for non-pension investments by investing in fixed rate obligations. The non-pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing interest rate risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Non-Pension Investments (continued)**

*Credit Risk*

The following schedule details the County's exposure to credit risk with respect to non-pension investments at December 31, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating*</u>
Investments		
Money Market Funds	\$ 11,239	Aaa
Money Market Funds	1,700,240	A
U.S. Treasury Strips	714,353	N/A
Mutual Funds	113,926	Not rated
Certificates of Deposit	199,096	N/A
Total Investments	<u><u>\$2,738,854</u></u>	

\*expressed as Moody's quality ratings

**Pension Investments**

In addition to the pension investments, the County maintains money market funds with a fair value of \$4,541,616 and Commercial Paper with a fair value of \$998,387 which are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Pension Investments (continued)**

*Credit Risk*

The following schedule details the County's exposure to credit risk with respect to pension investments at December 31, 2015:

Investment Type	Fair Value	Credit Rating*
Investments		
Domestic Corporate Bonds	\$ 842,717	Aaa
Domestic Corporate Bonds	3,004,445	Aa
Domestic Corporate Bonds	11,259,226	A
Domestic Corporate Bonds	14,629,746	Baa
Domestic Corporate Bonds	339,740	Ba
Total Domestic Corporate Bonds	<u>30,075,874</u>	
International Corporate Bonds	977,308	Aa
International Corporate Bonds	1,051,746	A
Total International Corporate Bonds	<u>2,029,054</u>	
Collateralized Mortgage Obligations	1,512,392	Aaa
Collateralized Mortgage Obligations	311,353	Aa
Collateralized Mortgage Obligations	311,578	A
Total Collateralized Mortgage Obligations	<u>2,135,323</u>	
Fixed Income Mutual Fund	1,682,775	B
U.S. Government Securities	23,204,547	N/A
Domestic Common Stock	61,056,275	N/A
Equity Mutual Funds	23,063,153	N/A
International Equity Mutual Funds	51,206,728	N/A
Exchange Traded Index Funds	36,568,368	N/A
Fixed Income Mutual Fund	3,822,485	N/A
Brokered CDs	4,005,105	N/A
Total Investments	<u><u>\$238,849,687</u></u>	

\*expressed as Moody's quality ratings

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Pension Investments (continued)**

###### *Credit Risk (continued)*

Additionally, the County maintains money market funds with a fair value of \$4,541,616, which are rated Aaa by Moody's and reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position. The County also has investments in Commercial Paper with a fair value of \$998,387, which are rated P-1 by Moody's and reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

Per County policy, the County manages its exposure to credit risk relative to pension investments by restricting the average quality of fixed income securities to meet or exceed a rating of A2 as determined by Moody's, and by the insistence of the minimum quality investments below Baa, as determined by Moody's, may not constitute more than twenty percent of the fixed income portfolio.

###### *Custodial Credit Risk*

At December 31, 2015, the County's pension investments were subject to custodial credit risk except for \$4,541,616 invested in Money Market Funds, which do not expose the County to custodial credit risk. All pension investments are held by the counterparty in the counterparty's name and not the name of the County and are recorded by the counterparty in book entry form only in the name of the County. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Pension Investments (continued)**

*Interest Rate Risk*

At December 31, 2015, the County's pension investments were subject to interest rate risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1 Year</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10 Years</u>
Pension Investments					
U.S. Government Securities	\$ 23,204,547	\$3,338,248	\$ 15,452,002	\$ 3,401,956	\$1,012,341
Domestic Corporate Bonds	30,075,874	4,164,924	18,729,265	7,181,685	-
International Corporate – Bonds	2,029,054	165,199	1,761,612	102,243	-
Fixed Income Mutual Fund	5,505,260	-	5,505,260	-	-
Collateralized Mortgage Obligations	2,135,323	68,349	1,081,866	985,108	-
Total Pension Investments – Debt Securities	62,950,058	<u>\$7,736,720</u>	<u>\$42,530,005</u>	<u>\$11,670,992</u>	<u>\$1,012,341</u>
Domestic Common Stock	61,056,275				
Equity Mutual Funds	23,063,153				
International Equity Mutual Funds	51,206,728				
Brokered CDs	4,005,105				
Exchange Traded Index Funds	36,568,368				
Total Investments	<u>\$238,849,687</u>				

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Pension Investments (continued)**

###### *Interest Rate Risk (continued)*

Additionally, the County maintains money market funds with a fair value of \$4,541,616 and commercial paper with a fair value of \$998,387 which have maturities of less than one year and are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

The County manages its exposure to interest rate risk for pension investments by investing primarily in debt security instruments with fixed interest rates. The County's pension investment policy includes a desired annualized 7.5% real rate of return, though investment objectives are long-term in nature. The County does not have a formal investment policy relative to managing interest rate risk.

Pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates.

Pension investments in collateralized mortgage obligations and mortgage-backed securities are more sensitive to changes in interest rates. Declining interest rates may give rise to potential increases in prepayments of the underlying mortgages.

###### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At December 31, 2015, \$51,206,728 of the County's pension investments was held in international equity mutual funds and \$2,029,054 of the County's pension investments was held in international corporate bonds. The holdings within these investments are of those companies located outside of the United States, denominated in other than U.S. dollars. The County's pension investment policy limits the County's exposure to foreign currency risk by ensuring that no more than 22% of total pension investments are invested in international equity securities.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Discretely Presented Component Unit**

##### **Deposits**

###### *Custodial Credit Risk*

At December 31, 2015, the Convention Center Authority's bank balance, which included cash, temporary investments and restricted cash, equaled \$8,074,121. Of the bank balance, \$750,000 was covered by Federal depository insurance at December 31, 2015. The remainder was exposed to custodial credit risk and categorized as collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of Federal Depository Insurance limits. The Convention Center Authority does not have a policy relative to managing custodial credit risk.

##### **Investments**

Investments of the Convention Center Authority are subject to the same Pennsylvania statutes and limits as the County's (non-pension) investments. At December 31, 2015, the Convention Center Authority's investments included \$2,032,060 invested in money market funds.

###### *Interest Rate Risk*

The Convention Center 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. At December 31, 2015, all of the Convention Center Authority's investments had an average maturity of less than one year.

###### *Credit Risk*

At December 31, 2015, the Convention Center Authority's investment in money market funds were rated AAAM by Standard & Poor's. The Convention Center Authority does not have a formal investment policy relative to managing credit risk.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Discretely Presented Component Unit (continued)**

##### **Investments (continued)**

###### *Concentration of Credit Risk*

The Convention Center Authority places no limit on the amount it may invest in any one issuer. At December 31, 2015, there were no investments held by the Convention Center Authority that exceeded five percent of the Convention Center Authority's portfolio.

#### **6. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. Taxes are collected at a discount until April 30, at their face amount from May 1 until June 30, and include a penalty thereafter. The County bills and collects its own taxes relating to property within the City of Lancaster and certain other municipalities that do not have elected tax collectors. Taxes relating to all other municipalities in the County are collected by elected tax collectors. The County collects delinquent taxes on behalf of itself and other taxing authorities. Delinquent tax collections and remittances are accounted for through the County's Agency Fund.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy property taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt. The property tax rate for 2015 was 3.735 mills.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**7. Capital Assets**

A summary of capital asset activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,275,585	\$ -	\$ -	\$ 5,275,585
Easements	101,055,372	1,936,176	-	102,991,548
Total capital assets, not being depreciated	106,330,957	1,936,176	-	108,267,133
Capital assets, being depreciated:				
Buildings and improvements	205,448,341	5,430,226	331,037	210,547,530
Improvements other than buildings	1,969,330	-	-	1,969,330
Furniture and equipment	54,072,040	8,397,179	432,925	62,036,294
Infrastructure	19,424,232	2,607,963	-	22,032,195
Total capital assets being depreciated	280,913,943	16,435,368	763,962	296,585,349
Less accumulated depreciation for:				
Buildings and improvements	69,201,658	5,187,709	291,269	74,098,098
Improvements other than buildings	709,957	61,592	-	771,549
Furniture and equipment	22,771,675	3,068,992	337,582	25,503,085
Infrastructure	3,550,632	551,528	-	4,102,160
Total accumulated depreciation	96,233,922	8,869,821	628,851	104,474,892
Total capital assets, being depreciated, net	184,680,021	7,565,547	135,111	192,110,457
Governmental activities capital assets, net	\$291,010,978	\$ 9,501,723	\$ 135,111	\$300,377,590

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**7. Capital Assets (continued)**

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

Governmental activities:	
General government	\$ 3,033,589
Public safety	2,678,671
Roads and bridges	551,528
Health, education, and welfare	155,790
Judicial	692,151
Corrections	1,518,780
Cultural and recreation	239,312
Total depreciation expense – governmental activities	<u>\$ 8,869,821</u>

The County had no active construction projects as of December 31, 2015. Commitment amounts of \$203,264 for the acquisition, construction, and renovation of various facilities were encumbered at year end.

**Discretely Presented Component Unit**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and improvements	\$ 1,579,621	\$ –	\$ –	\$ 1,579,621
Total capital assets, not being depreciated	1,579,621	–	–	1,579,621
Capital assets, being depreciated:				
Building	75,078,380	35,574	–	75,113,954
Furniture and equipment	4,492,282	105,004	–	4,597,286
Total capital assets being depreciated	79,570,662	140,578	–	79,711,240
Less accumulated depreciation for:				
Building	10,947,244	1,963,965	–	12,911,209
Furniture and equipment	2,578,477	436,472	–	3,014,949
Total accumulated depreciation	13,525,721	2,400,437	–	15,926,158
Total capital assets being depreciated, net	66,044,941	(2,259,859)	–	63,785,082
Capital assets, net	<u>\$ 67,624,562</u>	<u>\$ (2,259,859)</u>	<u>\$ –</u>	<u>\$ 65,364,703</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**8. Lease Obligations**

*Capital Leases*

In 2012, the County entered into a lease agreement as lessee for financing the acquisition of a new communications system. The County has acquired equipment towards that system valued at \$23,133,227. The equipment has a twenty-year estimated useful life. This year, \$377,018 was included in depreciation expense and \$1,523,483 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 3,927,214
2017	2,226,973
2018	2,226,973
2019	2,226,973
2020	2,226,973
2021-2026	13,168,476
Total minimum lease payments	<u>26,003,582</u>
Less: amount representing interest	(3,904,573)
Present value of minimum lease payments	<u>\$ 22,099,009</u>

*Operating Leases*

The County is committed under various leases for building and office space and data processing and other equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2015 amounted to \$2,572,785. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 2,577,051
2017	2,371,938
2018	2,185,940
2019	2,008,981
2020	537,095
2021-2025	1,863,139
2026-2030	1,375,610
2031-2035	1,319,560
2036-2040	1,296,602
2041-2044	1,045,202
Total	<u>\$ 16,581,118</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities**

*General Obligation Bonds and Notes*

The County issues general obligation bonds and notes for the purposes of providing funds for and toward the cost of capital projects, asset acquisition, and easements, of and in the County or to refinance existing debt. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government.

The County is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

As determined under the Commonwealth of Pennsylvania Local Government Unit Debt Act of 1972, the total legal debt limit of the County at December 31, 2015 was \$449,212,458. The total amount of debt applicable to the debt limit, which does not include lease rental debt, is \$234,384,400. The remaining legal debt margin of the County at December 31, 2015 was \$214,828,058. Refer to Statistical Table 12 for a detailed calculation.

General obligation bonds and notes consisted of the following at December 31, 2015:

6.10% Interest bearing installment purchase agreement in the amount of \$363,000, dated January 4, 2002, to finance the lease and subsequent purchase of an agricultural easement, principal payable in full on November 15, 2016.	\$ 363,000
Variable rate interest bearing General Obligation Note, Series A of 2002 in the principal amount of \$25,050,000 to current refund Series of 2000, dated September 13, 2002, principal payable annually, varying in amounts from \$288,000 to \$2,439,000 from October 25, 2016 to October 25, 2030. Interest is payable monthly, based upon monthly calculations remitted by the trustee that include amounts sufficient to pay payments and receipts under any interest rate swap agreements, payments due to holders of the note, and monthly finance charges. The interest on the note will never exceed 15%.	24,510,000
5.50% Interest bearing installment purchase agreement in the amount of \$210,000, dated December 30, 2002, to finance the lease and subsequent purchase of an agricultural easement, principal payable in full on November 15, 2022.	210,000
5.85% Interest bearing installment purchase agreement in the amount of \$226,000, dated September 3, 2003, to finance the purchase of an agricultural easement, principal payable in full on November 15, 2023.	226,000
1.05% - 5.00% General Obligation Bonds, Series of 2006 (Remarketing) in the principal amount of \$22,960,000 to convert the Bonds from the Weekly Mode to the Term Mode dated October 1, 2009, principal payable annually, varying in amounts from \$800,000 to \$1,635,000 from March 1, 2016 to March 1, 2031.	18,580,000

# County of Lancaster, Pennsylvania

## Notes to Financial Statements (continued)

### 9. Long-Term Liabilities (continued)

#### *General Obligation Bonds and Notes (continued)*

3.77% Interest bearing General Obligation Note, Series of 2007 in the principal amount of \$10,000,000 to partially refund Series A of 2004, dated December 31, 2007, principal payable annually in amounts ranging from \$425,900 to \$1,932,600 from November 1, 2016 to November 1, 2021.	9,419,400
2.00% – 5.00% General Obligation Bonds Series A of 2009 in the principal amount of \$41,220,000 to refund the outstanding General Obligation Variable Rate Demand Bonds, Series B of 2003 and the outstanding General Obligation Bonds, Series of 2008 of the County and to finance certain capital projects dated August 14, 2009, principal payable annually, varying in amounts from \$545,000 to \$2,360,000 from November 1, 2016 to November 1, 2033.	28,030,000
5.473% General Obligation Bonds, Series B of 2010 in the principal amount of \$9,425,000 to finance certain capital projects dated September 22, 2010, principal payable annually, varying in amounts from \$635,000 to \$2,295,000 from November 1, 2026 to November 1, 2030.	9,425,000
4.744% General Obligation Bonds, Series C of 2010 in the principal amount of \$7,165,000 to finance certain capital projects dated September 22, 2010, principal payable annually, varying in amounts from \$1,405,000 to \$1,980,000 from November 1, 2023 to November 1, 2026.	7,165,000
0.90% – 3.625% General Obligation Bonds, Series of 2011 in the principal amount of \$10,000,000 to partially refund Series A of 2001, dated December 16, 2011, principal payable annually, varying in amounts from \$55,000 to \$1,695,000 from November 1, 2016 to November 1, 2027.	9,750,000
2.00% - 5.00% General Obligation Bonds, Series A of 2012 in the principal amount of \$23,305,000 to finance certain capital projects dated April 13, 2012, principal payable annually, varying in amounts from \$895,000 to \$1,720,000 from November 1, 2016 to November 1, 2032.	20,765,000
0.65% - 3.00% General Obligation Bonds, Series B of 2012 in the principal amount of \$7,065,000 to refund the outstanding General Obligation Notes, Series A of 2001 of the County dated April 13, 2012, principal payable annually, varying in amounts from \$695,000 to \$1,325,000 from November 1, 2016 to November 1, 2021.	7,050,000
1.00% - 5.00% General Obligation Bonds, Series C of 2012 in the principal amount of \$17,620,000 to refund the outstanding General Obligation Notes, Series B of 2001 of the County dated April 13, 2012, principal payable annually, varying in amounts from \$1,480,000 to \$5,335,000 from November 1, 2016 to November 1, 2019.	16,420,000

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 9. Long-Term Liabilities (continued)

##### *General Obligation Bonds and Notes (continued)*

0.65% - 2.25% General Obligation Bonds, Series D of 2012 in the principal amount of \$7,910,000 to refund the outstanding General Obligation Bonds, Series A of 2002 of the County dated April 13, 2012, principal payable annually, varying in amounts from \$5,000 to \$3,790,000 from November 1, 2016 to November 1, 2020.	7,895,000
1.00% - 4.00% General Obligation Bonds, Series E of 2012 in the principal amount of \$20,235,000 to advance refund the outstanding General Obligation Bonds, Series of 2003 of the County dated August 29, 2012, principal payable annually, varying in amounts from \$455,000 to \$1,410,000 from November 1, 2016 to November 1, 2032.	18,415,000
2.00% - 3.375% General Obligation Bonds, Series A of 2013 in the principal amount of \$1,595,000 to finance certain capital projects dated August 7, 2013, principal payable annually, varying in amounts from \$135,000 to \$275,000 from November 1, 2016 to November 1, 2022.	1,440,000
4.007% - 5.556% General Obligation Bonds, Series B of 2013 in the principal amount of \$5,200,000 to finance certain capital projects dated August 7, 2013, principal payable annually, varying in amounts from \$160,000 to \$630,000 from November 1, 2022 to November 1, 2033.	5,200,000
Variable rate interest bearing General Obligation Bonds, Series C of 2013 in the principal amount of \$18,630,000 to refund the outstanding variable rate General Obligation Bonds, Series of 2005, dated August 7, 2013, principal payable annually, varying in amounts from \$925,000 to \$1,305,000 from March 1, 2016 to March 1, 2030. Interest is payable monthly, based upon monthly calculations remitted by the trustee that include amounts sufficient to pay payments and receipts under any interest rate swap agreements, payments due to holders of the note, and monthly finance charges. The interest on the note will never exceed 18%.	16,865,000
0.20% - 2.80% General Obligation Bonds, Series of 2014 in the principal amount of \$8,185,000 to advance refund the outstanding General Obligation Bonds, Series A of 2004 of the County dated March 5, 2014, principal payable annually, varying in amounts from \$85,000 to \$2,155,000 from November 1, 2016 to November 1, 2023.	5,980,000
0.30% - 5.00% General Obligation Bonds, Series of 2015 in the principal amount of \$16,060,000 to advance refund the outstanding General Obligation Bonds, Series A of 2006 of the County dated March 12, 2015, principal payable annually, varying in amounts from \$320,000 to \$1,875,000 from November 1, 2016 to November 1, 2026.	15,965,000
0.22% - 5.00% General Obligation Bonds, Series A of 2015 in the principal amount of \$12,840,000 to refund the outstanding General Obligation Bonds, Series A of 2010 of the County dated September 2, 2015, principal payable annually, varying in amounts from \$1,555,000 to \$1,785,000 from November 1, 2016 to November 1, 2022.	11,510,000
Total general obligation bonds and notes payable	\$ 235,183,400

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*General Obligation Bonds and Notes (continued)*

A summary of the County's total debt service commitments for general obligation bonds and notes is as follows:

	Principal	Interest	Total
2016	\$ 15,061,900	\$ 7,880,143	\$ 22,942,043
2017	17,443,400	7,382,728	24,826,128
2018	18,119,700	6,814,906	24,934,606
2019	18,279,400	6,206,931	24,486,331
2020	17,356,400	5,727,527	23,083,927
2021-2025	72,392,600	21,345,628	93,738,228
2026-2030	65,195,000	9,036,091	74,231,091
2031-2033	11,335,000	825,552	12,160,552
	\$ 235,183,400	\$ 65,219,506	\$ 300,402,906

On March 12, 2015, the County issued General Obligation Bonds, Series of 2015, in the amount of \$16,060,000, to advance refund General Obligation Bonds, Series A of 2006. Principal is payable annually ranging in amounts from \$320,000 to \$1,875,000 from November 1, 2016 to November 1, 2026. The refunding of the 2006A General Obligation Bonds resulted in a \$1,246,029 reduction to payments and an economic gain of \$1,215,707. As of December 31, 2015, \$16,310,000 of the 2006A General Obligation Bonds are classified as defeased.

On September 2, 2015, the County issued General Obligation Bonds, Series A of 2015, in the amount of \$12,840,000, to refund General Obligation Bonds, Series A of 2010. Principal is payable annually ranging in amounts from \$1,555,000 to \$1,785,000 from November 1, 2016 to November 1, 2022. The refunding of the 2010A General Obligation Bonds resulted in a \$291,141 reduction to payments and an economic gain of \$290,015.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*Changes in Long-Term Liabilities*

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Governmental Activities:					
General obligation bonds and notes payable	\$ 250,667,700	\$ 28,900,000	\$ 44,384,300	\$ 235,183,400	\$ 15,061,900
Net premium (discount) on bonds payable	6,823,323	2,170,373	1,076,738	7,916,958	1,076,738
Accrued vacation and sick pay	5,771,117	191,532	423,928	5,538,721	423,928
Net pension liability	12,772,284	16,892,581	–	29,664,865	–
Net OPEB obligation	41,342,074	6,930,806	1,920,427	46,352,453	–
Capital leases	23,592,400	–	1,493,391	22,099,009	3,272,280
Contracts payable	255,805	491,171	103,268	643,708	245,667
Workers' compensation	1,039,301	42,461	458,515	623,247	149,864
Governmental activities long-term liabilities	<u>\$ 342,264,004</u>	<u>\$ 55,618,924</u>	<u>\$ 49,860,567</u>	<u>\$ 348,022,361</u>	<u>\$ 20,230,377</u>

All long-term liabilities are expected to be repaid primarily from General Fund tax revenues.

*Discretely Presented Component Unit*

During the year ended March 31, 2007, the Convention Center Authority remarketed the Hotel Room Rental Tax Revenue Bonds, Series of 2003 (\$40,000,000), and issued the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (\$23,920,000) for the purpose of paying, together with other available funds, the costs of (i) funding the design, acquisition, construction, furnishing, and equipping of that certain convention center, as defined in the indenture; (ii) funding necessary reserves for the project and the bonds; (iii) the establishment of necessary reserves and other funds under the indenture; (iv) payment of the costs and expenses of issuance of the bonds; and (v) refunding certain outstanding indebtedness of the issuer. The bonds were secured by a pledge of all current and future revenue derived by the Convention Center Authority from its share of

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **9. Long-Term Liabilities (continued)**

##### *Discretely Presented Component Unit (continued)*

hotel room rental tax and all monies and investments held by the Trustee Bank under the related indenture and are initially secured by an irrevocable, direct pay letter of credit issued by Wachovia Bank, National Association.

The bonds initially bore interest at a weekly rate. During the weekly mode, interest on the bonds was to be paid on the first business day of each calendar month, commencing on May 1, 2007. The weekly rate for the bonds was computed by Wachovia Bank, National Association for each weekly rate period. The weekly rate was not to exceed 12% per annum. At times specified in the indenture, the issuer had the ability to cause the bonds to be converted to a term mode. The bonds, if converted, were subject to mandatory purchase on the date of such conversion. The floating interest rate under the weekly mode was 67% of USD-LIBOR-BBA on the agreed-upon payment dates.

On October 3, 2011, the bonds were restructured and the Convention Center Authority entered into a continuing covenant agreement with Wells Fargo Bank. Under the agreement, the bank paid the purchase price of \$63,590,000 to M&T Bank (Trustee Bank) for the bonds. The bonds were to be held by the bank until the mandatory purchase date of March 1, 2013, at which time the bonds were subject to mandatory tender for purchase at an amount equal to 100% of the principal amount of the bonds, plus accrued interest. On this date, the authority was to cause the bonds to be remarketed to the bank or to new investors at any of the interest rate options provided in the agreement.

The bank extended the mandatory purchase date related to the bonds to August 1, 2014. All other provisions of the agreement remain in effect through the mandatory purchase date.

Under the agreement, the interest rate was converted from the weekly rate to the index interest rate. The bonds were to bear interest at a per annum rate of interest equal to the sum of (i) the index, defined as 67% of LIBOR, and (ii) the applicable spread, commencing October 3, 2011. The applicable spread effective from October 3, 2011 through February 28, 2012 was defined as 95 basis points on the Series of 2003 bonds and 125 basis points on the Series of 2007 bonds. Effective March 1, 2012, the applicable spread increased to 175 basis points on the Series of 2003 bonds and 190 basis points on the Series of 2007 bonds. The applicable spread could be reduced if the

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **9. Long-Term Liabilities (continued)**

##### *Discretely Presented Component Unit (continued)*

Convention Center Authority was able to accomplish certain milestones as set forth in the agreement.

At the option of the Convention Center Authority, the bonds could have been optionally redeemed or converted to another interest rate mode to be effective on the interest payment date prior to the mandatory purchase date upon 60 days written notice to the bank.

On August 1, 2014, the bonds were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014 in the amount of \$62,595,000. At the date of refunding, the interest rate on the Series of 2003, the Series of 2007, and the Series of 2014 bonds was 1.855%, 2.005%, and 0.859%, respectively. The fee received from the termination of the guaranteed investment contracts, including accrued interest, along with funds realized from a reduction in the debt service reserve fund requirements associated with the 2014 bonds totaling \$995,000, was used to pay a portion of the principal due on the bonds. In addition, the debt service reserve requirement for the 2014 bonds was reduced from \$4.1 million to \$3.9 million. The 2014 bonds are subject to mandatory tender on July 31, 2019.

The 2014 bonds initially bear interest, through the mandatory tender date, at a rate equal to the sum of the index rate, SIFMA or 70% of LIBOR, plus the applicable spread, initially 75 basis points, fixed for five years. The bonds will bear interest at the index rate during the index rate period provided no event of default has occurred. At the option of the Convention Center Authority, the bonds may be optionally redeemed or converted to another interest rate mode to be effective on any LIBOR reset date prior to the mandatory tender date upon 60 days written notice to the bank and compliance with the applicable provisions of the related documents.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*Discretely Presented Component Unit (continued)*

Debt service requirements are as follows:

	Principal	Interest	Total
2016	\$ 410,000	\$ 622,456	\$ 1,032,456
2017	460,000	618,310	1,078,310
2018	510,000	613,665	1,123,665
2019	60,845,000	558,237	61,403,237
	<u>\$ 62,225,000</u>	<u>\$ 2,412,668</u>	<u>\$ 64,637,668</u>

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Revenue bonds payable	<u>\$ 62,595,000</u>	<u>\$ -</u>	<u>\$ 370,000</u>	<u>\$ 62,225,000</u>	<u>\$ 410,000</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**10. Self-Insurance Claims Liability**

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workers' Compensation Act of 1915 as Reenacted and Amended. The liability is recorded as estimated by the County's actuary. The Bureau of Workers' Compensation issued an exemption permit renewing the County's self-insurance status on October 23, 2014.

The County is also self-insured for unemployment compensation, however, payments are made quarterly to the Commonwealth of PA and any resulting liability is considered short term and included within accounts payable.

Changes in the County's self-insurance claims reserves for the years ended December 31, 2015 and 2014 were as follows:

	Reserve Balance as of January 1, 2015	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2015
Workers' Compensation	\$ 1,039,301	\$ 42,461	\$ 458,515	\$ 623,247

	Reserve Balance as of January 1, 2014	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2014
Workers' Compensation	\$ 798,576	\$ 774,744	\$ 534,019	\$ 1,039,301

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**11. Interfund Balances**

Individual fund receivable and payable balances at December 31, 2015 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 14,542,186	\$ -
Children and Youth Services Fund	-	6,311,036
Office of Aging Fund	-	1,387,475
Human Services Block Grant Fund	-	6,843,675
Total	\$ 14,542,186	\$ 14,542,186

**12. Interfund Transfers**

Interfund transfers for the year ended December 31, 2015 consisted of the following:

	Interfund Transfers-In	Interfund Transfers-Out
General Fund	\$ -	\$ 11,545,068
Children and Youth Services Fund	7,909,099	-
Behavioral Health/Developmental Svs Fund	320,878	-
Domestic Relations Fund	2,031,244	-
Nonmajor Governmental Funds	1,389,944	106,097
Total	\$ 11,651,165	\$ 11,651,165

Transfers are utilized to use unrestricted revenues collected in the General Fund and deferred inflows of resources in the Human Services Block Grant Fund to finance various grant programs accounted for in other funds in accordance with budgetary and legal authorizations.

**13. Fines and Costs Receivable**

At December 31, 2015, \$2,505,503 in fines and costs receivable are expected to be collected in more than one year.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **14. Commitments and Contingent Liabilities**

The County receives funds from the Commonwealth of Pennsylvania and various Federal agencies to fund specific programs. Final determination of various amounts is subject to audit under the Federal Single Audit Act Amendments of 1996 and by the responsible agencies. County officials believe that any audit adjustments resulting from final settlements will be immaterial in relation to the County's financial resources.

The County is involved as either plaintiff or defendant in several lawsuits and claims. However, it is the opinion of County solicitors that potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial position of the County.

On December 15, 2003, the County had guaranteed to replenish annual debt service reserve fund draws of the Convention Center Authority over the life of the Convention Center Authority's debt service reserve fund note. The Convention Center Authority's Note was issued in connection with the Convention Center Authority's Hotel Room Rental Tax Revenue Bonds, Series of 2003, (the Bonds) to prevent a default of the Bonds in the event of an unexpected interruption in the flow of hotel room rental tax revenues that are pledged to pay debt service on the Bonds. The annual replenishment to have been paid by the County equaled, to the extent the Convention Center Authority had failed to provide necessary funding as had been required by the Convention Center Authority's debt service reserve fund note, an amount not to exceed the lesser of \$1,509,960 or 50% of the required reserve amount in any fiscal year (\$2,610,270). On August 1, 2014, the bonds were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014. The 2014 bonds debt service payments are guaranteed by the County. At December 31, 2015, \$62,225,000 of the bonds remained outstanding.

As of December 31, 2015, hotel room rental tax revenues were sufficient to cover the debt service on the Bonds; thus, it was not necessary for the County to replenish the debt service reserve fund.

On May 15, 2004, the County guaranteed revenue bonds issued by the Redevelopment Authority in the amount of \$13,505,000 to fund the site acquisition, design, construction, and operation of a multi-purpose stadium and related improvements. The bonds are to be repaid by the Redevelopment Authority by receipts and revenues derived from the use of the multi-purpose stadium facilities. On January 15, 2013, the bonds were refunded through the issuance of the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013, in the amount of \$10,950,000. At December 31, 2015, \$9,265,000 of the bonds remained outstanding.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **14. Commitments and Contingent Liabilities (continued)**

On May 12, 2005, the County guaranteed lease rental debt of the Redevelopment Authority to be incurred during the undertaking of the stadium project. At December 31, 2015, the County's guarantee equaled a maximum annual debt service amount of \$1,097,014.

On September 2, 2005, the County guaranteed a note in the amount of \$100,000 issued by the Lancaster Industrial Development Authority to the Redevelopment Authority. Principal and interest on this note are due June 30, 2025.

#### *Discretely Presented Component Unit*

Under the continuing covenant agreement, the Convention Center Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default. During the year ended December 31, 2014, the Convention Center Authority failed to meet this liquidity covenant for the quarters ending March 31 and June 30, 2014. As a result of the event of default, the Bank directed the County to divert the 20% of hotel room rental tax allocated to Discover Lancaster to the Trustee Bank of the Convention Center Authority's bonds. Per the collaboration agreement, Discover Lancaster agreed to deliver an irrevocable letter directing the Lancaster County Treasurer to direct 100% of the hotel room rental tax revenues to the Convention Center Authority for the period of July 2014 through June 2019.

Beginning in 2014, the Convention Center Authority approved a collaboration agreement in an effort to increase the marketability of the Convention Center, and, in turn, the promotion and attraction of business, industry, commerce, and tourism within the County. The Convention Center Authority agrees to make payments for the purpose of targeting marketing activities to attract higher priority events. The funding shall amount to \$35,000 per year through 2020.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **15. Other Post-Employment Benefits**

##### *Description*

The County follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$46,352,453 and \$5,010,379 respectively, in governmental activities.

The County, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all former full-time employees who were members of the Employee Retirement Plan for a minimum of twenty years, five years for former full-time employees whose hire date with the County precedes January 1, 2012, and are currently receiving retirement (pension) income. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. Specific details of the Plan include the provision of certain hospitalization, major medical insurance and prescription drug coverage. These benefits are provided through insurance companies. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated. Benefit and contribution provisions of the Plan are authorized and amended by the County commissioners.

##### *Funding Policy*

Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the County in accordance with rates established by the County and by the County itself from appropriate governmental funds. For 2015, contribution rates for Plan members under 65 equaled \$13.58 per participant per month. Contribution rates for Plan members 65 and over equaled \$83.40 per participant per month. For the year ended December 31, 2015, Plan members receiving benefits paid \$474,864, which was used to offset the County's total outlays to insurance carriers equaling \$2,201,647 for current year premiums due. The net outlay from the County, which equaled \$1,726,783 represents the County's net cost paid for current year premiums due. The Plan is financed on a pay-as-you-go basis.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Other Post-Employment Benefits (continued)**

*Annual OPEB Cost and Net OPEB Obligation*

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement 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 of 30 years. The following table illustrates 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:

Annual required contribution	\$ 7,664,767
Interest on net OPEB obligation	1,645,937
Adjustment to annual required contribution	<u>(2,379,898)</u>
Annual OPEB cost	6,930,806
Contributions made	<u>(1,920,427)</u>
Increase in net OPEB obligation	5,010,379
Net OPEB obligation – beginning of year	<u>41,342,074</u>
Net OPEB obligation – end of year	<u><u>\$46,352,453</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation - End of Year
12/31/13	\$ 8,032,280	21.86%	\$ 34,814,185
12/31/14	7,920,328	20.03	41,148,431
12/31/15	6,930,806	24.91	46,352,454

*Funding Status and Funding Progress*

As of January 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$81,654,079 resulting in an unfunded actuarial accrued liability (UAAL) of \$81,654,079. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$79,478,129 and the ratio of the UAAL to the covered payroll equaled 102.74%.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **15. Other Post-Employment Benefits (continued)**

##### *Funding Status and Funding Progress (continued)*

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 (RSI) following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the County maintains no Plan assets, information relative to Plan asset required disclosures is not applicable.

##### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the County and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the actuarial valuation dated January 1, 2015, the projected unit credit cost actuarial method was used. Because the County funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.0% discount rate, which approximates the expected rate of return on non-pension investments held by the County. The general inflation rate assumption is 3%. Actuarial assumptions also included an annual healthcare cost trend rate of 5.9% initially, reduced by decrements to an ultimate rate of 3.8% after five years. The UAAL is being amortized as a level dollar amount over thirty years on an open basis.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund)**

*Summary of Significant Accounting Policies*

The Lancaster County Employee Retirement Plan's (the Plan) financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

*Description of Plan*

*Plan Administration*

The County maintains a single-employer contributory defined benefit pension plan covering substantially all County employees. The Plan is considered part of the County's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

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

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

Administrative costs of the Plan, in accordance with a 1991 amendment to the Act, may be paid from Plan assets unless it is determined by the actuary that such payment will impair the actuarial soundness of the Plan. During 2015, all administrative costs totaling \$69,683 were paid from Plan assets.

The Act makes no provision for termination of the Plan.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Plan Membership*

Membership in the Plan is mandatory for all full-time County employees. At December 31, 2015, the Plan's membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,221
Terminated Plan members enrolled but not yet receiving benefits	213
Active Plan members	<u>1,732</u>
Total members	<u><u>3,166</u></u>

*Benefits Provided*

The Plan provides retirement, disability, and death benefits. Retirement benefits vest after five years of credited service. Employees who retire at age 60 or with 20 years of service, if at least 55 years of age, are entitled to an unreduced annual retirement benefit. Employees are eligible for a reduced annual retirement benefit after accumulating 20 years of service prior to reaching age 55.

The general annual benefit is from 0.833% to 1.25% (depending on the date the employee entered the Plan) of the employee's highest three-year salary times years of service.

All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of the highest average salary at time of retirement.

Death benefits for a member who dies with ten years of service prior to retirement is the total present value of member's retirement paid in a lump sum.

On an ad hoc basis, cost-of-living adjustments (COLA) to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

*Contributions*

Covered employees are required by the Act to contribute to the Plan at a rate of 5% of their gross pay. Employees may contribute up to an additional 10% of gross pay, at their option. The contributions are recorded in an individually identified account which is also credited with interest, calculated to yield between 4.0% - 5.5% (as determined by the Retirement Board) compounded annually. Accumulated employee contributions and credited interest, which amounted to \$69,709,650 as of December 31, 2015, vest immediately and are returned upon termination of service if the employee is not eligible for other benefits.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Contributions (continued)*

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2015 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 6.58 percent of annual payroll.

The Plan's funding policy provides for periodic member contributions as discussed above and employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates on an open basis and the actuarial value of assets are determined using the entry age normal method. The actuarial value of assets was determined using fair value adjusted for unrecognized gains and losses from prior years. Significant actuarial assumptions used to compute the annual employer required contributions for the current year are the same as those used to compute the net pension liability.

*Discount Rate*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2015 measurement period are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.4-6.4%
International equity	5.5-6.5
Fixed income	1.3-3.3
Real estate/Alternative	4.5-5.5
Cash	0.0-1.0

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Discount Rate (continued)*

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

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

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

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
County's net pension liability	\$ 52,665,922	\$ 29,664,865	\$ 6,142,924

*Investments*

The Plan's investments are held in a bank-administered trust fund. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2015 measurement period.

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	49-57%
International equity	14-22%
Fixed income	24-32%
Cash	0-5%

The County's investment policy does not allow for an investment of 5% or more of Plan investments in any single corporation or group of affiliated corporations.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Investments (continued)*

For the 2015 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability*

The components of the net pension liability of the County for the 2015 measurement period were as follows:

Total pension liability	\$ 274,412,960
Plan fiduciary net pension	<u>(244,748,095)</u>
County's net pension liability	<u>\$ 29,664,865</u>
Plan fiduciary net position as a percentage of the total pension liability	89.19%

*Total Pension Liability*

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions:

Inflation	3.0 percent
Salary increases	3.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Postretirement benefit increases	none

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

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Net Pension Liability (continued)*

The actuarial assumptions used in the valuation for the 2015 measurement period were based on past experience under the plan and reasonable future expectations, which represent our best estimate of anticipated experience under the plan.

The amortization of the unfunded actuarial accrued liability is over a 30 year period on a closed basis. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes.

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources*

For the 2015 measurement period, the County recognized pension expense of \$2,848,309 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ 3,668,746
Change of assumptions	-
Net difference between projected and actual earnings on pension plan investments	<u>15,604,339</u>
Total	<u>\$ 19,273,085</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows;

<b>Year ended:</b>	
2016	\$ 4,556,218
2017	4,556,218
2018	4,556,218
2019	4,556,217
2020	655,133
Thereafter	<u>393,081</u>
	<u>\$ 19,273,085</u>

For the 2015 measurement period, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Legally Required Reserves*

At December 31, 2015, the County has a balance of \$69,709,650 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2015. Since those accumulations represent the present value of future benefits as of December 31, 2015, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$57,236,047 in the County Annuity Reserve Account as of December 31, 2015. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances.

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

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The assets allocated to this reserve account as of December 31, 2015 amounted to \$105,460,891. Thus, the Retired Members' Reserve Account is always fully funded.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**17. Derivative Instruments**

*Objectives of the Interest Rate Swap and Swaption*

In order to take advantage of interest rate environments in the financial markets, the County has previously entered into a pay-fixed/receive-variable interest rate swap and pay-variable/receive-fixed interest rate swaption associated with the general obligation debt series listed below.

On January 30, 2015, the County paid Royal Bank of Canada the sum of \$279,000 to terminate the \$42,500,000 LIBOR swaption, the County's remaining swaption outstanding at 12/31/2014.

*Significant Terms, Fair Values and Credit Risk*

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the 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.

The associated debt series (general obligation bonds or notes), terms, notional amounts, cash received at initiation, fair values, changes in fair values, classifications and counterparty credit ratings of the outstanding swap and swaption, as of December 31, 2015, are as follows. The swap and swaption agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated original debt series.

Hedged Derivative Instruments – Floating to Fixed Swap

Associated Debt Series	Effective Date	Termination Date	Type	County Pays	County Receives	Swap Notional Amount	Cash Received at Initiation	Classification	Change in Fair Value	Classification	Fair Value 12/31/2015	Counterparty Credit Rating*
GON 2002A	1/1/2002	10/25/2030	Pay-fixed/ receive- variable swap	5.195%	60% LIBOR +30.3bp	<u>\$24,697,000</u>	<u>\$3,000,000</u>	Deferred Outflows of Resources	<u>\$497,789</u>	Debt	<u>\$(7,440,668)</u>	A+ / AA-

\*Standard & Poor's and Fitch credit ratings

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **17. Derivative Instruments (continued)**

##### *Significant Terms, Fair Values and Credit Risk (continued)*

The unamortized portion of the up-front premium received by the County related to the swap or hedged derivative instrument is considered a borrowing for financial reporting purposes and is recorded as a liability in the government-wide financial statements in the amount of \$1,547,826.

##### *Credit Risk*

Because the hedged derivative has a negative fair value, the County is currently not exposed to credit risk. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

##### *Basis Risk*

Basis risk exists to the extent the County's variable rate debt coupon payments do not exactly equal the index on the associated swap. The swap exposes the County to basis risk, should the relationship between the 1-Month LIBOR rate, the basis of the swap interest payments, and SIFMA, the basis of the associated debt's interest payments, converge, thus changing the synthetic rate on the associated debt. The effect of this difference in basis is indicated by the differences between the intended synthetic rates and the actual synthetic rates as of December 31, 2015. At December 31, 2015, the 1-Month LIBOR rate equaled 0.4235% and SIFMA equaled 0.01%.

##### *Interest Rate Risk*

The County's interest rate swap serves to guard against a rise in variable interest rates associated with the outstanding variable rate debt series. However, if the LIBOR index decreases, the County's net payment on interest rate swap increases; therefore, the County is exposed to interest rate risk on its interest rate swap.

##### *Termination Risk*

The termination exposure of the County's swap and swaption agreements at December 31, 2015 is limited only to the swap and swaption (if exercised) with negative fair values; the County would have to pay the respective amounts in order to terminate the associated swap or swaption (if exercised). Either the County or the Counterparty can terminate the agreements if certain contractual events occur including the reduction of either party's credit rating below BBB+ as rated by Standard & Poor's or Baa1 as rated by Moody's.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

17. Derivative Instruments (continued)

Investment Derivatives – Fixed to Floating Swaption

Associated Debt Series	Effective Date	Termination Date	Type	County Pays	County Receives	Swap Notional Amount	Cash Received at Initiation	Classification	Change in Fair Value	Classification	Fair Value 1/30/2015***	Counterparty Credit Rating*
2013 Swaption	**	11/1/2033	Pay-variable/ Receive-fixed swaption	3-MONTH USD LIBOR	4.25%	<u>\$42,500,000</u>	<u>\$1,865,000</u>	Investment Earnings	<u>\$40,578</u>	Investment	<u>\$(279,000)</u>	AA- / AA

\* Standard & Poor's and Fitch credit ratings

\*\* Effective date not applicable since the swaption had not been exercised as of December 31, 2014.

\*\*\* On January 30, 2015, the County paid Royal Bank of Canada the sum of \$279,000 to terminate the \$42,500,000 Swaption.

*Swap Payments and Associated Debt*

Using rates as of December 31, 2015, debt service requirements of the variable rate debt and net swap payments are illustrated as follows. As rates vary, variable rate debt interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Variable Rate Debt		Interest Rate	Total
	Principal	Interest	Swap, Net	
2016	\$ 288,000	\$ 2,446	\$ 1,123,392	\$ 1,413,838
2017	1,178,000	2,400	1,068,758	2,249,158
2018	1,245,000	2,281	1,011,016	2,258,297
2019	1,312,000	2,156	950,167	2,264,323
2020	1,383,000	2,023	886,024	2,271,047
2021-2025	8,204,000	7,850	3,331,171	11,543,021
2026-2030	10,900,000	3,193	1,069,500	11,972,693
Total	<u>\$ 24,510,000</u>	<u>\$ 22,349</u>	<u>\$ 9,440,028</u>	<u>\$ 33,972,377</u>

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **17. Derivative Instruments (continued)**

##### **Discretely Presented Component Unit**

###### *Objective of the Interest Rate Swap*

As a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2007, the Convention Center Authority entered into an interest-rate swap in connection with Series of 2003 and Series of 2007 variable rate hotel room rental tax revenue bonds. The intention of the swap was effectively to change the Convention Center Authority's variable interest rate on that portion of the bonds to a synthetic rate of 3.65%. Pursuant to an amended and restated confirmation between the Convention Center Authority and the Counterparty, Wells Fargo Bank, dated September 28, 2011, the amortization, maturity dates, and fixed payment rates on the swap related to the bonds were amended. Effective October 3, 2011, the fixed payment on the swap related to the Series of 2003 bonds was 3.67% and the fixed payment on the swap related to the Series of 2007 bonds was 3.57%.

###### *Terms*

The bonds and the related swap agreements mature on December 1, 2042 (Series of 2003) and December 1, 2047 (Series of 2007), and the swap's notional amount of \$40,000,000 and \$23,920,000, respectively, was 100% of the total issue amount of the underlying bonds. The notional amount of the swap agreement decreases as the outstanding principal amount of the corresponding Series of 2003 and Series of 2007 bonds decrease through maturing principal. The swap agreements were entered into at the same time the bonds were issued, March 2007. Prior to October 3, 2011, under the swap agreements, the Convention Center Authority paid the counterparty a fixed payment of 3.65% and received a variable payment computed as 67% of the one-month London Interbank Offered Rate (LIBOR). Conversely, the bonds' variable rate coupons were based on the weekly rate determined by the remarketing agent. Effective October 3, 2011, the Convention Center Authority pays the counterparty a fixed payment of 3.67% related to the Series of 2003 bonds and 3.57% related to the Series of 2007 bonds.

Pursuant to the swap agreements, the Convention Center Authority pays or receives to/from the counterparty a monthly net swap payment. For the year ended December 31, 2015, the Convention Center Authority paid \$1,404,074 and \$823,350 fixed and received \$95,185 and \$57,439 variable with respect to the swap on the Series of 2003 bonds and the Series of 2007 bonds, respectively.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**17. Derivative Instruments (continued)**

**Discretely Presented Component Unit (continued)**

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Convention Center Authority's financial statements. The swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair value.

*Fair Value Risk*

Fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value is based upon mid-market quotations for the transactions. Mid-market quotations are based on bid/ask quotations shown on reliable electronic information screens as of close of business on the date specified. Such amounts represent the present value difference between the floating rate receipt and fixed rate payment as of December 31, 2015 and the termination value fluctuates as the interest rates fluctuate.

Because the 2011 amendment and restatement changed the critical terms of the swap agreements, the original swap was effectively terminated upon amendment. At the date of amendment, the swap liability was reclassified to a swap borrowing on the balance sheet. As such, the deferred outflows were charged to investment loss on swap termination and the swap liability was reclassified to a swap borrowing on the statement of net position. Governmental accounting standards require that the borrowing be amortized to offset interest expense over the life of the bonds.

The change in fair value for the interest rate swaps is as follows:

Associated Debt Series	Notional Amount	January 1, 2015 – Fair Value	Amortization of Swap Borrowing	Change in Fair Value Subsequent to Termination	December 31, 2015 – Fair Value
Series of 2003 Bonds	\$39,670,000	\$(12,288,751)	\$403,105	\$(668,533)	\$(12,554,179)
Series of 2007 Bonds	23,920,000	(9,948,539)	258,522	(842,901)	(10,532,918)
		<u>\$(22,237,290)</u>	<u>\$661,627</u>	<u>\$(1,511,434)</u>	<u>\$(23,087,097)</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**17. Derivative Instruments (continued)**

**Discretely Presented Component Unit (continued)**

*Accounting and Risk Disclosures*

As noted in the fair value table above, the effect of the termination of the original swap resulted in a swap borrowing. At December 31, 2015, current period changes in fair value for the swap are accounted for as an investment and are recorded on the statement of activities as unrestricted investment earnings (loss). The fair value of the outstanding swap as of December 31, 2015 is reported on the statement of net position as a combination of interest rate swap liability and swap borrowing.

*Credit Risk*

As of December 31, 2015, the Convention Center Authority's swap agreements were not exposed to credit risk, because they had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the Convention Center Authority would be exposed to credit risk in the amount of the swap agreement's fair value. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds. At December 31, 2015, the counterparty was rated Aa2 by Moody's, AA- by Standard & Poor's, and AA- by Fitch.

*Swap Payments and Associated Debt*

Using rates as of December 31, 2015, net swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds, assuming current interest rates and floating rates under the swap agreement remain the same for their term, were as follows. As these rates vary, net swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds will vary.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**17. Derivative Instruments (continued)**

**Discretely Presented Component Unit (continued)**

Series of 2003, Hotel Room Rental Tax Revenue Bonds

Fiscal Year Ending December 31	Notional Amount	Swap Agreement Payments, Net
2016	\$ 410,000	\$ 1,346,768
2017	460,000	1,332,562
2018	510,000	1,316,642
2019	570,000	1,298,979
2020	630,000	1,279,256
2021-2025	4,155,000	6,025,213
2026-2030	6,245,000	5,171,031
2031-2035	8,990,000	3,914,198
2036-2040	12,515,000	2,129,681
2041-2042	4,815,000	237,131
	<u>\$ 39,300,000</u>	<u>\$ 24,051,461</u>

Series of 2007, Hotel Room Rental Tax Revenue Bonds

Fiscal Year Ending December 31	Notional Amount	Swap Agreement Payments, Net
2016	\$ -	\$ 796,505
2017	-	796,505
2018	-	796,505
2019	-	796,505
2020	-	796,505
2021-2025	-	3,982,525
2026-2030	-	3,982,525
2031-2035	-	3,982,525
2036-2040	-	3,982,525
2041-2045	14,185,000	3,218,252
2046-2047	9,735,000	499,443
	<u>\$ 23,920,000</u>	<u>\$ 23,630,320</u>

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **18. Negative Unrestricted Net Position**

##### **Discretely Presented Component Unit**

The Convention Center Authority's negative unrestricted net position, as shown on the December 31, 2015 statement of net position, is due to a GASB requirement for governmental entities to terminate hedge accounting when a termination event has occurred on a derivative instrument (interest rate swap). A termination event occurs when a significant change in a critical term of an interest rate swap is made.

Since the 2008 national financial crises, the Convention Center Authority has had a significant interest rate swap liability and understood that the liability would be realized if, or when, the Convention Center Authority refinanced its bonds or the hedge became ineffective. The October 2011 restructuring caused the Convention Center Authority to account for the termination of the hedge accounting as a liability on the statement of net position and recognize the swap loss on the statement of activities.

The December 31, 2015 fair value of the Convention Center Authority's interest rate swap was (\$23,087,097), when compared to the December 31, 2014 fair value of (\$22,237,290) for a negative change in valuation of \$849,807. All change (including this \$849,807) in the fair value of the Convention Center Authority's interest rate swap is a reflection of market conditions.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **19. Subsequent Events**

On June 1, 2016, the Lancaster County Commissioners authorized the issuance of one or more series of general obligation bonds in the maximum aggregate principal amount of \$33,000,000 of the County of Lancaster, Pennsylvania for the purpose of providing funds to (A) advance refund the County's outstanding General Obligation Bonds, Series of 2006 and to (B) currently refund the County's outstanding General Obligation Bonds, Series of 2011.

#### *Discreetly Presented Component Unit*

As of February 29, 2016, the fair value of the Convention Center Authority's interest rate swap was (\$24,419,819).

#### **20. Restatement of Net Position**

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"). GASB 68 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governments. The requirements of GASB 68 were effective for fiscal years beginning after June 15, 2014. The implementation of GASB 68 by the County required a restatement of the prior year net position to recognize the County's net pension liability. The County's beginning net position was restated by \$(11,655,954) to reflect this requirement.

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## **Required Supplementary Information**

County of Lancaster, Pennsylvania

Schedule of Employer Contributions Other Post-Employment Healthcare Benefits

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	\$ 5,891,789	25.8%
2011	6,464,983	24.4%
2012	6,464,983	34.0%
2013	8,541,306	20.6%
2014	8,541,306	18.6%
2015	7,664,767	22.5%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2010	\$ -	\$ 61,707,741	\$ 61,707,741	0.0%	\$ 79,444,845	77.7%
1/1/2011	-	67,857,280	67,857,280	0.0%	78,838,153	86.1%
1/1/2012	-	71,586,159	71,586,159	0.0%	76,433,494	93.7%
1/1/2013	-	89,599,715	89,599,715	0.0%	76,305,642	117.4%
1/1/2014	-	94,369,951	94,369,951	0.0%	77,867,605	121.2%
1/1/2015	-	81,654,079	81,654,079	0.0%	79,478,129	102.7%

County of Lancaster, Pennsylvania  
Schedule of Changes in the County's Net  
Pension Liability and Related Ratios

	<u>2014</u>	<u>2015</u>
<b>Total pension liability</b>		
Service cost	\$ 2,398,631	\$ 2,433,016
Interest	18,403,064	19,317,769
Changes of benefit terms	-	-
Differences between expected and actual experience	4,512,191	4,323,879
Changes of assumptions	-	-
Benefit of payments, including refunds of member contributions	<u>(12,955,244)</u>	<u>(13,356,419)</u>
Net change in total pension liability	12,358,642	12,718,245
Total pension liability - beginning	<u>\$ 249,336,073</u>	<u>\$ 261,694,715</u>
Total pension liability - ending (a)	<u>\$ 261,694,715</u>	<u>\$ 274,412,960</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 5,962,997	\$ 5,228,813
Contributions - member	5,034,095	4,973,865
Net investment income	13,976,986	(954,010)
Benefit payments, including refunds of member contributions	(12,955,244)	(13,356,419)
Administrative expense	(42,755)	(44,558)
Other	<u>(21,557)</u>	<u>(22,027)</u>
<b>Net change in plan fiduciary net position</b>	11,954,522	(4,174,336)
<b>Plan fiduciary net position - beginning</b>	<u>\$ 236,967,909</u>	<u>\$ 248,922,431</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 248,922,431</u>	<u>\$ 244,748,095</u>
<b>County's net pension liability - ending (a) - (b)</b>	<u>\$ 12,772,284</u>	<u>\$ 29,664,865</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.12%	89.19%
<b>Covered-employee payroll</b>	\$ 77,867,605	\$ 79,478,129
<b>County's net position liability as a percentage of covered-employee payroll</b>	16.40%	37.32%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.



County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis – General Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Real estate taxes	\$ 117,910,897	\$ 117,910,897	\$ 118,023,537	\$ 112,640
Intergovernmental	4,699,128	4,942,696	4,001,389	(941,307)
Departmental	33,523,581	33,616,281	21,396,132	(12,220,149)
Fines and costs	6,306,900	6,306,900	3,251,274	(3,055,626)
Investment earnings	121,000	121,000	88,159	(32,841)
Other	1,437,723	1,445,177	4,094,914	2,649,737
Total revenues	<u>163,999,229</u>	<u>164,342,951</u>	<u>150,855,405</u>	<u>(13,487,546)</u>
<b>EXPENDITURES</b>				
Current:				
General government	30,029,331	30,789,593	31,901,232	(1,111,639)
Public safety	13,127,811	13,220,511	12,910,689	309,822
Health, education, and welfare:				
Judicial	41,115,001	41,310,068	38,613,008	2,697,060
Corrections	25,695,518	25,695,518	25,490,723	204,795
Cultural and recreation	1,531,929	1,534,772	1,388,626	146,146
Capital outlay	14,371,117	14,084,335	7,928,301	6,156,034
Debt service:				
Principal retirement	15,069,300	15,069,300	14,633,587	435,713
Interest and fiscal charges	9,803,427	9,702,885	9,656,490	46,395
Total expenditures	<u>150,743,434</u>	<u>151,406,982</u>	<u>142,522,656</u>	<u>8,884,326</u>
Excess (deficiency) of revenues over (under) expenditures	13,255,795	12,935,969	8,332,749	(4,603,220)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(11,952,357)	(11,952,357)	(11,545,068)	407,289
Total other financing sources (uses)	<u>(11,952,357)</u>	<u>(11,952,357)</u>	<u>(11,545,068)</u>	<u>407,289</u>
Net change in fund balances	<u>\$ 1,303,438</u>	<u>\$ 983,612</u>	<u>(3,212,319)</u>	<u>\$ (4,195,931)</u>
Net increase in due from other funds			(13,517,052)	
Fund balances, January 1, cash basis			<u>19,269,576</u>	
Fund balance, December 31, cash basis			2,540,205	
Differences from modified accrual basis:				
Receivables:				
Taxes, net			2,843,514	
Fines and costs, net			4,879,828	
Accounts			2,797,473	
Due from other funds			14,542,186	
Due from other governments			2,313,563	
Accounts payable			(1,796,413)	
Retainage payable			(118,959)	
Deferred inflows of resources			(6,109,136)	
Payroll related accruals			(3,798,449)	
Fund balance at December 31, modified accrual basis			<u>\$ 18,093,812</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis – Children and Youth Services Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 32,716,671	\$ 32,716,671	\$ 17,730,527	\$ (14,986,144)
Departmental	1,970,967	1,970,967	2,158,900	187,933
Investment earnings	10	10	13	3
Total revenues	<u>34,687,648</u>	<u>34,687,648</u>	<u>19,889,440</u>	<u>(14,798,208)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Children and youth	44,040,082	44,047,490	34,269,078	9,778,412
Capital outlay	255,908	248,500	66,822	181,678
Total expenditures	<u>44,295,990</u>	<u>44,295,990</u>	<u>34,335,900</u>	<u>9,960,090</u>
Excess (deficiency) of revenues over (under) expenditures	(9,608,342)	(9,608,342)	(14,446,460)	(4,838,118)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,408,649	9,408,649	7,688,896	(1,719,753)
Net change in fund balances	<u>\$ (199,693)</u>	<u>\$ (199,693)</u>	<u>(6,757,564)</u>	<u>\$ (6,557,871)</u>
Net increase in due to other funds			6,311,036	
Fund balances, January 1, cash basis			<u>605,859</u>	
Fund balance, December 31, cash basis			159,331	
Differences from modified accrual basis:				
Due from other governments			15,850,892	
Other receivables			2,100	
Accounts payable			(7,079,986)	
Due to other funds			(6,311,036)	
Deferred inflows of resources			(272,866)	
Payroll related accruals			(147,152)	
Fund balance at December 31, modified accrual basis			<u>\$ 2,201,283</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis – Behavioral Health & Developmental Services Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget –
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 24,080,199	\$ 24,080,199	\$ 21,222,720	\$ (2,857,479)
Departmental	2,235,126	2,235,126	2,129,564	(105,562)
Investment earnings	2,300	2,300	1,606	(694)
Total revenues	<u>26,317,625</u>	<u>26,317,625</u>	<u>23,353,890</u>	<u>(2,963,735)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Behavioral Health & Developmental Services	26,721,491	26,647,296	21,178,315	5,468,981
Capital outlay	101,639	175,834	92,903	82,931
Total expenditures	<u>26,823,130</u>	<u>26,823,130</u>	<u>21,271,218</u>	<u>5,551,912</u>
Excess (deficiency) of revenues over (under) expenditures	(505,505)	(505,505)	2,082,672	2,588,177
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	424,546	424,546	320,878	(103,668)
Net change in fund balances	<u>\$ (80,959)</u>	<u>\$ (80,959)</u>	<u>2,403,550</u>	<u>\$ 2,484,509</u>
Net decrease in due to other funds			(1,025,134)	
Fund balances, January 1, cash basis			<u>182,681</u>	
Fund balance, December 31, cash basis			1,561,097	
Differences from modified accrual basis:				
Due from other governments			3,712,352	
Other receivables			620	
Accounts payable			(5,153,623)	
Payroll related accruals			<u>(120,446)</u>	
Fund balance at December 31, modified accrual basis			<u>\$ -</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Budgetary Basis – Domestic Relations Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,144,345	\$ 4,144,345	\$ 4,608,244	\$ 463,899
Departmental	80,000	80,000	74,582	(5,418)
Investment earnings	11,000	11,000	11,486	486
Total revenues	<u>4,235,345</u>	<u>4,235,345</u>	<u>4,694,312</u>	<u>458,967</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	6,579,434	6,579,434	6,109,991	469,443
Capital outlay	14,125	14,125	11,512	2,613
Total expenditures	<u>6,593,559</u>	<u>6,593,559</u>	<u>6,121,503</u>	<u>472,056</u>
Excess (deficiency) of revenues over (under) expenditures	(2,358,214)	(2,358,214)	(1,427,191)	931,023
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,320,645	2,320,645	2,031,244	(289,401)
Net change in fund balances	<u>\$ (37,569)</u>	<u>\$ (37,569)</u>	<u>604,053</u>	<u>\$ 641,622</u>
Fund balances, January 1, cash basis			<u>9,045,818</u>	
Fund balance, December 31, cash basis			9,649,871	
Differences from modified accrual basis:				
Due from other governments			1,014,602	
Other receivables			35	
Accounts payable			(2,217)	
Payroll related accruals			(66,119)	
Fund balance at December 31, modified accrual basis			<u>\$ 10,596,172</u>	

# County of Lancaster, Pennsylvania

## Notes to Required Supplementary Information

### 1. Budgetary Basis of Accounting

The County's budgetary basis is substantially on a cash basis but includes some payroll related accruals and related interfund transactions.

### 2. Budgetary Basis Differences

The County's basis of accounting for budgetary purposes differs from its basis of accounting for GAAP reporting purposes.

General Fund revenues per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 150,855,405
Net adjustment to General Fund revenues based on differences in revenue recognition between the budgetary basis and GAAP basis	<u>(827,547)</u>
General Fund revenues per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 150,027,858</u>
General Fund expenditures per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 142,522,656
Net adjustment to General Fund expenditures based on differences in expenditure recognition between the budgetary basis and GAAP basis	<u>231,109</u>
General Fund expenditures per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 142,753,765</u>

## County of Lancaster, Pennsylvania

### Combining and Individual Fund Statements and Schedules

The following nonmajor governmental funds include special revenue funds used to account for revenues that are legally restricted to expenditures for particular purposes.

#### **Office of Aging Fund**

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to operate programs which assist citizens age 60 and older to maintain maximum independence and dignity in a home environment.

#### **Drug and Alcohol Fund**

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to plan, coordinate and administer service programs for the control of alcohol and drug abuse.

#### **Liquid Fuels Fund**

This fund is used to account for amounts received from the Commonwealth. These funds are restricted to building and improving local roads and bridges.

#### **Agricultural Land Preservation Fund**

This fund is used to account for amounts restricted for payments of easements to farmers within the County in efforts to preserve agricultural land.

#### **Human Services Block Grant Fund**

This fund is used to account for restricted amounts received under Act 80 of 2012, which include Base funds for Mental Health and Intellectual Disabilities, Act 152 Drug and Alcohol funds, Human Services Development funds, Child Welfare Special Grants, and Homeless Assistance.

#### **Community Development Block Grant Fund**

This fund is used to account for amounts received from various federal and state sources. These funds are restricted and passed through to the Lancaster County Redevelopment Authority to be used for the development of decent housing, a suitable living environment, and expanded economic opportunities within the County.

#### **Capital Projects Fund**

This fund is used to account for the resources and expenditures related to construction within the County.

County of Lancaster, Pennsylvania

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2015

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Human Services Block Grant	Community Development Block Grant	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>								
Cash and temporary investments:								
Operating	\$ -	\$ 492,540	\$ 2,575,100	\$ 1,151,677	\$ -	\$ -	\$ 3,548,733	\$ 7,768,050
Other	136,721	-	-	-	-	-	-	136,721
Investments	-	-	-	714,353	-	-	-	714,353
Due from other governments	3,544,902	192,970	77,716	-	6,843,675	-	-	10,659,263
Other receivables	-	-	2,265	14,784	-	-	507	17,556
<b>Total assets</b>	<b>\$ 3,681,623</b>	<b>\$ 685,510</b>	<b>\$ 2,655,081</b>	<b>\$ 1,880,814</b>	<b>\$ 6,843,675</b>	<b>\$ -</b>	<b>\$ 3,549,240</b>	<b>\$ 19,295,943</b>
<b>LIABILITIES</b>								
Liabilities:								
Accounts payable	\$ 1,657,367	\$ 678,886	\$ 235,188	\$ -	\$ -	\$ -	\$ -	\$ 2,571,441
Contracts payable	-	-	-	-	-	-	1,536,532	1,536,532
Retainage payable	-	-	-	-	-	-	133,468	133,468
Due to other funds	1,387,475	-	-	-	6,843,675	-	-	8,231,150
Unearned revenue-intergovernmental	309,414	-	105,065	-	-	-	-	414,479
Payroll related accruals	54,431	6,624	-	-	-	-	-	61,055
<b>Total liabilities</b>	<b>3,408,687</b>	<b>685,510</b>	<b>340,253</b>	<b>-</b>	<b>6,843,675</b>	<b>-</b>	<b>1,670,000</b>	<b>12,948,125</b>
<b>FUND BALANCES</b>								
Restricted								
Health, education, and welfare	272,936	-	-	-	-	-	-	272,936
Roads and bridges	-	-	2,314,828	-	-	-	-	2,314,828
Capital projects	-	-	-	-	-	-	1,879,240	1,879,240
Community development	-	-	-	1,880,814	-	-	-	1,880,814
<b>Total fund balances</b>	<b>272,936</b>	<b>-</b>	<b>2,314,828</b>	<b>1,880,814</b>	<b>-</b>	<b>-</b>	<b>1,879,240</b>	<b>6,347,818</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,681,623</b>	<b>\$ 685,510</b>	<b>\$ 2,655,081</b>	<b>\$ 1,880,814</b>	<b>\$ 6,843,675</b>	<b>\$ -</b>	<b>\$ 3,549,240</b>	<b>\$ 19,295,943</b>

County of Lancaster, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2015

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Human Services Block Grant	Community Development Block Grant	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>								
Intergovernmental	\$ 8,643,804	\$ 3,089,650	\$ 1,472,544	\$ -	\$ 163,049	\$ 6,468,065	\$ -	\$ 19,837,112
Departmental	24,254	-	-	-	-	-	-	24,254
Investment earnings	-	454	2,102	-	4,100	-	9,913	16,569
Other	12,335	177,173	15,653	145,882	-	-	-	351,043
Total revenues	<u>8,680,393</u>	<u>3,267,277</u>	<u>1,490,299</u>	<u>145,882</u>	<u>167,149</u>	<u>6,468,065</u>	<u>9,913</u>	<u>20,228,978</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	309,302	309,302
Roads and bridges	-	-	478,777	-	-	-	-	478,777
Health, education, and welfare:								
Drug and alcohol	-	3,349,555	-	-	-	-	-	3,349,555
Office of aging	9,477,123	-	-	-	-	-	-	9,477,123
Other	-	-	-	-	610,546	-	-	610,546
Community development	-	-	-	-	-	6,468,065	-	6,468,065
Capital outlay	-	-	1,412,927	-	-	-	8,238,633	9,651,560
Total expenditures	<u>9,477,123</u>	<u>3,349,555</u>	<u>1,891,704</u>	<u>-</u>	<u>610,546</u>	<u>6,468,065</u>	<u>8,547,935</u>	<u>30,344,928</u>
(Deficiency) excess of revenues (under) over expenditures	(796,730)	(82,278)	(401,405)	145,882	(443,397)	-	(8,538,022)	(10,115,950)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	758,172	82,278	-	-	549,494	-	-	1,389,944
Transfers out	-	-	-	-	(106,097)	-	-	(106,097)
Total other financing sources (uses)	<u>758,172</u>	<u>82,278</u>	<u>-</u>	<u>-</u>	<u>443,397</u>	<u>-</u>	<u>-</u>	<u>1,283,847</u>
Net change in fund balances	(38,558)	-	(401,405)	145,882	-	-	(8,538,022)	(8,832,103)
Fund balances, January 1	311,494	-	2,716,233	1,734,932	-	-	10,417,262	15,179,921
Fund balances, December 31	<u>\$ 272,936</u>	<u>\$ -</u>	<u>\$ 2,314,828</u>	<u>\$ 1,880,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,879,240</u>	<u>\$ 6,347,818</u>

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Budgetary Basis – Office of Aging Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
Intergovernmental	\$ 8,972,126	\$ 9,415,331	\$ 5,602,152	\$ (3,813,179)
Departmental	38,572	38,572	24,254	(14,318)
Other	116,140	116,140	12,336	(103,804)
Total revenues	<u>9,126,838</u>	<u>9,570,043</u>	<u>5,638,742</u>	<u>(3,931,301)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Office of Aging	9,946,901	10,390,106	8,455,800	1,934,306
Total expenditures	<u>9,946,901</u>	<u>10,390,106</u>	<u>8,455,800</u>	<u>1,934,306</u>
Excess (deficiency) of revenues over (under) expenditures	(820,063)	(820,063)	(2,817,058)	(1,996,995)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	801,830	801,830	758,172	(43,658)
Net change in fund balances	<u>\$ (18,233)</u>	<u>\$ (18,233)</u>	<u>(2,058,886)</u>	<u>\$ (2,040,653)</u>
Net increase in due to other funds			1,387,475	
Fund balance, January 1, cash basis			<u>808,132</u>	
Fund balance, December 31, cash basis			136,721	
Differences from modified accrual basis:				
Due from other governments			3,544,902	
Accounts payable			(1,657,367)	
Unearned revenue - intergovernmental			(309,414)	
Due to other funds			(1,387,475)	
Payroll related accruals			<u>(54,431)</u>	
Fund balance at December 31, modified accrual basis			<u>\$ 272,936</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Budgetary Basis – Drug and Alcohol Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,275,986	\$ 4,572,211	\$ 2,841,429	\$ (1,730,782)
Departmental	351,300	351,300	177,173	(174,127)
Investment earnings	–	400	454	54
Total revenues	<u>4,627,286</u>	<u>4,923,911</u>	<u>3,019,056</u>	<u>(1,904,855)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Drug and alcohol	4,776,554	5,072,779	3,691,074	1,381,705
Total expenditures	<u>4,776,554</u>	<u>5,072,779</u>	<u>3,691,074</u>	<u>1,381,705</u>
Excess (deficiency) of revenues over (under) expenditures	(149,268)	(148,868)	(672,018)	(523,150)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	147,779	147,779	82,278	(65,501)
Net change in fund balances	<u>\$ (1,489)</u>	<u>\$ (1,089)</u>	<u>(589,740)</u>	<u>\$ (588,651)</u>
Fund balance, January 1, cash basis			<u>1,082,280</u>	
Fund balance, December 31, cash basis			492,540	
Differences from modified accrual basis:				
Due from other governments			192,970	
Accounts payable			(678,886)	
Payroll related accruals			(6,624)	
Fund balance at December 31, modified accrual basis			<u>\$ –</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Budgetary Basis – Liquid Fuels Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,275,000	\$ 1,275,000	\$ 1,420,662	\$ 145,662
Investment earnings	2,500	2,500	2,101	(399)
Other	–	–	13,389	13,389
Total revenues	<u>1,277,500</u>	<u>1,277,500</u>	<u>1,436,152</u>	<u>158,652</u>
<b>EXPENDITURES</b>				
Current:				
Roads and bridges	560,232	560,232	279,733	280,499
Capital outlay	<u>3,785,935</u>	<u>3,785,935</u>	<u>1,412,927</u>	<u>2,373,008</u>
Total expenditures	<u>4,346,167</u>	<u>4,346,167</u>	<u>1,692,660</u>	<u>2,653,507</u>
Net change in fund balances	<u>\$ (3,068,667)</u>	<u>\$ (3,068,667)</u>	<u>(256,508)</u>	<u>\$ 2,812,159</u>
Fund balance, January 1, cash basis			2,831,608	
Fund balance, December 31, cash basis			<u>2,575,100</u>	
Differences from modified accrual basis:				
Due from other governments			77,716	
Other receivables			2,265	
Accounts payable			(235,188)	
Unearned revenue - intergovernmental			<u>(105,065)</u>	
Fund balance at December 31, modified accrual basis			<u>\$ 2,314,828</u>	

County of Lancaster, Pennsylvania

Combining Statement of Changes in Assets and Liabilities –  
Agency Funds

For the Year Ended December 31, 2015

	Balance, January 1, 2015	Additions	Deletions	Balance, December 31, 2015
<b>ASSETS</b>				
Cash and temporary investments – operating	\$ 12,207,266	\$ 177,905,746	\$ 177,663,217	\$ 12,449,795
Total assets	<u>\$ 12,207,266</u>	<u>\$ 177,905,746</u>	<u>\$ 177,663,217</u>	<u>\$ 12,449,795</u>
<b>LIABILITIES</b>				
Liabilities:				
Deposits and advances:				
Bail and advanced costs	\$ 1,232,681	\$ 1,484,150	\$ 1,614,116	\$ 1,102,715
Sheriff's office	1,143,788	17,568,247	17,193,226	1,518,809
All others	8,831	1,042	2,697	7,176
Total deposits and advances	<u>2,385,300</u>	<u>19,053,439</u>	<u>18,810,039</u>	<u>2,628,700</u>
Escrow liability:				
Bail escrow	328,556	232,785	190,525	370,816
Child support	29,136	1,940,636	1,945,407	24,365
County prison	61,582	2,230,228	2,259,506	32,304
Court restitution	1,894,787	9,219,151	8,907,856	2,206,082
All others	749,441	350,408	110,188	989,661
Total escrow liability	<u>3,063,502</u>	<u>13,973,208</u>	<u>13,413,482</u>	<u>3,623,228</u>
Other liabilities:				
Other liabilities	1,918,573	9,913,030	10,034,341	1,797,262
Total other liabilities	<u>1,918,573</u>	<u>9,913,030</u>	<u>10,034,341</u>	<u>1,797,262</u>
Due to other governments:				
Fines and costs	4,711,890	97,818,739	98,220,729	4,309,900
All others	128,001	37,147,330	37,184,626	90,705
Total due to other governments	<u>4,839,891</u>	<u>134,966,069</u>	<u>135,405,355</u>	<u>4,400,605</u>
Total liabilities	<u>\$ 12,207,266</u>	<u>\$ 177,905,746</u>	<u>\$ 177,663,217</u>	<u>\$ 12,449,795</u>



## STATISTICAL SECTION

This section of the County of Lancaster's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	127
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	131
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	136
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	142
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	148
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
<b>Miscellaneous Information</b>	149
These schedules contain principal officials, salaries, amounts of surety bonds and insurance information.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ (5,172,999)	\$ (7,039,956)	\$ (5,428,758)	\$ (11,059,206)	\$ 35,298,967	\$ 40,056,693	\$ 46,196,645	\$ 49,226,216	\$ 57,793,520	\$ 64,556,495
Restricted	13,085,038	10,453,609	10,108,366	11,305,240	12,686,089	25,964,062	62,854,126	57,216,276	41,738,015	26,536,227
Unrestricted (deficit)	<u>12,801,777</u>	<u>1,436,715</u>	<u>(2,998,672)</u>	<u>(9,044,534)</u>	<u>(47,305,928)</u>	<u>(64,225,920)</u>	<u>(109,299,728)</u>	<u>(104,543,590)</u>	<u>(84,961,252)</u>	<u>(76,842,980)</u>
Total governmental activities net position	<u>\$20,713,816</u>	<u>\$ 4,850,368</u>	<u>\$ 1,680,936</u>	<u>\$ (8,798,500)</u>	<u>\$ 679,128</u>	<u>\$ 1,794,835</u>	<u>\$ (248,957)</u>	<u>\$ 1,898,902</u>	<u>\$14,570,283</u>	<u>\$14,249,742</u>
<b>Business-type activities (1)</b>										
Net investment in capital assets	\$ 1,117,343	\$ 994,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted (deficit)	<u>4,672,829</u>	<u>(588,879)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ 5,790,172</u>	<u>\$ 405,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Primary government</b>										
Net investment in capital assets	\$ (4,055,656)	\$ (6,045,581)	\$ (5,428,758)	\$ (11,059,206)	\$ 35,298,967	\$ 40,056,693	\$ 46,196,645	\$ 49,226,216	\$ 57,793,520	\$ 64,556,495
Restricted	13,085,038	10,453,609	10,108,366	11,305,240	12,686,089	25,964,062	62,854,126	57,216,276	41,738,015	26,536,227
Unrestricted (deficit)	<u>17,474,606</u>	<u>847,836</u>	<u>(2,998,672)</u>	<u>(9,044,534)</u>	<u>(47,305,928)</u>	<u>(64,225,920)</u>	<u>(109,299,728)</u>	<u>(104,543,590)</u>	<u>(84,961,252)</u>	<u>(76,842,980)</u>
Total primary government net position	<u>\$26,503,988</u>	<u>\$ 5,255,864</u>	<u>\$ 1,680,936</u>	<u>\$ (8,798,500)</u>	<u>\$ 679,128</u>	<u>\$ 1,794,835</u>	<u>\$ (248,957)</u>	<u>\$ 1,898,902</u>	<u>\$14,570,283</u>	<u>\$14,249,742</u>

(1) Effective January 1, 2008, activities and balances once associated with the 911 Operations Fund are now included in Public Safety under Governmental Activities.

County of Lancaster, Pennsylvania  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 52,426,879	\$ 68,609,628	\$ 56,939,439	\$ 57,904,194	\$ 63,863,797	\$ 57,284,051	\$ 53,090,406	\$ 53,456,166	\$ 47,688,115	\$ 49,312,867
Public Safety	2,360,548	2,536,633	10,277,194	12,180,651	12,145,608	12,543,485	14,403,729	21,902,476	14,921,490	15,845,032
Roads and bridges	623,252	493,225	446,693	528,189	632,719	939,766	629,269	391,992	675,825	1,287,186
Health, education, and welfare	104,177,809	113,385,735	117,363,995	97,621,458	81,796,132	158,356,532	158,906,330	154,045,202	156,191,063	156,728,546
Judicial	35,604,068	41,188,766	43,561,664	41,496,484	42,298,718	43,118,281	45,303,625	44,553,349	42,421,056	41,683,823
Corrections	18,730,110	20,515,725	23,554,777	23,427,298	23,975,680	24,834,919	28,052,063	26,707,583	26,397,549	26,710,816
Cultural and recreation	3,073,281	3,063,646	3,298,512	3,009,056	2,953,256	2,492,561	2,749,572	2,681,009	2,441,711	1,560,006
Community development	5,864,632	4,378,150	6,771,491	5,586,088	5,604,729	7,821,351	4,398,384	3,485,997	4,305,998	6,855,968
Bond issuance costs	-	-	-	-	-	-	-	-	282,181	127,854
Interest on long-term debt	8,916,410	9,163,174	9,444,280	9,240,379	9,506,172	10,774,790	10,298,347	10,599,734	10,605,535	9,539,788
Total governmental activities expenses	<u>231,776,989</u>	<u>263,334,682</u>	<u>271,658,045</u>	<u>250,993,797</u>	<u>242,776,811</u>	<u>318,165,736</u>	<u>317,831,725</u>	<u>318,105,689</u>	<u>305,776,196</u>	<u>309,524,032</u>
<b>Business-type activities:</b>										
911 Operations (1)	8,210,597	8,663,494	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>8,210,597</u>	<u>8,663,494</u>	<u>-</u>							
Total primary government expenses	<u>\$ 239,987,586</u>	<u>\$ 271,998,176</u>	<u>\$ 271,658,045</u>	<u>\$ 250,993,797</u>	<u>\$ 242,776,811</u>	<u>\$ 318,165,736</u>	<u>\$ 317,831,725</u>	<u>\$ 318,105,689</u>	<u>\$ 305,776,196</u>	<u>\$ 309,524,032</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 6,340,408	\$ 3,228,878	\$ 9,423,946	\$ 10,398,692	\$ 6,905,007	\$ 6,238,767	\$ 9,711,321	\$ 10,444,728	\$ 5,898,650	\$ 9,111,789
Public Safety	244,403	191,522	3,307,766	3,844,511	6,817,662	7,494,676	6,551,111	12,711,899	5,108,919	5,827,034
Roads and bridges	-	-	15,630	30,834	48,098	11,650	9,819	7,875	10,509	15,653
Health, education, and welfare	-	-	3,340,393	3,051,371	3,688,636	3,939,160	3,369,213	3,532,301	4,546,721	4,115,277
Judicial	8,094,287	6,463,143	8,902,090	2,134,151	6,992,023	7,701,804	9,154,345	7,948,172	8,267,853	6,851,144
Corrections	78,224	95,800	162,781	91,985	132,581	145,236	214,594	579,462	1,176,571	1,245,477
Cultural and recreation	261,701	245,924	292,330	257,520	281,093	323,385	279,979	411,646	293,848	305,651
Community development	-	-	-	-	-	-	1,884,223	-	-	145,882
Operating grants and contributions:										
General government	4,552,280	2,817,224	4,054,521	2,656,338	9,897,518	10,873,602	6,061,463	5,043,465	4,789,553	5,322,672
Public Safety	100,646	175,821	182,036	189,997	149,797	252,359	184,980	90,315	251,141	168,559
Roads and bridges	770,553	917,389	1,220,200	903,191	1,153,429	2,606,826	1,612,936	2,576,440	1,541,697	1,472,544
Health, education, and welfare	102,399,525	109,220,515	115,332,557	97,393,712	80,837,880	156,460,780	156,510,054	152,763,381	155,048,253	154,564,650
Judicial	7,867,386	6,399,328	10,076,920	9,471,170	10,355,686	8,672,125	8,198,497	8,105,142	7,874,568	6,758,492
Corrections	1,093	88,113	37,905	38,200	29,904	33,715	174,656	261,805	58,301	264,310
Cultural and recreation	2,560	122,981	299,427	69,777	7,814	-	197,605	-	122,600	33,057
Community development	5,864,632	4,378,150	6,771,491	5,586,088	5,604,729	7,821,351	4,398,384	3,484,987	3,901,912	6,468,065
Total governmental activities program revenues	<u>136,577,698</u>	<u>134,344,788</u>	<u>163,419,983</u>	<u>136,117,537</u>	<u>132,901,857</u>	<u>212,575,436</u>	<u>208,513,180</u>	<u>207,961,618</u>	<u>198,891,096</u>	<u>202,670,156</u>
<b>Business-type activities:</b>										
Charges for services:										
911 Operations (1)	13,031,358	1,492,312	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>13,031,358</u>	<u>1,492,312</u>	<u>-</u>							
Total primary government program revenues	<u>\$ 149,609,056</u>	<u>\$ 135,837,100</u>	<u>\$ 163,419,983</u>	<u>\$ 136,117,537</u>	<u>\$ 132,901,857</u>	<u>\$ 212,575,436</u>	<u>\$ 208,513,180</u>	<u>\$ 207,961,618</u>	<u>\$ 198,891,096</u>	<u>\$ 202,670,156</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (95,199,291)	\$ (128,989,894)	\$ (108,238,062)	\$ (114,876,260)	\$ (109,874,954)	\$ (105,590,300)	\$ (109,318,545)	\$ (110,144,071)	\$ (106,885,100)	\$ (106,853,876)
Business-type activities	4,820,761	(7,171,182)	-	-	-	-	-	-	-	-
Total primary government net expense	<u>\$ (90,378,530)</u>	<u>\$ (136,161,076)</u>	<u>\$ (108,238,062)</u>	<u>\$ (114,876,260)</u>	<u>\$ (109,874,954)</u>	<u>\$ (105,590,300)</u>	<u>\$ (109,318,545)</u>	<u>\$ (110,144,071)</u>	<u>\$ (106,885,100)</u>	<u>\$ (106,853,876)</u>
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 86,237,553	\$ 94,673,936	\$ 102,490,521	\$ 103,588,540	\$ 104,918,937	\$ 105,576,248	\$ 106,177,196	\$ 116,526,852	\$ 117,215,756	\$ 118,030,667
Departmental revenues	8,995,014	14,546,868	-	-	-	-	-	-	-	-
Unrestricted investment earnings(loss)	5,655,510	5,437,381	2,172,613	808,284	596,083	1,129,759	1,097,557	(1,368,543)	2,340,725	158,622
Gain on sale of capital assets	-	-	-	-	-	-	-	134,501	-	-
Transfers	-	(1,531,737)	-	-	-	-	-	-	-	-
Total governmental activities	<u>100,888,077</u>	<u>113,126,448</u>	<u>104,663,134</u>	<u>104,396,824</u>	<u>105,515,020</u>	<u>106,706,007</u>	<u>107,274,753</u>	<u>115,292,810</u>	<u>119,556,481</u>	<u>118,189,289</u>
<b>Business-type activities:</b>										
Unrestricted investment earnings	95,040	254,769	-	-	-	-	-	-	-	-
Transfers	-	1,531,737	-	-	-	-	-	-	-	-
Total business-type activities	<u>95,040</u>	<u>1,786,506</u>	<u>-</u>							
Total primary government	<u>\$ 100,983,117</u>	<u>\$ 114,912,954</u>	<u>\$ 104,663,134</u>	<u>\$ 104,396,824</u>	<u>\$ 105,515,020</u>	<u>\$ 106,706,007</u>	<u>\$ 107,274,753</u>	<u>\$ 115,292,810</u>	<u>\$ 119,556,481</u>	<u>\$ 118,189,289</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 5,688,786	\$ (15,863,446)	\$ (3,574,928)	\$ (10,479,436)	\$ (4,359,934)	\$ 1,115,707	\$ (2,043,792)	\$ 5,148,739	\$ 12,671,381	\$ 11,335,413
Business-type activities	4,915,801	(5,384,676)	-	-	-	-	-	-	-	-
Total primary government	<u>\$ 10,604,587</u>	<u>\$ (21,248,122)</u>	<u>\$ (3,574,928)</u>	<u>\$ (10,479,436)</u>	<u>\$ (4,359,934)</u>	<u>\$ 1,115,707</u>	<u>\$ (2,043,792)</u>	<u>\$ 5,148,739</u>	<u>\$ 12,671,381</u>	<u>\$ 11,335,413</u>

(1) Effective January 1, 2008, activities and balances once associated with the 911 Operations Fund are now included in Public Safety under Governmental Activities.

County of Lancaster, Pennsylvania  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 3

	<u>2006</u>	<u>2007</u>	<u>2008</u> *	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Reserved	\$ 35,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,820,499	21,099,796	19,268,220	14,622,230	11,808,598	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,791,374	-	-	-	-
Restricted:										
Roads and bridges	-	-	-	-	-	-	-	-	2,207,871	1,546,324
General government	-	-	-	-	-	563,895	1,522,986	2,913,790	1,689,808	2,201,107
Public safety	-	-	-	-	-	532,145	26,540,769	18,485,979	9,817,893	2,239,642
Judicial	-	-	-	-	-	1,764,763	1,592,649	1,956,679	1,749,827	1,403,881
Committed:										
Capital projects	-	-	-	-	-	-	-	-	560,614	-
Assigned:										
Capital projects	-	-	-	-	-	-	-	-	-	560,614
Future benefits	-	-	-	-	-	-	-	-	3,000,000	1,500,000
Healthcare benefits	-	-	-	-	-	-	1,259,264	1,687,275	1,725,871	1,773,084
Postemployment benefits	-	-	-	-	-	6,518,968	2,275,734	1,220,973	1,212,719	4,387,135
Unassigned	-	-	-	-	-	-	-	-	-	2,482,025
Total general fund	<u>\$ 18,855,596</u>	<u>\$ 21,099,796</u>	<u>\$ 19,268,220</u>	<u>\$ 14,622,230</u>	<u>\$ 11,808,598</u>	<u>\$ 11,171,145</u>	<u>\$ 33,191,402</u>	<u>\$ 26,264,696</u>	<u>\$ 21,964,603</u>	<u>\$ 18,093,812</u>
All other governmental funds										
Reserved	\$ 7,334	\$ 5,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special revenue funds	13,329,552	9,818,532	9,461,818	10,651,056	12,686,089	-	-	-	-	-
Capital projects funds	57,830,187	24,629,850	12,905,607	12,029,288	28,603,276	-	-	-	-	-
Restricted:										
Health, education, and welfare	-	-	-	-	-	1,762,216	814,824	400,006	966,041	2,474,219
Capital projects	-	-	-	-	-	9,468,673	19,226,280	19,560,818	10,417,262	1,879,240
Roads and bridges	-	-	-	-	-	4,536,103	2,897,306	2,909,938	2,716,233	2,314,828
Judicial	-	-	-	-	-	7,336,267	8,388,628	9,105,852	9,886,595	10,596,172
Community development	-	-	-	-	-	-	2,536,562	2,239,586	1,734,932	1,880,814
Total all other governmental funds	<u>\$ 71,167,073</u>	<u>\$ 34,453,423</u>	<u>\$ 22,367,425</u>	<u>\$ 22,680,344</u>	<u>\$ 41,289,365</u>	<u>\$ 23,103,259</u>	<u>\$ 33,863,600</u>	<u>\$ 34,216,200</u>	<u>\$ 25,721,063</u>	<u>\$ 19,145,273</u>
Total fund balances of all governmental funds	<u>\$ 90,022,669</u>	<u>\$ 55,553,219</u>	<u>\$ 41,635,645</u>	<u>\$ 37,302,574</u>	<u>\$ 53,097,963</u>	<u>\$ 34,274,404</u>	<u>\$ 67,055,002</u>	<u>\$ 60,480,896</u>	<u>\$ 47,685,666</u>	<u>\$ 37,239,085</u>

Note: The County implemented GASB 54 in 2011 and elected, as permitted by GASB 54, to not retroactively recharacterize fund balance in governmental funds prior to 2011.

\* - Fund balance restated; see Note 2 for more information.

County of Lancaster, Pennsylvania  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Table 4

	2006	2007	2008 *	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 86,408,680	\$ 94,489,341	\$ 101,960,944	\$ 103,589,945	\$ 104,555,174	\$ 105,717,718	\$ 106,170,287	\$ 116,611,483	\$ 117,319,438	\$ 118,053,482
Intergovernmental	121,558,675	124,119,521	134,833,834	114,423,465	106,097,860	184,524,990	174,538,312	169,537,740	170,410,928	172,736,021
Departmental	18,495,875	20,103,239	21,956,938	21,226,755	21,536,881	20,567,399	24,736,156	31,744,650	20,681,144	24,720,276
Fines and costs	2,556,259	2,697,688	2,877,665	3,029,434	2,773,058	3,318,987	3,131,476	3,303,185	3,274,350	3,264,006
Interest	5,655,510	5,437,381	2,172,613	808,284	619,667	228,783	132,790	120,148	99,131	118,044
Other	221,893	547,399	978,544	1,083,974	1,173,930	2,100,366	4,132,985	1,169,894	1,037,730	1,889,819
Health Choices revenues	868,381	1,047,296	991,961	1,040,023	1,614,230	1,575,092	1,279,710	1,498,523	2,803,213	1,611,549
Total revenues	<u>235,765,273</u>	<u>248,441,865</u>	<u>265,772,499</u>	<u>245,201,880</u>	<u>238,370,800</u>	<u>318,033,335</u>	<u>314,121,716</u>	<u>323,985,623</u>	<u>315,625,934</u>	<u>322,393,197</u>
<b>Expenditures</b>										
General government	34,278,385	31,244,732	31,288,375	37,092,850	41,312,324	32,689,512	28,262,996	30,129,669	26,630,285	33,341,399
Public safety (1)	1,234,268	1,366,272	10,606,865	10,625,757	10,558,753	11,006,988	12,548,142	26,192,813	12,912,527	12,835,662
Roads and bridges	498,963	409,115	285,188	317,157	388,008	670,175	274,373	-	228,635	764,722
Health, education and welfare	114,611,618	125,716,956	130,287,274	111,699,460	93,528,376	170,064,660	169,963,493	165,705,416	167,944,070	167,453,600
Judicial	37,036,579	42,402,361	45,236,178	43,939,778	44,800,940	45,399,663	47,317,507	46,435,758	44,702,380	43,756,961
Corrections	17,407,351	19,225,889	22,169,692	22,096,860	22,725,580	23,107,431	24,234,937	27,577,716	24,952,042	25,234,661
Cultural and recreation	2,850,927	2,845,631	3,076,031	2,801,692	2,484,440	2,212,981	2,475,240	2,360,554	2,185,938	1,343,717
Community development	5,864,632	4,378,150	6,771,491	5,586,088	5,604,729	7,821,351	4,398,384	3,781,963	4,406,566	6,468,065
Capital outlay	20,910,986	35,371,682	19,793,861	22,922,212	14,459,028	21,106,757	20,087,950	11,152,496	20,766,965	17,751,098
Debt service (2):										
Principal	7,815,000	9,105,000	9,340,300	8,984,000	10,841,800	12,219,700	13,102,700	13,751,800	13,651,000	14,633,587
Interest and fiscal charges	8,657,602	9,313,790	9,488,089	8,469,097	9,755,340	10,557,676	10,053,952	10,643,324	10,601,370	9,656,490
Bond issuance costs	611,008	48,179	146,729	548,199	296,556	200,721	997,526	282,181	127,854	-
Total expenditures	<u>251,777,319</u>	<u>281,427,757</u>	<u>288,490,073</u>	<u>275,083,150</u>	<u>256,755,874</u>	<u>337,057,615</u>	<u>333,717,200</u>	<u>338,013,690</u>	<u>329,109,632</u>	<u>333,239,962</u>
Excess (deficiency) of revenues over (under) expenditures	(16,012,046)	(32,985,892)	(22,717,574)	(29,881,270)	(18,385,074)	(19,024,280)	(19,595,484)	(14,028,067)	(13,483,698)	(10,846,765)
<b>Other financing sources (uses)</b>										
Transfers in	13,013,439	16,017,815	12,974,525	14,251,429	12,403,303	12,335,157	12,974,005	12,221,130	12,365,605	11,651,165
Transfers out	(13,013,439)	(17,549,552)	(12,974,525)	(14,251,429)	(12,403,303)	(12,335,157)	(12,974,005)	(12,221,130)	(12,365,605)	(11,651,165)
Discount on refunding bonds issued	-	-	-	-	-	(128,404)	(166,353)	-	-	-
Premium on refunding bonds issued	-	-	-	3,973,031	-	-	2,842,564	27,149	8,487	2,170,372
Face amount of refunding bonds issued	-	10,000,000	-	40,042,574	-	10,000,000	52,830,000	28,380,000	8,185,000	28,900,000
Payment to refunded bond escrow agent	-	(9,951,821)	-	(43,467,406)	-	(9,670,875)	(54,855,913)	(28,205,000)	(8,065,633)	(30,670,188)
Premium on bonds issued	305,169	-	-	-	235,463	-	2,042,228	697	-	-
Face amount of bonds issued	51,285,000	-	8,800,000	25,000,000	33,945,000	-	23,305,000	6,795,000	-	-
Premium on swaption issued	-	-	-	-	-	-	-	1,865,000	-	-
Payment for refunded swaption issued	-	-	-	-	-	-	-	(1,757,500)	-	-
Capital leases	-	-	-	-	-	-	26,378,556	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	348,615	560,614	-
Total other financing sources (uses)	<u>51,590,169</u>	<u>(1,483,558)</u>	<u>8,800,000</u>	<u>25,548,199</u>	<u>34,180,463</u>	<u>200,721</u>	<u>52,376,082</u>	<u>7,453,961</u>	<u>688,468</u>	<u>400,184</u>
Net change in fund balances	<u>\$ 35,578,123</u>	<u>\$ (34,469,450)</u>	<u>\$ (13,917,574)</u>	<u>\$ (4,333,071)</u>	<u>\$ 15,795,389</u>	<u>\$ (18,823,559)</u>	<u>\$ 32,780,598</u>	<u>\$ (6,574,106)</u>	<u>\$ (12,795,230)</u>	<u>\$ (10,446,581)</u>
Debt service as a percentage of noncapital expenditures	7.1%	7.5%	7.0%	6.9%	8.5%	7.2%	7.4%	7.5%	7.9%	7.7%

(1) 911 Operations was an enterprise fund from 2002 through 2007.

(2) Amounts do not include debt service payments for bond issues refunded pursuant to advance refunding.

\* - Net change in fund balance was restated; see Note 2 for more information.

County of Lancaster, Pennsylvania  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 5

Year	Assessed Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As A Percentage of Actual Value
2006	\$ 32,751,399,500	\$ 3,087,810,600	\$ 29,663,588,900	2.962	\$ 29,663,588,900	100%
2007	33,344,251,500	3,190,080,200	30,154,171,300	3.189	30,154,171,300	100%
2008	33,808,345,300	3,334,971,300	30,473,374,000	3.416	30,473,374,000	100%
2009	34,415,552,600	3,558,307,700	30,857,244,900	3.416	30,857,244,900	100%
2010	34,739,109,300	3,623,673,500	31,115,435,800	3.416	31,115,435,800	100%
2011	34,967,657,000	3,692,444,500	31,275,212,500	3.416	31,275,212,500	100%
2012	35,179,488,300	3,762,996,600	31,416,491,700	3.416	31,416,491,700	100%
2013	35,533,876,800	3,833,025,400	31,700,851,400	3.735	31,700,851,400	100%
2014	35,781,687,200	3,845,418,300	31,936,268,900	3.735	31,936,268,900	100%
2015	36,156,664,400	3,917,166,800	32,239,497,600	3.735	32,239,497,600	100%

Source: County of Lancaster, Assesment Office

Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value. Millage rates change yearly based upon individual county budget requirements, as well as any time a county wide revaluation is completed.

Note: Assessed value by major component not available.

Real Property Assessment Data

Year	Market Value	Assessed Value	Common Level Ratio
2006	\$ 36,131,046,163	\$ 29,663,588,900	.8210
2007	39,365,758,877	30,154,171,300	.7660
2008	41,404,040,761	30,473,374,000	.7360
2009	41,755,405,819	30,857,244,900	.7390
2010	41,376,909,309	31,115,435,800	.7520
2011	40,882,630,719	31,275,212,500	.7650
2012	39,868,644,289	31,416,491,700	.7880
2013	39,331,081,141	31,700,851,400	.8060
2014	40,374,549,810	31,936,268,900	.7910
2015	41,599,351,742	32,239,497,600	.7750

Source: County of Lancaster, Assessment Office

County of Lancaster, Pennsylvania  
Property Tax Rates  
Direct and Overlapping Governments (1)  
Last Ten Fiscal Years  
(In Mills)

Table 6

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Direct Rate:	2.9620	3.1890	3.4160	3.4160	3.4160	3.4160	3.4160	3.7350	3.7350	3.7350
City rate:										
Lancaster	8.1700	8.8200	9.1800	9.6400	12.0400	12.0400	12.0400	13.0400	13.0400	14.0200
Borough rates:										
Adamstown	2.0000	2.0000	2.0000	2.0000	2.0000	2.5000	2.5000	2.5000	2.5000	2.5000
Akron	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.5000	2.5000	2.5000	2.7500
Christiana	3.8190	3.8190	4.5000	4.5000	4.5000	4.5000	5.0000	5.0000	5.0000	5.0000
Columbia	6.2600	6.2600	7.7500	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000
Denver	2.1850	2.4000	2.5200	2.5200	2.5200	2.7500	3.0000	3.0000	3.0000	3.0000
East Petersburg	1.7690	1.7690	2.6570	1.8940	1.8940	1.8940	2.3940	2.3940	2.3940	3.3940
Elizabethtown	3.5800	3.8300	3.8300	4.2000	4.2000	5.0000	5.0000	5.0000	5.0000	5.2000
Ephrata	1.5040	1.8800	1.8800	1.8800	1.8800	1.8800	2.0700	2.0700	2.0700	2.0700
Lititz	1.3600	1.6000	1.6000	1.6000	1.6000	2.1000	2.1000	2.1000	2.1000	2.6000
Manheim	2.6000	2.6000	2.8500	2.9000	3.0000	3.5000	4.0000	4.7500	4.7500	4.8500
Marietta	4.2500	4.2500	4.5000	4.5000	4.5000	5.5000	5.5000	6.5000	6.5000	6.5000
Millersville	4.6000	4.6500	4.8500	4.8500	4.8500	5.2400	5.4500	5.4500	5.4500	5.7200
Mount Joy	3.1000	3.1000	3.3000	3.4000	4.2000	4.2000	4.4600	4.7000	4.9100	4.9100
Mountville	1.2000	1.4000	2.5000	2.5000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000
New Holland	2.2500	2.2500	2.2500	2.4800	2.4800	2.4800	3.4000	3.4000	3.4000	3.4000
Quarryville	2.7500	2.7500	3.7500	3.7500	4.7500	4.7500	4.7500	4.7500	4.7500	4.7500
Strasburg	1.9300	2.0300	2.1300	2.4300	2.8300	2.8300	3.0800	3.0800	3.0800	3.2800
Terre Hill	3.2000	3.7000	3.7000	4.2000	4.2000	4.2000	4.7000	5.0000	5.0000	5.0000
Township rates:										
Bart	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Brecknock	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690
Caernarvon	0.1000	0.1000	0.0750	0.0750	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150
Clay	0.7569	0.7569	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000
Colerain	0.6120	0.6120	0.6120	0.6120	0.6120	0.6120	0.6120	0.6620	0.6620	0.6620
Conestoga	0.6930	0.6930	0.6930	0.6930	0.6930	0.6930	1.1000	1.1000	1.1000	1.1000
Drumore	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Earl	1.0000	1.0000	1.0000	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
East Cocalico	1.3750	1.6250	1.6250	1.6250	1.6250	1.6250	1.7000	2.0500	2.0500	2.0500
East Donegal	2.3970	2.3970	2.7000	2.9500	2.9500	2.9500	3.7500	3.7500	3.9500	3.9500
East Drumore	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900
East Earl	1.0000	1.3000	1.4000	1.6000	1.6000	1.6000	1.8000	1.9000	1.9000	1.9000
East Hempfield	0.5100	0.5100	0.8200	0.9200	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200
East Lampeter	0.9450	1.1400	1.1400	1.1400	1.4620	1.4620	1.4620	1.6000	1.6000	1.6000
Eden	0.6000	0.6000	0.6000	0.6000	0.7000	0.7000	0.7000	0.8000	0.8000	0.9500
Ephrata	1.2700	1.2700	1.2700	1.2700	1.2700	1.3700	1.3700	1.3700	1.3700	1.3700
Fulton	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100
Lancaster	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Leacock	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
Little Britian	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900

(Continued)

County of Lancaster, Pennsylvania  
Property Tax Rates  
Direct and Overlapping Governments (1)  
Last Ten Fiscal Years  
(In Mills)

Table 6 (Cont.)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Manheim	1.9000	1.9000	1.9000	1.9000	1.9000	2.2300	2.2300	2.2300	2.2300	2.2300
Manor	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800
Mount Joy Part (2)	1.0817	1.0830	1.0810	1.2114	1.3500	1.3500	1.6000	1.8500	1.7500	1.7500
Mount Joy Part (3)	1.0817	1.0830	1.0810	1.2114	1.3500	1.3500	1.6000	1.8500	1.7500	1.7500
Paradise	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200
Penn	0.8120	0.8120	0.8120	0.8120	0.8120	0.8120	1.6000	1.4500	1.8000	1.8000
Pequea	1.5500	1.5500	1.5500	1.5500	1.5500	1.7000	1.7000	1.9000	1.9000	1.9000
Providence	0.1930	0.1930	0.1930	0.1580	0.1580	0.1580	0.1580	0.1580	0.1580	0.9500
Rapho	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.7500	1.7500	1.7500	1.7500
Sadsbury	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
Salisbury	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800
Strasburg	0.4400	0.4400	0.4400	0.4400	0.4400	0.4400	0.4400	0.4400	0.6000	0.6000
Upper Leacock	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.5000	1.7000	1.7000	1.7000
Warwick	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740
West Cocalico	1.4330	1.4330	1.5000	1.6000	1.8500	2.0000	2.0000	2.0000	2.1750	2.1750
West Donegal	1.3503	1.3503	1.3503	1.3503	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000
West Earl	1.3900	1.3900	1.3900	1.3900	1.3900	1.3900	1.5900	1.5900	1.5900	1.5900
West Hempfield	0.1800	0.1800	0.1800	0.1800	0.1800	0.6800	0.6800	0.6800	0.6800	1.3400
West Lampeter	0.5990	0.5990	0.5990	0.6500	0.7500	0.9000	1.0000	1.0000	1.1000	1.1000
School district rates:										
Cocalico	17.0000	17.9300	18.9100	19.8400	20.5500	20.8900	21.3200	21.7600	22.3200	22.8200
Columbia Borough	18.7700	20.6600	23.0000	24.3570	24.3570	25.3700	26.0000	27.3700	28.2000	28.2000
Conestoga Valley	11.9600	12.3670	12.8490	13.2660	13.2730	14.0480	14.2860	14.5280	14.8330	15.2064
Donegal	16.2000	16.2000	18.7300	19.4500	20.1690	20.1690	20.9837	21.4453	22.0243	22.0243
Eastern Lancaster County	11.1500	11.7142	12.2142	12.5979	13.0877	13.4470	13.8410	14.1177	14.4141	14.6879
Elizabethtown Area	14.3500	15.3394	16.1816	16.5861	17.2700	17.5800	17.8900	17.8900	18.3700	19.1048
Ephrata Area	16.5300	17.2000	18.0900	18.5200	19.0200	19.0200	19.4100	19.6000	19.6000	19.6000
Hempfield	15.4180	15.9409	16.8814	17.3878	17.9789	18.2660	18.6310	19.0030	19.4590	19.6530
Lampeter-Strasburg	15.9600	16.6000	17.3300	17.8000	18.4620	18.7573	19.0760	19.4384	19.6133	19.8683
Lancaster	20.4400	20.4400	20.4400	23.2600	24.2130	24.6972	24.6972	25.9224	26.6793	26.6793
Manheim Central	15.2400	15.2400	15.2400	15.8500	16.2500	16.2500	16.6900	16.9726	17.1848	17.3566
Manheim Township	14.7300	15.2300	15.9000	16.5500	17.0299	17.2680	17.9525	18.2575	18.6409	18.6409
Octorara Area	23.1100	23.1100	27.3700	27.6800	27.6800	28.3700	27.4900	27.7100	26.4300	27.2000
Penn Manor	14.7300	15.3100	15.9100	15.9100	16.4600	16.6900	16.9700	17.2500	17.6100	18.0100
Pequea Valley	14.6000	15.1000	15.7430	15.7430	16.3333	20.4080	16.8898	17.3866	17.4735	17.4735
Solanco	8.6351	9.0496	9.6378	10.1582	10.5442	10.8500	11.2243	11.5161	11.8040	12.0990
Warwick	15.8000	15.8000	16.7000	17.4000	17.6600	17.9000	18.5900	19.2100	19.7094	20.1627

Source: [www.dced.state.pa.us](http://www.dced.state.pa.us) website; County of Lancaster, Assessment Office

(1) Includes millage for municipal, school, and county real estate tax per \$1,000 of assessed value. In 2005, a county-wide reassessment was implemented

(2) Applicable to the portion of Mount Joy situated in the Donegal School District.

(3) Applicable to the portion of Mount Joy situated in the Elizabethtown School District.

Note: there are no components of the County's total direct rate.

County of Lancaster, Pennsylvania  
Principal Property Taxpayers  
December 31, 2015

Table 7

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Park City Center Business Trust	\$ 139,083,200	1	0.43%	\$ 143,327,300	2	0.48%
High Properties Et Al	129,519,400	2	0.40%	194,173,200	1	0.65%
Willow Valley Retirement	109,009,500	3	0.34%	108,792,500	3	0.37%
Lancaster General	101,617,800	4	0.32%	92,291,900	4	0.31%
Willow Valley Manor	96,060,900	5	0.30%	84,499,100	5	0.28%
High Properties	74,178,000	6	0.23%			0.00%
Granite Properties	59,245,200	7	0.18%	57,232,500	8	0.19%
Garden Spot Village Inc	52,829,200	8	0.16%			0.00%
Dart Container Corp of PA	50,938,200	9	0.16%	61,635,300	6	0.21%
Rockvale Group	48,663,800	10	0.15%	58,186,700	7	0.20%
Exelon Generation Co LLC				54,429,800	9	0.18%
ASP Realty Inc				50,996,100	10	0.17%
<b>Total</b>	<b>\$ 861,145,200</b>		<b>2.67%</b>	<b>\$ 905,564,400</b>		<b>3.05%</b>

Source: County of Lancaster, Assessment Office

County of Lancaster, Pennsylvania  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 8

Fiscal Year Ended December-31	Tax Levy for Fiscal Year	Interim Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year (1)	Amount of Taxes Collected	Percent of Levy	Delinquent Tax Collections (2)	Total Tax Collections (3)	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 86,161,049	\$ 1,159,369	\$ 87,320,418	\$ 84,398,755	96.65%	\$ 1,839,425	\$ 86,238,180	98.76%
2007	94,514,982	1,182,319	95,697,301	92,719,914	96.89%	1,822,994	94,542,908	98.79%
2008	103,006,648	948,516	103,955,164	100,146,553	96.34%	1,887,440	102,033,993	98.15%
2009	104,097,044	1,067,581	105,164,625	101,136,149	96.17%	2,270,227	103,406,376	98.33%
2010	105,408,347	811,724	106,220,071	102,409,086	96.41%	2,377,031	104,786,117	98.65%
2011	106,290,327	603,550	106,893,877	103,293,221	96.63%	2,443,940	105,737,161	98.92%
2012	106,836,125	572,535	107,408,660	103,802,744	96.64%	2,476,144	106,278,888	98.95%
2013	117,340,645	733,378	118,074,023	114,128,781	96.66%	2,459,459	116,588,240	98.74%
2014	118,402,728	523,875	118,926,603	115,041,984	96.73%	2,203,190	117,245,174	98.59%
2015	119,282,012	637,417	119,919,429	115,819,600	96.58%	2,203,937	118,023,537	98.42%

Source: County of Lancaster Assessment Office, Controller's Office and Tax Claim Bureau

Notes:

(1) Does not include discounts, penalties and exonerations.

(2) Delinquent tax collections include collections for multiple years; software currently in use does not make it possible to identify collections by the year in which it was levied.

(3) Includes penalties and other adjustments.

Assessment by Land Use

Year	Residential	Industrial	Commercial	Agriculture	Other	Total
2006	\$ 20,374,276,600	\$ 1,328,063,900	\$ 5,544,067,800	\$ 1,757,805,500	\$ 102,145,900	\$ 29,106,359,700
2007	20,794,340,700	1,331,477,900	5,661,895,000	1,698,588,800	177,286,500	29,663,588,900
2008	21,153,237,200	1,324,033,900	5,776,718,700	1,717,450,400	182,731,100	30,154,171,300
2009	21,433,385,400	1,311,033,800	5,757,826,900	1,785,814,200	185,313,700	30,473,374,000
2010	21,655,796,800	1,309,673,500	5,857,993,100	1,844,666,800	189,114,700	30,857,244,900
2011	21,900,404,100	1,299,205,800	5,846,643,600	1,880,128,000	189,054,300	31,115,435,800
2012	22,065,761,600	1,284,714,100	5,883,540,100	1,850,363,000	190,833,700	31,275,212,500
2013	22,205,789,400	1,278,246,000	5,838,144,300	1,901,865,600	192,446,400	31,416,491,700
2014	22,372,143,300	1,236,168,900	5,943,822,400	1,951,938,100	196,778,700	31,700,851,400
2015	22,537,454,000	1,240,765,800	5,977,568,600	1,985,879,600	194,600,900	31,936,268,900

Source: County of Lancaster Assessment Office

County of Lancaster, Pennsylvania  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 9

Year	Governmental Activities		Capital Equipment Lease	Contracts Payable	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds & Notes	Lease Rental Bond Debt					
2006	\$239,389,570	\$ 904,000	\$ 86,245	\$ 2,289,287	\$242,669,102	1.48%	\$ 491.91
2007	231,794,110	889,000	922,876	2,289,540	235,895,526	1.37%	473.73
2008	232,057,636	874,000	1,118,669	2,243,905	236,294,210	1.29%	470.36
2009	251,240,880	859,000	-	2,494,166	254,594,046	1.38%	501.40
2010	275,305,898	844,000	-	1,939,415	278,089,313	1.47%	535.36
2011	264,272,063	829,000	-	2,502,149	267,603,212	1.36%	511.09
2012	278,963,914	814,000	26,378,556	652,339	306,808,809	1.45%	582.38
2013	271,461,089	799,000	25,039,710	356,373	297,656,172	1.37%	562.04
2014	256,692,023	799,000	23,592,400	255,805	281,339,228	1.26%	527.52
2015	242,301,358	799,000	22,099,009	643,708	265,843,075	*	495.40

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data; data reflects updated estimates by Bureau of Economic Analysis, U.S. Department of Commerce.

\* - Data not available.

County of Lancaster, Pennsylvania  
Ratio of General Debt Outstanding  
Last Ten Fiscal Years

Table 10

Year	General Obligation Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
2006	\$ 239,389,570	\$ 850,916	\$ 238,538,654	0.80%	\$ 483.54
2007	231,794,110	-	231,794,110	0.77%	465.49
2008	232,057,636	-	232,057,636	0.76%	461.93
2009	251,240,880	-	251,240,880	0.81%	494.80
2010	275,305,898	-	275,305,898	0.88%	530.00
2011	264,272,063	-	264,272,063	0.84%	504.73
2012	278,963,914	-	278,963,914	0.89%	529.52
2013	271,461,089	-	271,461,089	0.86%	512.58
2014	256,692,023	-	256,692,023	0.80%	481.31
2015	242,301,358	-	242,301,358	0.75%	451.53

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

County of Lancaster, Pennsylvania  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2015

Table 11

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Lancaster	\$ 265,843,075	100%	\$ 265,843,075
Overlapping:			
City of Lancaster	58,526,754	100%	58,526,754
School Districts:			
Cocalico	17,719,446	100%	17,719,446
Columbia Borough	17,341,990	100%	17,341,990
Conestoga Valley	21,949,293	100%	21,949,293
Donegal	54,400,000	100%	54,400,000
Eastern Lancaster County	17,134,233	100%	17,134,233
Elizabethtown Area	40,364,046	100%	40,364,046
Ephrata Area (as of 6/30/14)	40,451,707	100%	40,451,707
Hempfield	86,879,662	100%	86,879,662
Lampeter-Strasburg	33,389,910	100%	33,389,910
Lancaster (as of 6/30/14)	132,879,000	100%	132,879,000
Manheim Central	49,376,413	100%	49,376,413
Manheim Township	106,664,400	100%	106,664,400
Octorara (as of 6/30/14)	63,610,000	100%	63,610,000
Penn Manor	53,389,422	100%	53,389,422
Pequea Valley	21,470,000	100%	21,470,000
Warwick	80,095,000	100%	80,095,000
Total School Districts			<u>837,114,522</u>
Municipal Authorities:			
Akron Borough	1,094,995	100%	1,094,995
Blue Ball Water Authority	226,162	100%	226,162
Christiana Borough Authority	105,300	100%	105,300
Columbia Borough	2,129,600	100%	2,129,600
Columbia Municipal Authority	10,985,000	100%	10,985,000
Earl Township Sewer Authority	1,267,307	100%	1,267,307
East Cocalico Township Water & Sewer Authority	4,635,000	100%	4,635,000
East Lampeter Sewer Authority	12,539,500	100%	12,539,500
East Lampeter Township	7,074,561	100%	7,074,561
Elizabethtown Regional Sewer Authority	11,195,000	100%	11,195,000
Ephrata Area Joint Authority	2,945,000	100%	2,945,000
Ephrata Borough Authority	12,930,000	100%	12,930,000
Ephrata Township Sewer Authority	1,683,341	100%	1,683,341
Lancaster Area Sewer Authority	93,545,000	100%	93,545,000
Lancaster County Hospital Authority (as of 6/30/13)	604,715,000	100%	604,715,000
Lancaster County Solid Waste Management Authority	129,390,000	100%	129,390,000

(Continued)

County of Lancaster, Pennsylvania  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2015

Table 11 (Cont.)

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lancaster County Vo-Tech School Authority	\$ 21,220,000	100%	\$ 21,220,000
Lancaster-Lebanon Joint Authority	246,383	100%	246,383
Lancaster Parking Authority	24,140,000	100%	24,140,000
Leacock Township Municipal Authority	2,512,147	100%	2,512,147
Manheim Area Water and Sewer Authority	15,304,664	100%	15,304,664
Manheim Township	17,730,000	100%	17,730,000
Marietta-Donnegal Joint Authority	4,690,600	100%	4,690,600
Mount Joy Borough Authority	17,020,000	100%	17,020,000
Mountville Borough Authority	334,850	100%	334,850
Northern Lancaster County Sewer Authority	7,257,771	100%	7,257,771
Paradise Township Sewer Authority	1,580,000	100%	1,580,000
Penn Township	11,245,000	100%	11,245,000
Quarryville Borough	4,546,837	100%	4,546,837
Redevelopment Authority	26,473,028	100%	26,473,028
Sadsbury Township Municipal Authority	1,285,000	100%	1,285,000
Suburban Lancaster Sewer Authority	29,125,000	100%	29,125,000
Warwick Township Municipal Authority	8,705,262	100%	8,705,262
West Cocalico Township Authority	336,617	100%	336,617
West Earl Sewer Authority	713,534	100%	713,534
West Earl Water Authority	1,285,000	100%	1,285,000
Total Municipalities			<u>1,092,212,459</u>
Total Overlapping Debt			<u>1,987,853,735</u>
Total direct and overlapping debt			<u>\$ 2,253,696,810</u>

Source: Individual school districts, municipal authorities, and City of Lancaster; percent applicable to the County of Lancaster is 100 percent.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lancaster County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the County's boundaries and dividing it by each unit's total taxable assessed value.

(1) The debt of the city and school districts is tax based and the majority of the municipal authorities are self-supporting.

County of Lancaster, Pennsylvania  
Legal Debt Margin Information  
Last Ten Fiscal Years

Table 12

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Borrowing base revenues (1):					
Two years prior	\$ 131,266,881	\$ 129,499,678	\$ 123,748,612	\$ 122,530,609	\$ 129,828,387
Prior year	129,499,678	123,748,612	122,530,609	129,828,387	130,291,338
Current year	<u>123,748,612</u>	<u>122,530,609</u>	<u>129,828,387</u>	<u>130,291,338</u>	<u>132,014,815</u>
Total borrowing base revenues	<u>\$ 384,515,171</u>	<u>\$ 375,778,899</u>	<u>\$ 376,107,608</u>	<u>\$ 382,650,334</u>	<u>\$ 392,134,540</u>
Average borrowing base revenues	\$ 128,171,724	\$ 125,259,633	\$ 125,369,203	\$ 127,550,111	\$ 130,711,513
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 128,171,724	\$ 125,259,633	\$ 125,369,203	\$ 127,550,111	\$ 130,711,513
Debt limit percentage	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>
Net Nonelectoral Debt Limit	384,515,171	375,778,899	376,107,608	382,650,334	392,134,540
Total amount of debt applicable to debt limit	<u>237,706,173</u>	<u>230,282,253</u>	<u>230,717,789</u>	<u>246,155,571</u>	<u>270,323,221</u>
Total Remaining Nonelectoral Debt Capacity	<u>\$ 146,808,998</u>	<u>\$ 145,496,646</u>	<u>\$ 145,389,819</u>	<u>\$ 136,494,763</u>	<u>\$ 121,811,319</u>
Total net debt applicable to the limit as a percentage of debt limit	61.82%	61.28%	61.34%	64.33%	68.94%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 128,171,724	\$ 125,259,633	\$ 125,369,203	\$ 127,550,111	\$ 130,711,513
Debt limit percentage	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>	<u>400%</u>
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	512,686,895	501,038,532	501,476,811	510,200,445	522,846,053
Less: Non-electoral Debt and Lease Rental Debt	<u>238,610,173</u>	<u>231,171,253</u>	<u>231,591,789</u>	<u>247,014,571</u>	<u>271,167,221</u>
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 274,076,722</u>	<u>\$ 269,867,279</u>	<u>\$ 269,885,022</u>	<u>\$ 263,185,874</u>	<u>\$ 251,678,832</u>
Total net debt applicable to the limit as a percentage of debt limit	46.54%	46.14%	46.18%	48.42%	51.86%

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

(Continued)

County of Lancaster, Pennsylvania  
Legal Debt Margin Information  
Last Ten Fiscal Years

Table 12 (Cont.)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Borrowing base revenues (1):					
	\$ 130,291,338	\$ 132,014,815	\$ 133,405,844	\$ 139,531,382	\$ 154,407,832
	132,014,815	133,405,844	139,531,382	154,407,832	145,177,124
	133,405,844	139,531,382	154,407,832	145,177,124	149,627,502
Total borrowing base revenues	<u>\$ 395,711,997</u>	<u>\$ 404,952,041</u>	<u>\$ 427,345,058</u>	<u>\$ 439,116,338</u>	<u>\$ 449,212,458</u>
Average borrowing base revenues	\$ 131,903,999	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 131,903,999	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>395,711,997</u>	<u>404,952,041</u>	<u>427,345,058</u>	<u>439,116,338</u>	<u>449,212,458</u>
Total amount of debt applicable to debt limit	<u>259,721,873</u>	<u>270,171,500</u>	<u>263,404,700</u>	<u>249,868,700</u>	<u>234,384,400</u>
Total Remaining Nonelectoral Debt Capacity	<u>\$ 135,990,124</u>	<u>\$ 134,780,541</u>	<u>\$ 163,940,358</u>	<u>\$ 189,247,638</u>	<u>\$ 214,828,058</u>
Total net debt applicable to the limit as a percentage of debt limit	65.63%	66.72%	61.64%	56.90%	52.18%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 131,903,999	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113	\$ 149,737,486
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>527,615,996</u>	<u>539,936,055</u>	<u>569,793,411</u>	<u>585,488,451</u>	<u>598,949,944</u>
Less: Non-electoral Debt and Lease Rental Debt	<u>260,550,873</u>	<u>270,985,500</u>	<u>264,203,700</u>	<u>250,667,700</u>	<u>235,183,400</u>
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 267,065,123</u>	<u>\$ 268,950,555</u>	<u>\$ 305,589,711</u>	<u>\$ 334,820,751</u>	<u>\$ 363,766,544</u>
Total net debt applicable to the limit as a percentage of debt limit	49.38%	50.19%	46.37%	42.81%	39.27%

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

County of Lancaster, Pennsylvania  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table 13

Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Local Unemployment Rate (6)
2006	494,393	\$ 16,934,568	\$ 34,253	37.5	87,209	3.0%
2007	499,364	18,027,960	36,102	37.5	87,480	3.3%
2008	503,807	18,673,891	37,066	37.7	87,909	5.1%
2009	507,766	18,450,403	36,336	38.1	86,411	7.5%
2010	519,445	18,921,587	36,366	38.2	86,917	6.8%
2011	523,594	19,653,012	37,535	38.2	85,537	6.2%
2012	526,823	21,119,188	40,088	38.5	85,180	6.6%
2013	529,600	21,774,881	41,116	38.7	85,491	4.9%
2014	533,320	22,245,595	41,712	38.3	84,678	3.6%
2015	536,624	*	*	*	84,634	3.0%

Sources:

- (1) Population: US Census Bureau
- (2) Personal Income: Bureau of Economic Analysis
- (3) Per Capita Personal Income: Bureau of Economic Analysis
- (4) Median Age: Population Estimates, US Census Bureau; based on Fiscal Year
- (5) School Enrollment: PA Department of Education
- (6) Local Unemployment Rate: U.S. Department of Labor, Bureau of Labor Statistics

Note: Prior year data has been updated to the most current information available.

\* Data not available.

County of Lancaster, Pennsylvania  
Principal Employers  
December 31, 2015

Table 14

Employer (1)	2015			2006		
	Employees (2)	Rank (1)	Percentage of Total County Employment	Employees (2)	Rank (1)	Percentage of Total County Employment
Lancaster General Hospital	7,569	1	3.28%	6,607	1	2.89%
County of Lancaster	1,899	2	0.82%	2,085	4	0.91%
Dart Container Corporation	1,847	3	0.80%	1,630	6	0.71%
R.R. Donnelley & Sons Company	*	4	*	2,900	2	1.27%
Turkey Hill Co Inc	1,767	5	0.76%			
Masonic Villages	1,582	6	0.68%	1,360	10	0.59%
School District of Lancaster	1,504	7	0.65%	1,571	7	0.69%
Armstrong World Industries Inc	1,500	8	0.65%	1,850	5	0.81%
Manheim Remarketing Inc	1,460	9	0.63%	2,490	3	1.09%
Giant Food Stores	1,344	10	0.58%			
Ephrata Community Hospital Inc				1,557	8	0.68%
QVC Inc				1,518	9	0.66%
Total	*			23,568		
Total Employees in County	231,110	(1)		228,828	(1)	

Source: (1) Center for Workforce Information & Analysis, PA Department of Labor & Industry  
(2) Individual Employers

\* - Data not available.

County of Lancaster, Pennsylvania  
Full-time County Government Employees by Function  
Last Ten Fiscal Years

Table 15

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function/Program:</b>										
<b>Governmental Activities</b>										
General government	266	262	275	284	259	263	254	251	251	234
Public safety	8	9	104	101	98	103	103	104	102	102
Roads and bridges	4	–	–	–	–	–	–	–	–	–
Health, education, and welfare	387	392	403	396	376	354	337	355	351	349
Judicial	576	584	609	612	588	605	620	599	598	586
Corrections	303	292	304	297	291	294	285	307	321	318
Cultural and recreation	35	34	32	14	14	15	15	14	13	13
Community development	–	–	–	–	–	–	6	6	5	5
<b>Total governmental activities</b>	<b>1,579</b>	<b>1,573</b>	<b>1,727</b>	<b>1,704</b>	<b>1,626</b>	<b>1,634</b>	<b>1,620</b>	<b>1,636</b>	<b>1,641</b>	<b>1,607</b>
<b>Business-type activities</b>										
911 Operations	93	93	–	–	–	–	–	–	–	–
<b>Total business type activities</b>	<b>93</b>	<b>93</b>	<b>–</b>							
<b>Total</b>	<b>1,672</b>	<b>1,666</b>	<b>1,727</b>	<b>1,704</b>	<b>1,626</b>	<b>1,634</b>	<b>1,620</b>	<b>1,636</b>	<b>1,641</b>	<b>1,607</b>

Source: County of Lancaster, Controller's Office

Effective January 1, 2008, data once associated with 911 Operations is now included in Public Safety under Governmental Activities.

County of Lancaster, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 16

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
General Election Information:										
Registered voters	299,412	303,184	326,501	313,604	317,635	301,562	314,567	307,478	311,498	309,581
Votes cast	151,843	71,099	228,857	59,665	151,428	49,946	224,670	51,322	142,298	65,388
Percent of votes cast	50.71%	23.45%	70.09%	19.03%	47.67%	16.56%	71.42%	16.69%	45.68%	21.12%
Property transfers recorded	14,643	13,370	11,334	10,773	10,414	9,879	11,031	11,718	11,184	11,985
9-1-1 calls	***	***	214,723	211,932	222,253	236,810	240,195	233,994	245,293	231,151
County ordinances approved	92	115	124	71	26	26	29	44	54	57
Municipal ordinances reviewed	384	397	345	266	177	184	168	193	221	226
<b>Judicial</b>										
Estates and wills probated	1,716	1,650	1,784	1,672	1,708	1,717	1,841	1,876	1,698	1,778
Marriage licenses issued	3,235	3,254	3,215	3,057	3,218	3,298	3,337	3,427	3,485	3,487
Child adoptions	265	243	254	244	258	242	249	232	245	230
Child relinquishments	128	151	139	137	156	175	133	167	145	163
Criminal cases filed	6,027	6,105	6,004	6,038	5,867	5,901	6,104	6,086	6,066	6,176
Criminal cases disposed	4,827	5,053	4,985	5,133	5,483	5,125	5,702	5,736	5,335	5,003
Civil suits filed	8,732	8,851	10,093	9,984	9,913	10,845	8,396	7,751	4,072	3,248
Civil judgments filed	3,999	4,216	4,661	9,235	6,266	7,031	9,449	12,565	8,542	7,922
Divorces filed	1,299	1,280	1,207	1,238	1,389	1,428	1,369	1,355	1,265	1,839
Protection from abuse cases filed	1,239	1,372	1,265	1,331	1,261	1,169	1,260	1,042	1,045	1,018
Naturalizations	290	255	288	157	197	166	182	225	169	261
Real estate executions (mortgage foreclosures) filed	779	685	702	1,104	1,082	632	777	980	952	755
District judge case filings	108,947	114,071	118,566	106,159	104,838	105,574	101,290	97,242	88,782	87,889
Domestic relations active cases	18,477	18,439	18,004	17,628	17,760	18,050	18,061	18,106	17,955	17,357
New juvenile probation cases	1,822	1,853	1,692	1,385	1,212	1,239	1,170	1,199	937	948
Juvenile probation placement days	64,278	61,395	56,796	49,170	48,276	48,359	35,313	34,121	28,012	22,797
New adult probation and parole cases	2,850	2,276	2,977	2,986	3,337	3,418	4,251	3,787	3,771	3,426
<b>Corrections</b>										
Average daily population	1,200	1,186	1,156	1,155	1,144	1,144	1,198	1,022	997	978
Annual admissions	6,169	6,137	6,040	6,152	5,739	6,263	6,145	5,913	5,715	5,454
<b>Culture and Recreation</b>										
Pool attendance	30,950	27,372	31,345	25,339	30,749	25,739	27,771	26,646	23,858	27,186
<b>Community Development</b>										
Easements added	44	33	33	21	20	13	26	33	20	23
Easement acreage added	2,934	2,140	2,566	1,355	1,633	1,396	1,931	1,851	1,362	1,560

Note: \* Data not available.

\*\* Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

\*\*\* Effective January 1, 2008, data once associated with the 911 Operations Fund is now included in the General Fund.

(Continued)

County of Lancaster, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Health, education, and welfare</b>										
Employment and Training										
Customers served	2,341	5,573	5,549	8,452	7,551	5,710	**	**	**	**
Drug and Alcohol:										
Information and referral contacts	796	1,009	946	1,055	864	852	858	801	708	709
Inpatient non-hospital detox clients	341	340	366	386	357	447	403	460	499	428
Inpatient non-hospital rehab clients	385	373	406	275	222	381	129	463	413	327
Inpatient non-hospital halfway house clients	69	73	38	16	14	7	5	14	10	15
Inpatient hospital detox clients	2	3	2	2	1	1	2	1	1	1
Partial hospitalization clients	33	26	24	36	37	61	25	29	30	39
Outpatient drug free clients	1,869	1,902	2,009	2,055	1,998	1,421	1,153	1,190	1,088	964
Methadone maintenance clients	17	21	24	24	34	20	16	17	16	34
Intensive outpatient clients	169	163	223	245	217	197	179	147	133	155
Website visitors	46,428	114,065	198,017	254,655	111,751	146,411	143,170	117,917	131,381	13,297
Mental Health:										
Emergency/crisis intervention hours	3,276	7,974	8,771	9,658	3,633	3,589	4,197	141	6,649	3,436
Community residential days	26,933	27,135	29,487	30,543	30,942	48,463	29,211	27,805	28,066	27,801
Community employment hours	39,116	38,444	38,009	38,967	38,282	4,760	37,747	7,001	32,016	18,365
Service case management clients	2,114	4,185	3,026	1,825	3,580	3,924	3,193	2,618	2,932	3,387
Day treatment hours	5,235	5,083	4,804	5,066	4,942	2,214	4,197	4,704	3,013	366
Outpatient hours	3,384	3,730	3,708	3,486	3,572	6,744	4,395	3,042	5,677	1,727
Family based hours	747	795	825	1,081	1,035	1,556	3,542	166	-	-
Psychiatric rehab hours	37,611	35,569	34,413	35,047	29,424	27,406	33,743	2,808	118,770	23,345
Social rehab hours	30,008	28,338	29,183	29,393	25,622	44,950	28,099	31,960	96,113	24,475
Drop-in-Center hours	44,112	43,413	32,739	54,100	18,666	41,321	60,740	*	*	63,709
Host home days	282	359	184	123	-	-	-	-	-	-
Supported housing hours	6,705	6,789	6,635	6,857	8,122	17,085	9,147	9,209	38,424	9,221
Mental Retardation:										
Specialized support hours	13,300	14,907	17,034	14,284	10,314	9,704	1,168	6,458	6,828	3,167
Transportation trips	109,160	101,621	112,938	109,477	6,692	4,734	4,848	1,013	9,807	5,241
Employment hours	59,408	54,581	54,417	57,783	3,455	5,301	3,768	606	3,337	3,363
Residential services clients	367	372	382	394	237	610	22	24	32	33
Early intervention clients	1,068	1,092	1,137	1,127	2,314	2,470	1,189	2,419	1,250	1,201
Pre-Vocational hours	344,844	28,514	362,132	394,605	2,679	18,845	11,485	2,028	11,927	10,497
Respite clients	251	381	370	362	274	235	47	45	37	120
Home & community service hours	171,516	57,140	119,447	117,936	5,463	96,959	9,896	15,179	40,406	4,876
Family driven clients	86	96	122	110	162	58	8	2	-	132
Community habilitation hours	191,311	14,655	184,147	193,238	164,889	8,672	3,993	916	2,938	4,945

Note: \* Data not available.

\*\* Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

\*\*\* Effective January 1, 2008, data once associated with the 911 Operations Fund is now included in the General Fund.

(Continued)

County of Lancaster, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Health Choices ***										
Inpatient psychiatric:										
Members served	942	920	881	921	971	948	1,016	1,241	1,165	1,257
Days of service	9,693	10,914	13,013	12,372	12,433	12,784	15,904	16,824	17,473	21,556
Outpatient psychiatric:										
Members served	7,012	7,342	7,942	9,462	10,164	10,724	12,094	13,100	15,018	14,707
Units of service	94,869	99,492	168,441	183,870	218,594	178,870	240,775	252,287	263,741	286,814
Inpatient drug and alcohol:										
Members served	29	24	34	18	12	22	22	28	34	53
Days of service	256	154	230	180	103	117	236	325	270	453
Non-hospital drug and alcohol:										
Members served	552	545	683	880	664	763	786	790	1,327	940
Days of service	21,878	25,469	27,905	26,324	29,060	31,060	35,189	33,396	36,280	35,983
Outpatient drug and alcohol:										
Members served	1,171	1,180	1,283	1,747	1,760	1,874	2,041	2,140	2,253	2,386
Units of service	24,567	25,860	82,681	124,039	149,004	153,361	164,481	169,966	169,270	199,395
Behavioral health rehabilitation:										
Members served	1,171	1,530	1,863	2,136	2,276	2,484	2,671	2,735	5,651	2,426
Units of service	973,211	1,213,010	1,532,542	1,841,423	1,987,384	2,210,853	2,536,176	2,567,426	2,221,555	2,106,614
Residential treatment facility:										
JCAHO:										
Members served	131	117	121	156	137	110	121	121	122	98
Days of service	21,787	22,753	24,531	35,184	23,994	22,231	22,826	21,952	22,256	16,880
Non JCAHO:										
Members served	9	5	9	8	7	13	15	9	10	15
Days of service	953	1,046	1,014	690	1,744	2,662	2,417	2,270	2,493	3,333
Office of Aging:										
Case management clients	897	935	1,030	990	1,077	1,012	796	701	771	833
Protective services clients	506	617	735	888	898	983	1,268	1,237	1,360	1,690
Transportation clients	713	732	700	544	407	470	463	474	486	374
Meals provided	161,850	163,813	157,551	146,855	147,358	140,724	105,847	108,698	112,164	114,665
In-home services clients	547	561	612	540	581	534	647	511	635	555
Adult day care clients	137	130	76	61	69	44	47	50	69	55
PDA Waiver clients	165	162	161	184	235	236	265	296	319	350
Children and Youth:										
Children served	4,585	4,825	4,408	4,459	4,366	4,870	4,966	5,155	5,309	6,966
Placement days	180,047	173,186	164,437	175,903	185,369	190,217	173,999	156,618	162,789	177,027
Child abuse reports	649	797	845	809	1,001	881	1,218	1,192	1,191	1,744
Intake reports	910	996	1,206	1,291	1,221	1,300	1,057	1,348	1,233	1,967
<b>Business-type</b>										
911 Operations										
9-1-1 calls	217,333	217,895	***	***	***	***	***	***	***	***

Note: \* Data not available.

\*\* Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

\*\*\* Effective January 1, 2008, data once associated with the 911 Operations Fund is now included in the General Fund.

County of Lancaster, Pennsylvania  
Capital Asset by Function  
Last Ten Fiscal Years

Table 17

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function/Program:</b>										
<b>Governmental Activities</b>										
<b>General government</b>										
Motor vehicles	5	5	5	5	6	9	9	10	9	8
Office buildings	4	4	2	2	2	2	1	1	3	3
<b>Public safety</b>										
Motor vehicles	7	7	20	17	17	25	26	26	26	20
Office buildings	1	1	1	1	1	1	1	1	1	1
<b>Roads and bridges</b>										
County-owned bridges	64	64	64	64	64	64	64	64	64	64
Motor vehicles	9	9	9	8	8	12	13	12	12	8
<b>Health, education, and welfare</b>										
Motor vehicles	7	8	8	8	6	6	6	5	5	5
Office buildings	–	–	–	–	–	3	3	3	–	–
<b>Judicial</b>										
Motor vehicles	62	63	70	67	70	114	120	119	121	65
Office buildings	1	1	3	3	3	3	4	4	4	4
<b>Corrections</b>										
Motor vehicles	9	5	4	7	7	7	7	7	8	8
Office buildings	2	2	2	2	2	2	2	2	2	2
<b>Cultural and recreation</b>										
Number of parks	8	8	8	8	9	9	9	9	9	9
Park acreage	2,028	2,053	2,053	2,053	2,055	2,055	2,055	2,055	2,055	1,995
Pavilions	12	12	12	12	12	12	12	12	12	11
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Environmental/Educational Buildings	1	1	1	1	1	1	1	1	1	1
Motor vehicles	44	42	45	46	45	48	48	48	48	39
Office buildings	4	4	4	4	4	4	4	4	4	3
Storage buildings	7	7	8	8	8	8	8	8	8	5
Tenant Properties	4	4	5	5	5	5	5	5	5	5
<b>Community development</b>										
Easement acreage	34,338	36,478	39,044	40,399	42,032	43,428	45,359	47,211	48,573	50,133
<b>Business-type Activities</b>										
911 Operations (1)										
Motor vehicles	6	7	–	–	–	–	–	–	–	–

Sources: various county departments; numbers have been updated to reflect the most current data available.

(1) Effective January 1, 2008, data once associated with 911 Operations is now included in Public Safety under Governmental Activities.

County of Lancaster, Pennsylvania  
Salaries and Surety Bonds of Principal Officials  
For the year ended December 31, 2015

Table 18

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Dennis P. Stuckey, Commissioner	\$ 97,258	\$ (1)
Scott F. Martin, Commissioner	96,258	(1)
Craig E. Lehman, Commissioner	96,258	(1)
Joshua G. Parsons, Clerk of Courts	83,784	(1)
Brian K. Hurter, Controller	83,784	(1)
Stephen Diamantoni, Coroner	83,784	(1)
Andrea McCue, Chief Clerk	109,523	(1)
Craig W. Stedman, District Attorney	175,572	(2)
Katherine E. Wood-Jacobs, Prothonotary	83,784	(1)
Bonnie L. Bowman, Recorder of Deeds	83,784	(1)
MaryAnn Gerber, Register of Wills	85,784	(1)
Mark S. Reese, Sheriff	83,784	(1)
Craig A. Ebersole, Treasurer	83,784	627,000
29 bonded tax collectors	\$0.75 per parcel collected	\$ 59,156,912 (3)

(1) Effective November 2011, Act 106 authorized counties to obtain crime insurance covering county officers, replacing prior requirements that certain individual officers of the County have separate bonds. The Travelers Crime policy meets the required bond limits for county officers; the full limit of \$2,000,000 is available for loss.

(2) No bond required under Title 16, Section 420 of the County Code

(3) The dollar value is stated at 75% of total county and municipal tax levied in 2014. Bonds are valid for the tax collector's term, January 2014 - January 2018.

County of Lancaster, Pennsylvania  
Schedule of Insurance In-Force  
December 31, 2015

Table 19

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit	
Travelers Indemnity Company	ZLP15N06023	02/01/15-02/01/16	\$ 98,515	General Liability	\$ 2,000,000	General Total Limit
			Included	Skateboard Park General Liability	\$ 2,000,000	Products And Completed Work Total Limit
					\$ 1,000,000	Personal & Advertising Injury Limit
					\$ 1,000,000	Each Occurrence
					\$ 100,000	Damage to Premises Rented
			Included	Employee Benefit Plans Administration Liability	\$ 3,000,000	Aggregate
				Employee Benefit Plans Administration Liability Ded. – \$1,000		
				Included	\$ 1,000,000	Each Abuse or Molestation Limit
				Sexual Abuse Liability	\$ 2,000,000	Aggregate
Travelers Indemnity Company	ZLP15N06023	02/01/15-02/01/16	\$ 309,998	Law Enforcement Liability	\$ 2,000,000	Aggregate
				Law Enforcement Deductible – \$100,000	\$ 1,000,000	Each Wrongful Act Limit
Travelers Indemnity Company	ZLP15N06023	02/01/15-02/01/16	\$ 29,856	Public Entity Management Liability – Claims Made	\$ 2,000,000	Aggregate
				Public Entity Management Liability Deductible – \$100,000	\$ 1,000,000	Each Wrongful Act Limit
			\$ 82,185	Employment Practices Liability – Claims Made	\$ 2,000,000	Aggregate
				Each Wrongful Employment Practice Offense Limit	\$ 1,000,000	Each Wrongful Act Limit
				Employment Practices Liability Deductible – \$100,000 (IS Included under the Umbrella)		
Travelers Indemnity of Connecticut	H8102C410591IND15	02/01/15-02/01/16	\$ 67,517	Commercial Auto	\$ 1,000,000	Combined Single Limit
					\$ 35,000	Uninsured/Underinsured Motorists
Travelers Indemnity Company	ZUP15N06096	02/01/15-02/01/16	\$ 123,989	Umbrella Excess Liability	\$ 10,000,000	General Aggregate
				Umbrella Excess Liability Deductible - \$10,000	\$ 10,000,000	Each Occurrence
Travelers Property Csualty Co of America Building and Contents  Boiler & Machinery Property Includes Covered Bridges with Buildings  Commercial Property Coverages  Computers	6303F092058	02/01/15-02/01/16	\$ 162,221	Special Form: \$25,000 deductible	\$ 293,086,083	Total Limit, Schedule of Bridges On File With Carrier  Annual Aggregate Limit <b>No Flood for Bridges</b>  Annual Aggregate
				Boiler & Machinery	\$ 100,000,000	
				Bridge Property Damage, Deductible \$25,000	\$ 8,958,950	
				Flood \$50,000 Deductible	\$ 25,000,000	
				Earthquake \$50,000 deductible	\$ 25,000,000	
				Hardware: \$1,000 deductible Software: \$1,000 deductible	\$ 19,299,653 Included in Hardware	
				Fine Arts Floater; \$1,000 deductible	\$ 500,000	
				Radio & Television Broadcasters – Transmission Towers – Replacement Cost; deductible \$25,000	\$ 8,977,426	
				Voting Machines; deductible \$1,000	\$ 3,872,575	
				P25 Communication Equipment Other Scheduled Equipment; deductible \$1,000	\$ 26,378,556 \$ 1,252,100	

Note: Safety Training Facility General Liability and Umbrella included in current Insurance Program

(Continued)

County of Lancaster, Pennsylvania  
 Schedule of Insurance In-Force  
 December 31, 2015

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit	
<b>SAFETY NATIONAL</b> Excess Workers Comp. & Employers Liability	SP4045478	01/01/15-01/01/16	\$ 66,000	Excess Workers Compensation Employers Liability (\$500,000 Cap Loss Limit)	\$ Statutory 1,000,000	Each Accident/Limit Each Employee Per Disease Each Accident/Limit Each Employee Per Disease
<b>Travelers Casualty and Surety Co of America</b>	105562115	02/01/15-02/01/16	\$ 8,990	Public Employees Blanket Bond, Deductible \$2,500	\$ 2,000,000	Per Loss Limit
<b>BROTEMARKLE (1)</b> Foster Parent Liability Ins.	FPL – 131	07/01/15-06/30/16	\$ 11,700	Personal Liability Insurance for foster parents	\$ 300,000	Per Person, Per Occurrence

(1) Contracted directly by Children and Youth Agency

**DISCLAIMER - GENERAL**

This document is for illustrative purposes. It contains generalized information and is not to be a full and complete description of the actual insurance policies. You must read the policies for any specific policy provisions or details.

