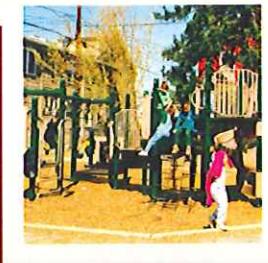
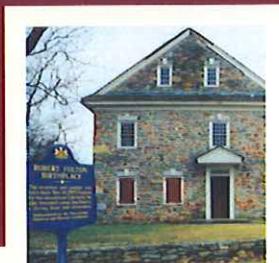
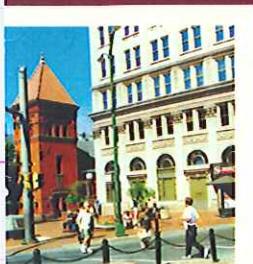


County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2005

Prepared by the Office of the Controller
Dennis P. Stuckey, Controller

LANCASTER COUNTY

CONTROLLER'S OFFICE



50 NORTH DUKE STREET
PO BOX 83480
LANCASTER, PA 17608-3480
TELEPHONE: 717-299-8262

DENNIS P. STUCKEY
Controller

To the residents of Lancaster County:

I am pleased and excited to provide you with our very first Annual Report Summary for the Fiscal Year Ended 2005. The information contained in this Report is a condensed and simplified overview of the County of Lancaster's audited Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005.

This Report presents selected basic information about Lancaster County's revenues, spending, and demographics in an informal, easy to understand format. This Report is not intended to replace the larger more detailed CAFR.

The Annual Report Summary is unaudited and does not conform to Generally Accepted Accounting Principles (GAAP) and governmental reporting standards and does not include component units of the County. This Report is presented as a means of increasing openness and public confidence in County Government through easier, more user-friendly financial reporting. Above all else this Report is designed to help taxpayers better understand how their tax dollars are being utilized.

Readers desiring more detailed financial information can obtain the full, 136 page, CAFR from the County Controller's Office, 50 North Duke Street, PO Box 83480, Lancaster, PA 17608-3480 or on the County's website at www.co.lancaster.pa.us under "Controller/Comprehensive Annual Financial Report" or call 717-299-8262.

I hope that you find this report interesting and informative.

Sincerely,

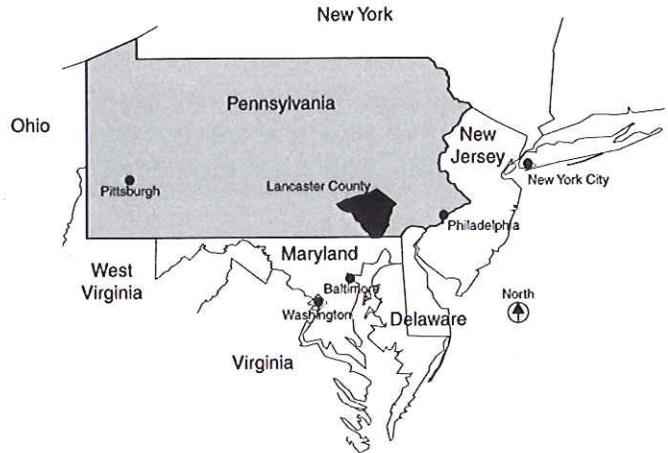
Dennis P. Stuckey
Controller, Lancaster County



LANCASTER COUNTY ESTABLISHED 1729

About Lancaster County

Lancaster County is located in south central Pennsylvania, approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. The county occupies a land area of 946 square miles and is comprised of 60 municipal divisions including the City of Lancaster. At first a part of Chester County, the area became a separate county more than 275 years ago, in 1729, the fourth in Pennsylvania. It was named Lancaster by John Wright, one of the first settlers, for his native Lancashire, England. Today it is a third class county that is home to approximately 490,562 people.



Lancaster County is one of the leading industrial areas in the state. It is considered a prime location for manufacturing, away from congested areas, yet close to the major East Coast markets. The county is home to more than 11,000 companies representing every economic sector. The county's unemployment rate of 3.6% remains consistently lower than both the state and national averages of 4.7% and 4.9%, respectively. For these reasons, Lancaster County is a desirable place to locate and expand a business.

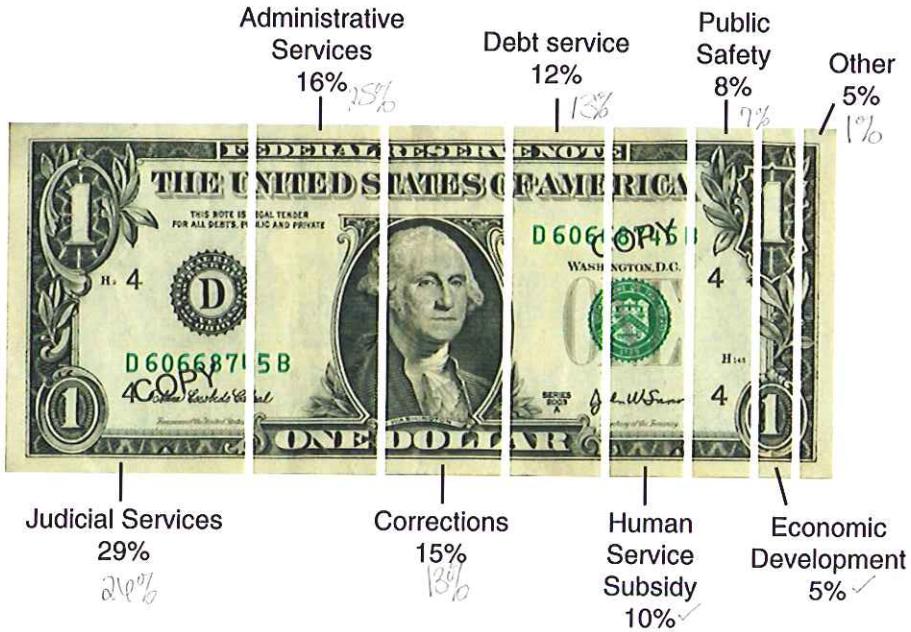
The County is one of the most fertile agricultural areas in the land and produces more agricultural products and yields more food than any other non-irrigated county in the nation. Thanks to the Agricultural Preserve Board and the Lancaster Farmland Trust, Lancaster County is ranked second in the United States with approximately 58,000 acres of preserved farmland.

Due to the area's historic sites, the city's architectural charm, the county's rolling, well-kept farmlands, and the large Amish community, Lancaster continues to be a popular destination for many tourists. Each year some 8.3 million people visit the area spending approximately \$1.7 billion and generating \$2.3 billion in indirect activity.

Your County Real Estate Taxes

Lancaster County residents paid County real estate taxes of \$296.20 on \$100,000 of assessed value in 2005.

The majority (63% or \$162 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$96 million) must be paid for primarily with your County real estate taxes. The illustration below shows how each dollar of your County real estate tax bill is spent.

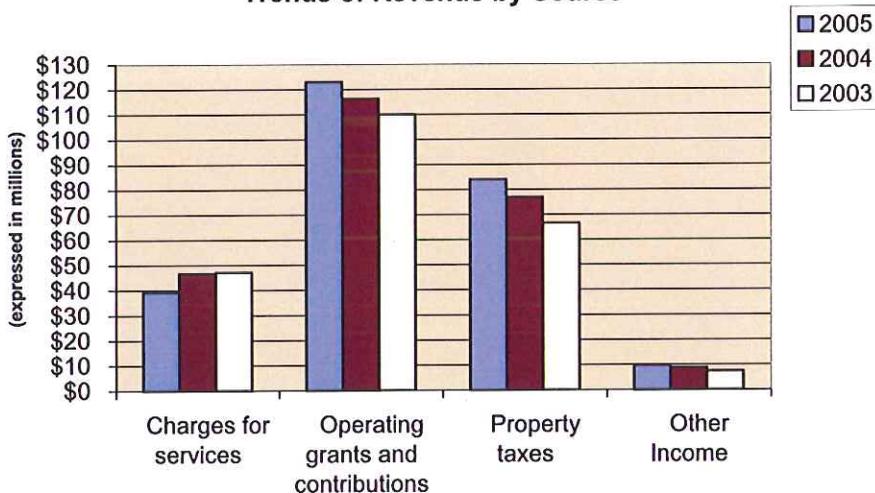


Dollars In...

The following statement represents all the money received by the County for the year.

Revenues Taken In (expressed in millions)	2005	2004	2003
Program Revenues:			
Charges for services	\$ 3.93	\$ 46.7	\$ 47.1
Operating grants and contributions	123.0	116.3	110.0
General Revenues:			
Property taxes	84.0	76.9	66.6
Departmental revenues	5.6	7.5	6.1
Investment earnings	2.6	1.3	1.3
Gain on sale of capital assets	1.5	-	-
Total Revenues	\$ 256.0	\$ 248.7	\$ 231.1

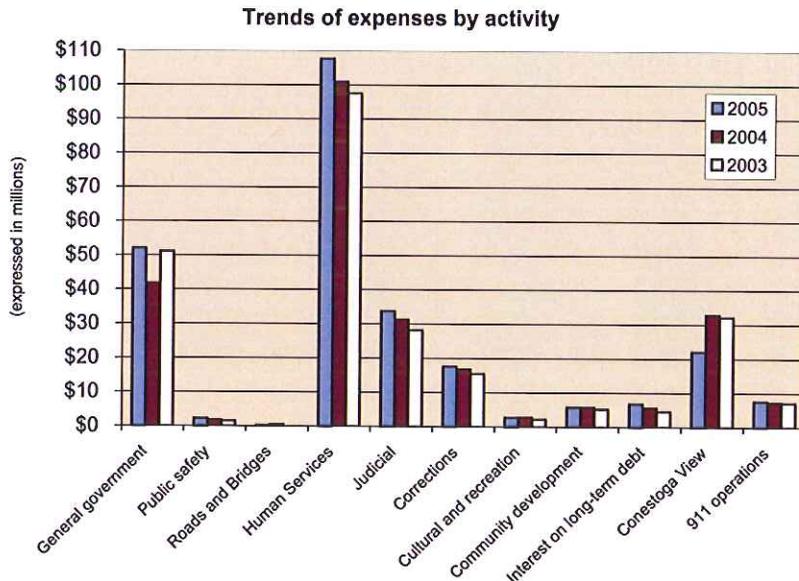
Trends of Revenue by Source



Dollars Out...

The following statement represents all the money spent by the County for each of the major services it provides. Explanations of specific services are shown in the following pages.

Services Provided (expressed in millions)	2005	2004	2003
General Government	\$ 52.0	\$ 41.8	\$ 51.1
Public safety	2.2	1.8	1.5
Roads and bridges	0.2	0.5	-
Human resources	107.6	100.9	97.5
Judicial	33.7	31.3	28.2
Corrections	17.6	16.8	15.5
Cultural and recreation	2.7	2.8	2.2
Community development	5.8	5.7	5.2
Interest on long-term debt	6.8	5.6	4.6
Conestoga View	22.0	32.8	32.1
911 operations	7.6	7.3	7.1
Total Service Expense	\$ 258.2	\$ 247.3	\$ 245.0



Services Provided

General government – Services provided by the County for the benefit of the public and the governmental body as a whole, including the administrative departments, the Office of the Controller, Commissioners, Treasurer, and the Recorder of Deeds.

Public safety – Services provided by the County for the safety and security of the public including emergency management and hazardous materials response.

Roads and bridges – These expenses are for the inspection and maintenance of the 62 bridges owned by the County. Financing for this program is provided by the County's share of the state gasoline taxes.

Health, education, and welfare – Expenditures with the purpose of promoting the general health and well being of the community as a whole. These expenses relate to the cost to provide Federal and State mandated social service programs to County residents in need.

Judicial services – These are the costs related to the judicial services performed in the County court system.

Corrections – Expenditures used to support the County prison and the Youth Intervention Center.

Cultural and recreation – Expenditures to provide County residents opportunities and facilities for cultural and recreational programs.

Community development – Expenditures with the purpose of developing decent housing, a suitable living environment, and expanded economic opportunities within the County.

Interest on long-term debt – Interest reflects the cost of borrowing funds to implement previous and on-going long-term capital projects.

Conestoga View – These expenses relate to the costs of operating Conestoga View, the County's nursing home. The County sold Conestoga View on September 30, 2005 to Conestoga View Nursing, L.P. for \$8.5 million.

911 Operations – These are the costs associated with operating and maintaining the County's 9-1-1 emergency response communications system.

Did You Know?



Since 1982, 650 farms covering more than 55,000 acres of prime farmland in Lancaster County have been preserved with County funded Farmland Preservation projects.

This voluntary program pays farmers for their development rights, thus preserving our agricultural infrastructure. It also makes a significant contribution to the local economy and provides a local source of food.

Financial Position Summary

The Financial Position Statement, known in accounting terms as the "Statement of Net Assets," is designed to provide a picture of the County's financial position as of the end of the year. The net assets figure represents the amount that the County owns versus the amount owed.

(expressed in millions)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Assets			
Cash	\$ 60.3	\$ 51.9	\$ 31.7
Investments	2.2	4.4	7.1
Accounts receivable	17.7	24.2	23.5
Capital assets	156.3	146.8	141.1
Other assets	2.0	1.8	1.6
Total Assets	<u>238.5</u>	<u>229.1</u>	<u>205.0</u>
Liabilities			
Amount owned to vendors & employees	18.4	17.5	21.7
Unearned revenue	2.7	7.5	4.9
Funds held as fiduciary	-	0.2	0.1
Long-term liabilities	201.5	185.8	161.7
Total Liabilities	<u>222.6</u>	<u>211.0</u>	<u>188.4</u>
Net Assets	<u>\$ 15.9</u>	<u>\$ 18.1</u>	<u>\$ 16.6</u>

County Assets:

Cash is the amount of cash held by the County in checking, savings, and cash on demand certificates with maturity terms of less than 90 days.

Investments are funds not needed within 90 days and are invested to earn interest in accordance with the County's investment policy.

Receivables represents the amounts which are owed to the County and are expected to be collected within the next twelve months.

Capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, infrastructure, agri-cultural easements and construction in progress.

County Liabilities:

Amount owed to vendors and employees represents amounts owed to vendors and employees where the expected payment is to be made within twelve months.

Unearned revenue is monies received by the County for a service yet to be rendered. As the service is rendered, this balance will be reduced and recognized as revenue.

Funds held as fiduciary represent restricted cash held by the County for residents at its nursing home.

Long-term liabilities represents County borrowing and other long-term obligations.

How Strong is the County's Financial Position?

It is important that the County maintain adequate net financial resources to protect against revenue shortfalls, unanticipated expenditures and to ensure a stable tax rate.

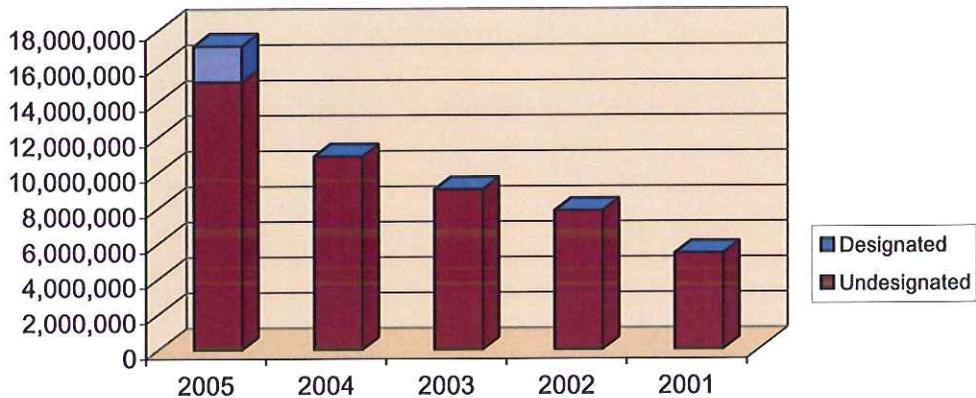
The following shows the levels of the County's designated and undesignated net financial resources at the end of each of the last five years, as measured by the amount of unreserved fund balance in the County's general fund.

Designations represent current net financial resources earmarked to fund the Commissioner's future plans.

It is recommended that governments maintain an unreserved fund balance in the general fund of no less than 5-15% of general fund revenues or no less than one to two months of general fund expenditures.

The County's unreserved fund balance of \$17.1 million at December 31, 2005 represents approximately 16% of general fund revenues and 2 months of expenditures.

General Fund Unreserved Fund Balance

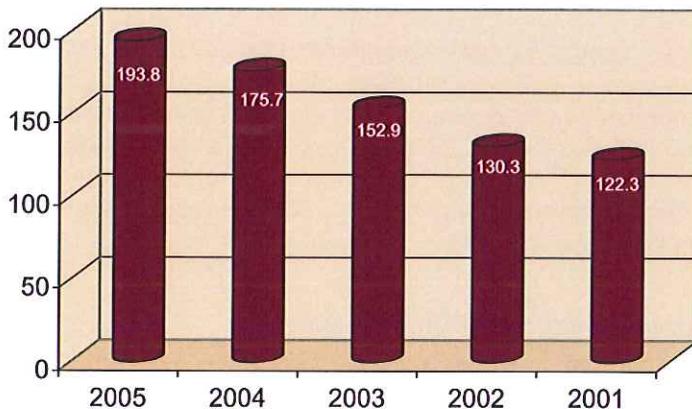


General Obligation Debt

General Obligation Bonds and Notes are long-term debt instruments which are repaid from the County's general revenue sources.

Lancaster County's outstanding general obligation bonds and notes at December 31, 2005 and the proceeding four years:

General Obligation Bonds and Notes



At December 31, 2005, the County had \$193,802,456 of net general obligation debt outstanding. Net general obligation debt per capita (per County resident) at December 31, 2005 was approximately \$395.06.

Subsequent event- In March, 2006 the County issued \$26,285,000 of general obligation bonds. This debt was issued to finance various capital projects and capital grant programs. Also, in June, 2006 the County issued \$25,000,000 of general obligation bonds. The debt was issued to provide funding for both farmland and natural lands preservation and projects in the city, boroughs, and urban growth areas of townships of the County.

For more detailed information on the County's long-term debt, please see our 2005 Comprehensive Annual Financial Report.

The County's Future Debt Payments

Shown below are the annual debt principal and interest payments for the next five years and thereafter in five-year increments on long-term debt outstanding as of December 31, 2005 for the County as a whole.

Year	Debt Payment
2006	\$ 14,781,201
2007	14,792,869
2008	14,797,212
2009	14,806,301
2010	14,818,921
2011-2015	74,428,260
2016-2020	72,675,893
2021-2025	41,899,100
2026-2030	30,359,700
2031-2035	2,920,700



County of Lancaster

ELECTED OFFICIALS

Clerk of Courts

Dale E. Denlinger 717-299-8275

Commissioners

Richard M. Shellenberger, Chairman 717-299-8300

Molly S. Henderson 717-299-8300

Howard "Pete" Shaub 717-299-8300

Controller

Dennis P. Stuckey 717-299-8262

Coroner

Dr. Gary G. Kirchner 717-735-2123

District Attorney

Donald R. Totaro 717-299-8100

Jury Commissioners

Judith Saylor 717-299-8041

Linda Schwanger 717-299-8041

Prothonotary

Randall O. Wenger 717-299-8282

Recorder of Deeds

Stephen J. McDonald 717-299-8238

Register of Wills

Donna S. Reinaker 717-299-8243

Sheriff

Terry Bergman 717-299-8200

Treasurer

Craig A. Ebersole 717-299-8222

County of Lancaster Controller's Office

50 North Duke Street • P.O. Box 83480 • Lancaster, PA 17608-3480
717-299-8262 • www.co.lancaster.pa.us