

COUNTY OF LANCASTER, PENNSYLVANIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the year ended December 31, 2001

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COUNTY OF LANCASTER, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

For the Year Ended December 31, 2001

PREPARED BY THE CONTROLLER'S OFFICE

Dennis P. Stuckey, Controller
Walter L. Rogers, Deputy Controller
Darlene T. Davis, Assistant Deputy Controller
Andrew D. Sapovchak, CPA, Accounting/Auditing Supervisor
Kathryn B. Kunkel, Accounts Payable/Payroll Supervisor
Rebecca M. Dittenhafer, Systems Administrator

INDEPENDENT AUDITORS
Ernst & Young LLP

CONTROLLER'S SOLICITOR
George D. Alspach

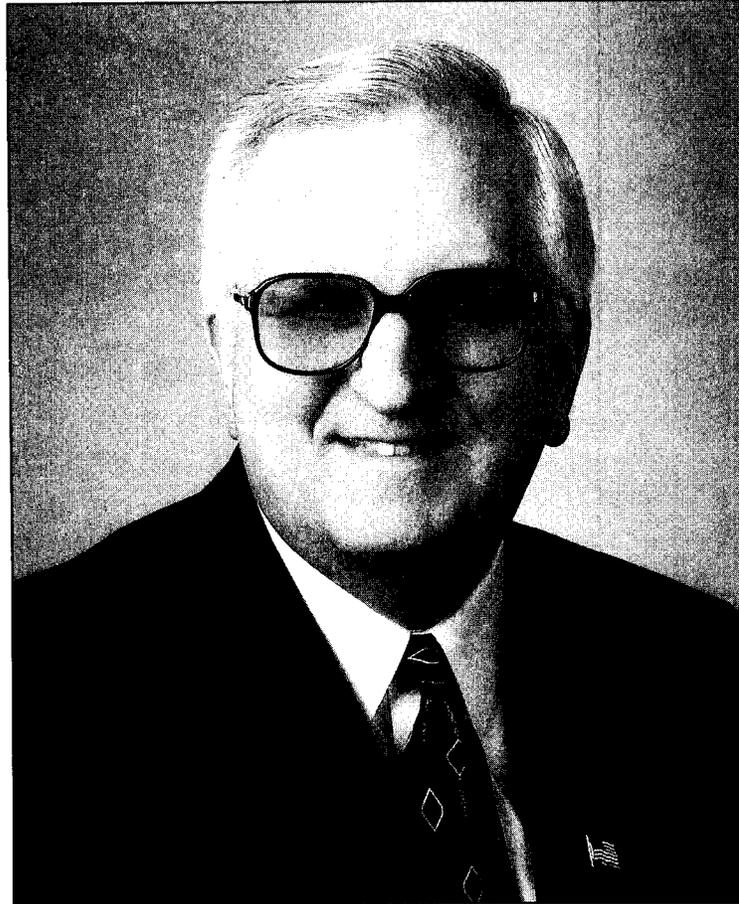
COUNTY OF LANCASTER, PENNSYLVANIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the year ended December 31, 2001

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DENNIS 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



June 7, 2002

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, 2001, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of the County's principal officials, the Certificate of Achievement for Excellence in Financial Reporting for the year ended December 31, 2000, the County's organizational chart, and a map of Lancaster County public school districts. The financial section includes the general-purpose financial statements, the required supplementary information, and the combining fund statements and account group schedules, as well as the report of independent auditors. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

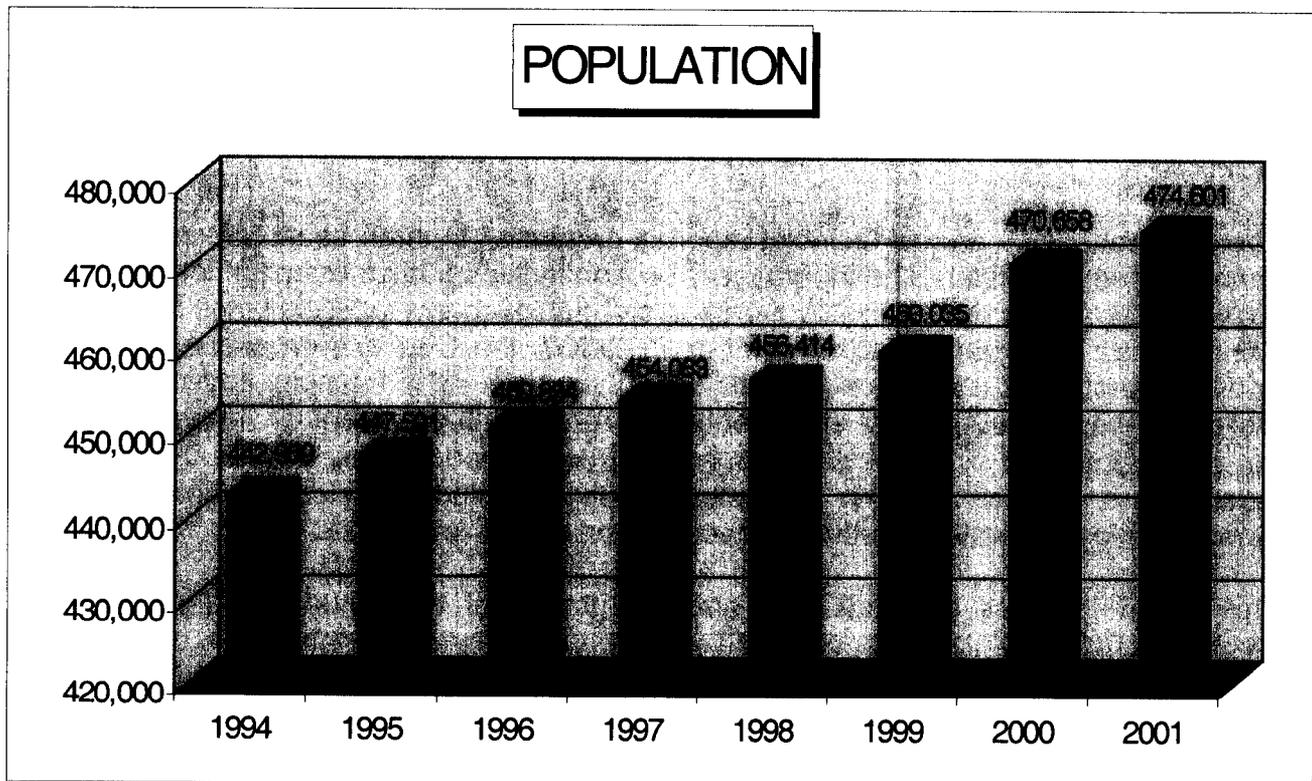
This report includes all funds and account groups of the County and reflects the extensive range of countywide services including, but not limited to, emergency services; health care and social services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events. The following entities have not met the established criteria, as set forth by the Governmental Accounting Standards Board, for inclusion in the reporting entity and therefore, are excluded from this report: (a) Lancaster County Redevelopment Authority, (b) Lancaster Airport Authority, (c) Lancaster County Hospital Authority, (d) Lancaster County Housing Authority, (e) Lancaster County Solid Waste Management Authority, (f) Red Rose Transit Authority, (g) Lancaster County Conservation District, (h) Lancaster County Private Industry Council, (i) Lancaster County Transportation Authority, and (j) Lancaster County Workforce Investment Board.



ECONOMIC CONDITION AND OUTLOOK

Lancaster County, the fourth-oldest county in Pennsylvania, was formed from neighboring Chester County in 1729. Located in south central Pennsylvania, approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh, it encompasses a 946 square mile area. A third class county since 1962, it consists of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships.

Home to an estimated 474,601 people, the County's population continues to grow at a steady rate. With the increase in population comes the need for careful planning and land management. The County and most municipalities have development plans in place to try to balance the need for new facilities with the need to preserve the county's history and beauty.

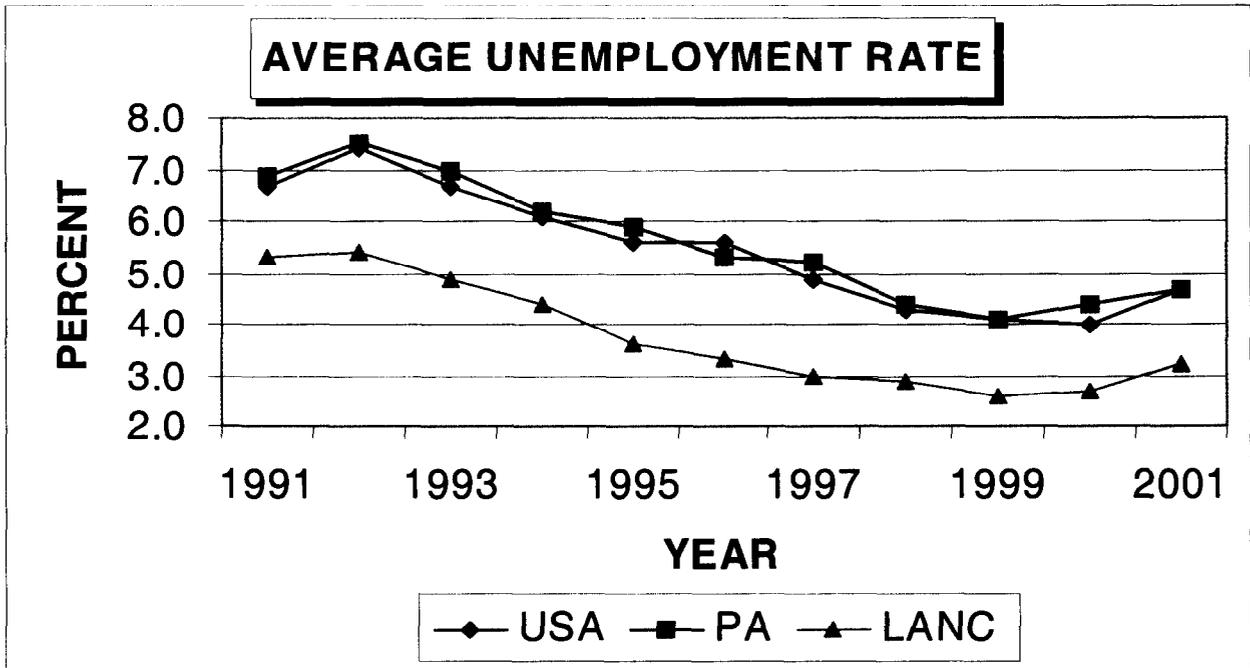


Source: U.S. Census Bureau

One of the most fertile agricultural areas in the land, Lancaster County produces more agricultural products and yields more food than any other non-irrigated county in the nation. The County's 4,550 farms generate \$938 million in revenues annually. This puts Lancaster County first in agricultural receipts (non-irrigated) among all U.S. counties. Agriculture continues to play a vital role in the strength and durability of the county's economy.

Lancaster County is home to more than 11,000 companies representing every economic sector. With an even mix of manufacturing, service and retail sectors, the corporate community continues to grow, prosper and diversify. Convenient access to major East Coast markets, competitive utility rates, low cost of living and the balanced diversity of the business community make Lancaster County a desirable place to locate and expand a business.

Lancaster County's unemployment rate of 3.2% remains consistently lower than both the state and national averages of 4.7%. This means that people between jobs constitute most of the jobless in the county, and employers are competing actively to hire and keep workers.



Source: PA Department of Labor and Industry, Office of Employment Security

Sound management of the County's steady growth and balanced economy continues to be an ongoing challenge. The involvement, cooperation, and action of local organizations, government officials, agencies, and citizens of Lancaster County are required. Preserving the County's heritage and natural resources without undermining the economy is forcing government officials and the public to rethink plans in a more comprehensive, regional way. Municipalities need to continue to work together on issues such as transportation, zoning and land use to ensure the County uses its resources in the most efficient ways possible.

MAJOR INITIATIVES

For the Year

- Conestoga View, the County home and hospital, completed a major renovation project. New resident multi-purpose and entertainment rooms were constructed. Two additional elevators were added to provide increased traffic flow for the

residents. Electrical and mechanical systems were upgraded to ensure the facility meets both current and future needs.

Conestoga View participated in a new Pennsylvania Department of Public Welfare Durable Medical Equipment Exceptions program. This program provides high cost specialty equipment to nursing facility residents enhancing their independence and quality of life. This cooperative effort between Conestoga View, the County Purchasing Office and the Department of Public Welfare has shown great success. One resident was able to return to her own home after securing a specially designed wheelchair through the program.

- Children and Youth Agency is funding two positions at the Boys' Club of Lancaster. These positions provide intervention and treatment of at-risk pre-delinquent youth. This project is in response to the initial report of the Lancaster Crime Commission that charges the Lancaster County government with broader responsibility for the management of the prevention of youth crime.
- The Commissioners along with the County Administrator have directed Data Processing to facilitate the development of a Common Client Information System. The development of this system will allow personnel from the various human service agencies to easily determine if a family is currently or has ever received services from another County agency, provide easier access to County social services for the customers, minimize or eliminate duplication of effort and provide outcome information. Data processing will study each of the five health and human service agencies operations and present their findings to a committee comprised of representatives from each agency. The committee will then make recommendations to the Commissioners on how to proceed.
- Mental Health/Mental Retardation is involved in a cooperative project with the Workforce Investment Board to address the needs of direct care staff in the County. The providers network is in a state of crisis related to the lack of qualified people to work as direct care staff in Lancaster County. In response to this need, a regional approach was developed incorporating a variety of public-private partnerships to create a high profile, centralized resource center for contracted providers to improve their recruitment efforts. Work was done with television station WGAL to coordinate an ad campaign to promote this effort. A number of projects were also initiated to support providers in their ability to improve retention of present employees as well.

Implementation of the Health Choices program for managed care of mental health and drug and alcohol services was started in October of this year. The major impact to the County is the fact that we have contracted out the "risk" and now hold a contract with a Managed Care Organization to oversee delivery of services under this new model. The introduction of a managed care model is designed to increase the availability of and access to services for people who are funded by Medical Assistance.

- Community service contributions by a record high number of 555 inmate volunteers from the Lancaster County Prison totaled 22,740 hours during 2001. A total of 128 community service projects were completed. This represents a total cost savings of \$119,722.80 based upon minimum wage.

In a collaborative effort, the Prison staff continues to work with the Lancaster County Office of Mental Health in an attempt to define and streamline forensic care for those incarcerated. An agreement has been signed to fund additional positions within the prison to meet the needs of those inmates who may be in need of mental health care. The prison increased its hours of psychiatric care with the addition of a second prison psychiatrist.

- The Parks Department completed renovations at its Main Office, four restrooms throughout Central and Buchmiller Parks, and at the Shuts Environmental Library. The most significant renovations occurred within the Main Office. In addition to completing lead paint and asbestos abatement and American with Disabilities Act (ADA) improvements, the entire interior of the facility was renovated to provide a reception area for the public and office space for the administrative staff. Work included upgrades to the HVAC and electrical systems, infrastructure for a computer network, and conversion of a second floor apartment into office and conference space. The renovation of the restrooms consisted primarily of ADA improvements, including new lavatories and sinks. A foyer was installed in the Shuts Library to meet fire code regulations for two-story buildings. The projects met the need for additional office space in the department and improved customer facilities throughout the Park.

A computer network was installed at the Parks Department. This network links five remote park offices (the Main Office, the Ranger Station, the Maintenance Office, the Shuts Library and the Environmental Center) to each other and to the rest of the County offices. The project included the wiring of all five buildings, the installation of fiber-optic cable between the buildings and the provision of network hardware such as routers, hubs, and network cards. The network has allowed for easier communication within the Department and the County. The use of shared network drives has greatly reduced the amount of paper generated within the Department.

On June 23, 2001, a grand opening was held to celebrate the construction of the County's new skate park. In addition to a formal ceremony to recognize those involved with the development of the park, an informal celebration was held for the public that included live music, skating exhibitions, and equipment giveaways. Over 1,400 people attended the event.

- Construction of the new Youth Intervention Center continues. Work is nearing the completion point. The facility is expected to be fully operational in March of 2002.
- Plans to construct a new Emergency Training Facility continue. The project is currently in the preliminary design phase. The County and the architect are working with the design committee that consists of various representatives from fire, police,

Haz Mat, EMS and EMA organizations along with representatives from the private-public safety sector. The County expects to award bids in the summer of 2002 and construction to continue through 2003. The anticipated date of completion is spring of 2004.

For the Future

- Conestoga View plans to replace their current contract therapy department with one operated by the facility. The newly formed department will enhance the services currently provided and introduce new services designed to improve resident quality of life. The new department will also provide cost savings to the County.
- The Children and Youth Agency will be contracting with Vantage House, a local drug and alcohol treatment provider, to develop a new Maternal/Infant Drug Treatment pilot program. Targeting primarily first time mothers whose infants test positive for drug exposure at birth, the program will provide in-home case management services.

The Children and Youth Agency is currently exploring the development of a community-based site in the eastern area of the County. Similar to the community site in Mount Joy, the eastern site will serve families from this geographic area. It is anticipated that this site will be operational in late 2002.

- The Recorder of Deeds Office has signed an agreement with Ingeo Systems, Inc. for the implementation of their electronic recording system. This system will allow mortgage services to prepare and submit digital satisfactions to the Lancaster County recorder without using a single piece of paper. The new technology will enable Lancaster's local and national recording customers to electronically process mortgage satisfactions in seconds instead of hours.
- The Parks Department plans to construct two new trailheads at Money Rocks County Park in Salisbury Township and Conewago Recreation Trail in Mt. Joy Township. These new trailheads will provide much needed paved parking for those who utilize these regional County Parks. The project will cost approximately \$98,000 and the County has already secured a grant from PA-DCNR to fund 50% of the costs. The new trailheads should be open for use by May 1, 2002.
- The County Commissioners have established a task force to develop and implement a long-range development plan for the Sunnyside peninsula. The task force is being headed up by Randy Patterson from the Redevelopment Authority and includes representatives from several community organizations as well as county and city officials. Current conceptual plans call for a development of up to 300 homes with an associated neighborhood business area as well as recreation area. A decision on the final development plans is not expected until the end of 2002.

Departmental Focus

Each year the government focuses on the efforts and accomplishments of a particular department. This year, the Agricultural Preserve Board was selected for this purpose.

Lancaster County is one of the most fertile agricultural areas in the land. Distinguished as the most productive non-irrigated agricultural county in the United States, its 4,550 farms provide food for much of the nation. Lancaster County farms are still predominantly owned and farmed by family farm operations that are passed on from one generation to the next. Approximately 30% of the farms belong to the Plain Sect community, both Amish and Mennonite. Like their ancestors before them, Lancaster County farmers maintain a strong work ethic and a long-standing commitment to not just working the land, but working with the land. Preservation and conservation are as important as production to the agricultural community.

In 1980, the County Commissioners appointed a nine-member Agricultural Preserve Board to create ways to preserve and protect farmland that was rapidly being lost to development. Since 1982, the Preserve Board has operated a program to preserve land for farming through the purchase and donation of development rights (also known as conservation easements).

The ownership of property consists of several rights which include: mineral rights; the right to sell, lease, or mortgage; surface rights; air rights; and development rights. Each property right may be used or disposed of separately. A landowner can voluntarily sell the development rights and receive compensation for the development restrictions placed on the land. All other property rights and responsibilities are retained and the land can be sold or passed on to others, although the use of the land is limited to farming and open space. The sale of development rights is recorded as a conservation easement that is attached to the deed and "runs with the land" either in perpetuity or for a period of time specified in the easement document. The easement prohibits residential development except for one additional dwelling for someone involved in the farm operation. Public access is not allowed, nor is dumping of garbage or removal of soil. Normal agricultural practices in compliance with state and federal statutes are permitted. The landowner agrees to the restrictions on development specified in the easement, and the Agricultural Preserve Board agrees to enforce the restrictions.

Funds for easement purchases come mainly from the County and the Commonwealth of Pennsylvania. The County Commissioners continue to provide solid support for the easement program. In 1999, the Commissioners approved a \$25 million bond for farmland preservation. In 2000, the Governor of Pennsylvania signed "Growing Greener Legislation", which earmarked \$100 million of cash based revenue to be directed to statewide farmland preservation over a five year period.

The Preserve Board and the private, non-profit Lancaster Farmland Trust have a cooperative agreement to coordinate farmland preservation efforts. This public-private partnership has worked well and has served as a model for cooperative programs in other Pennsylvania counties. The Preserve Board and the Farmland Trust hold joint easements on two farms. Their efforts have made it possible for over 46,500 acres of farmland to be preserved making Lancaster County first in the nation for the number of acres preserved.

The Agricultural Preserve Board staff consists of a director, two farmland preservation specialists, an administrative assistant and a secretary/receptionist. They are located on the sixth floor of the Courthouse next to the County Planning Office which allows for close collaboration on planning issues which may affect productive farmland.

The Preserve Board uses two strategies in their efforts to preserve farmland. First, the Board seeks to create large contiguous blocks of preserved land. This not only minimizes the intrusion of incompatible residential and commercial development but also helps farm support businesses remain strong. Second, the Board is preserving farmland to help create urban growth boundaries in keeping with the County Planning Commission's growth management policy.

In their continued effort to preserve farmland as quickly and efficiently as possible, the Preserve Board obtained a \$200,000 grant from the Pennsylvania Office of Administration, Office of Information and Technology to develop a Land-Tracking Relational Database. Utilizing the state's Invitation to Qualify (ITQ) process, they were able to obtain a software development company to assist with the development of the database. The overall design of the database provides for low maintenance as well as easy data input and retrieval processes. They hope to have the database up and running by the summer of 2002. This is an exciting project that is being designed to service all Agricultural Preservation Boards across the state.

Farmland preservation has been successful in Lancaster County because of committed farmers, but also because of funding made available by supportive local and state officials. Moreover, success can also be attributed to the collaboration of a variety of groups and individuals working together. These include: state and local officials; the Lancaster County Planning Commission; the Lancaster County Conservation District; the Lancaster Farmland Trust; the Lancaster County Conservancy; the Historic Preservation Trust; 10,000 Friends of Pennsylvania and the Lancaster Chamber of Commerce. Aggressive farmland preservation programs will play a role in ensuring that farmland remains and is managed soundly. In addition, farmers will survive and prosper for generations to come.

FINANCIAL INFORMATION

The management of Lancaster County is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted

accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived; and (b) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management.

To ensure that internal control is adequate and functioning, an internal audit department was established. The internal audit function is, by state statute, the responsibility of the Controller. The internal audit staff consists of an audit supervisor, a grant coordinator, and six auditors/accountants. Audits are performed on all county departments to ascertain the accuracy of financial records and compliance with federal, state, and county regulations.

Budgeting Controls

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 special revenue fund, the debt service fund, and the capital projects funds. 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.

General Government Functions

The following schedule presents a summary of revenues for the combined general fund, special revenue funds, capital projects funds, and debt service for the year ended December 31, 2001, and a comparison to the prior year.

Revenues	2001	2000	Increase (Decrease) From 2000	Percent of Increase (Decrease)
Real estate taxes	\$57,902,496	\$56,347,904	\$1,554,592	2.76
Intergovernmental	92,023,376	84,176,629	7,846,747	9.32
Departmental	13,865,686	12,844,848	1,020,838	7.95
Fines and costs	3,957,438	3,121,137	836,301	26.79
Interest	3,622,738	4,885,056	(1,262,318)	(25.84)
Miscellaneous	697,691	802,947	(105,256)	(13.11)
Total	\$172,069,425	\$162,178,521	\$9,890,904	6.10

Fines and costs increased due to the implementation of a new payment distribution system by the Clerk of Courts Office. Prior to the implementation, partial payments were held for years before being distributed.

The decrease in interest income is due to the significant decrease in the interest rate.

Due to the reclassification of capital reserve, miscellaneous revenue decreased by 13.11 percent.

The following schedule presents a summary of expenditures for the combined general fund, special revenue funds, capital projects funds, and debt service fund for the year ended December 31, 2001, and a comparison to the prior year.

Expenditures	2001	2000	Increase (Decrease) from 2000	Percent of Increase (Decrease)
Current:				
General government	\$41,587,893	\$25,892,225	\$15,893,505	60.62
Public safety	6,241,998	5,971,456	270,542	4.53
Roads and bridges	433,594	-	433,594	100.00
Health, education and welfare	88,810,490	78,419,782	10,390,708	13.25
Judicial	26,919,414	24,527,754	2,391,660	9.75
Corrections	13,082,682	12,567,146	515,536	4.10
Culture and recreation	2,263,339	2,016,937	246,402	12.22
Community development	4,561,550	5,133,874	(572,324)	(11.15)
Capital outlay	16,934,113	22,364,395	(5,430,282)	(24.28)
Debt service:				
Principal retirement	4,495,000	4,810,000	(315,000)	(6.55)
Interest and fiscal charges	4,114,619	3,198,789	915,830	28.63
Total	\$209,444,692	\$184,902,358	\$24,740,171	13.38

The decrease in capital outlay is due to the majority of the work being completed on the Youth Intervention Center.

Interest and fiscal charges increased due to an increase in debt service payments.

Health, education and welfare expenditures increased due to an increase of state and federal funding, which allowed for more services to be provided.

Community development expenditures decreased by 11.15 percent due to a decrease in funding.

The increase in culture and recreation is due to full staffing of Naturalists and Rangers, the Skate Park grand opening, increased liability insurance, and the purchase of a new computer network.

General government expenditures rose by 60.62 percent due to an increase in full-time wages for staff and professionals and an increase in the cost of various fringe benefits.

The increase in roads and bridges is the result of increased Municipal payments in addition to the purchase of covered bridge insurance.

General Fund Balance

The general fund modified accrual fund balance decrease of 49.4 percent is primarily due to a decrease in interest revenue coupled with an increase in funding to the Human Service Agencies.

Enterprise Operations

Conestoga View is the County's one enterprise operation. Located at 900 East King Street in Lancaster City, this 449-bed facility is a County home and hospital providing skilled nursing and intermediate care for indigent persons requiring public care. The Home is funded through patient charges to medical assistance and insurance companies and any operating deficits are covered by the County's General Fund. In 2001, Conestoga View recognized operating income of \$2,089,991, which is 7.59 percent of its total operating revenues.

Pension Trust Fund Operations

The County maintains a single-employer contributory defined benefit pension plan with mandatory membership for all full-time County employees. Participants in the Plan contribute 5 percent of their gross pay, with an option of an additional contribution of up to 10 percent of their gross pay. On December 31, 2001, total membership of the Lancaster County Employees' Retirement System was 2,848 and the net pension benefit obligation was \$2,508,554. The funding policy of this system provides for periodic employer contributions at actuarially determined rates that are sufficient to

accumulate enough assets to pay benefits when due. There were no employer contributions in 2001.

Debt Administration

On December 31, 2001, the County of Lancaster had \$122,326,369 in general obligation bonds and notes outstanding. In August the Commissioners issued a General Obligation Note of \$110,636 to purchase equipment to facilitate the delivery of behavioral health services as part of the Intergovernmental Cooperation Agreement. In December the Commissioners issued General Obligation Notes (G.O.N.) Series A of 2001 for \$16,430,000 for capital projects, capital grant programs, capitalized interest, and partial advance refunding of General Obligation Bond Series A of 2000. Also in December the Commissioners issued G.O.N. Series B of 2001 for \$13,344,115 for capital projects and capital grant programs. The G.O.N. issues 2001A and 2001B carry a municipal bond insurance policy from Financial Guaranty Insurance Company (FGIC) which assures payment of the respective principal and interest to the registered owners of the notes. Moody's Investors Service rated the G.O.N. Series 2001A and 2001B "Aaa" based upon the insurance policy provided by FGIC. The county's nonelectoral debt limit, defined by statute, is 300% of a three-year average of unrestricted general government revenue. As of December 31, 2001, the County's general obligation debt was \$122,326,369 with a legal debt margin of \$180,556,883.

Cash Management

Temporarily idle cash was invested by the Treasurer in repurchase agreements and certificates of deposit using numerous competitive agents, including banks and brokerage houses in the State, to actively maximize the County's rate of return.

The amounts of this and the prior year's interest revenues are shown in the table below.

Fund Type	2001	2000
General fund	\$1,103,617	\$1,628,869
Special revenues	417,754	513,528
Capital projects	1,391,500	1,891,827
Debt service	709,867	850,832
Total	\$3,622,738	\$4,885,056

Risk Management

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workmen's Compensation Act of 1915 as Reenacted and Amended. The liability is recorded as estimated by the plan administrator. The required retention

amounts are accrued in a trust fund in accordance with 34 Pa. Code Section 125.10, as a liability of the general fund. The Bureau of Workers' Compensation uses a loss development analysis system to project a self-insurer's outstanding liability for the purpose of setting the required amount of the self-insurer's security or funding. Loss development analysis is an actuarial technique of projecting the ultimate cost of a group of claims by analyzing the past changes in value of similar claims as they mature. The Bureau issued an exemption permit renewing the County's self-insurance status on March 17, 2000. In addition, the County is in compliance with state requirements that mandate training courses designed to minimize accident-related losses.

The County is also self-insured for unemployment compensation. The liability for claims is estimated at two times the average of the benefits paid for the three highest claim years.

Beginning in 1994, the commissioners elected to self-insure several medical insurance plans available to eligible retirees and full-time employees. Claims against the self-insured plans are reviewed and processed by a third party administrator. Re-insurance is maintained to limit liability for large specific and/or aggregate claims. Liability is calculated as the uninsured portion of all incurred claims over the expected claim level as determined by the insurer.

OTHER INFORMATION

Independent Audit

State statutes require that an annual audit be performed by independent certified public accountants. The Lancaster County Commissioners selected Ernst & Young LLP. The independent auditors report on the general-purpose financial statements and give an "in relation to" opinion on the combining fund statements and account group schedules included in the financial section of this report. The independent auditors disclaim an opinion on the introductory and statistical sections of the report.

Single Audit

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." The single audit for 2001 will be completed during August 2002. 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.

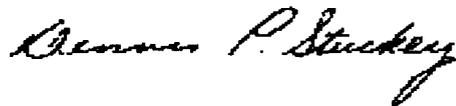
Certificate of Achievement Award

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, 2000. 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.

Acknowledgments

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, Ernst & Young LLP. We appreciate the contributions made in the preparation of this report.



Dennis P. Stuckey

COUNTY OF LANCASTER, PENNSYLVANIA
LIST OF PRINCIPAL OFFICIALS

December 31, 2001

COMMISSIONERS

Paul R. Thibault, Chairman
Howard "Pete" Shaub, Vice-Chairman
Ron Ford

PROTHONOTARY

Robert H. Getz

RECORDER OF DEEDS

Stephen J. McDonald

CLERK OF COURT OF COMMON PLEAS

David S. Hickernell

JUDGES OF COURT OF COMMON PLEAS

Michael A. Georgelis, President Judge
Paul K. Allison
David L. Ashworth
James P. Cullen
Louis J. Farina
Leslie Gorbey
Wayne G. Hummer, Jr.
Henry S. Kenderdine, Jr.
Joseph C. Madenspacher
Michael J. Perezous
Lawrence F. Stengel
Wilson Bucher, Senior Judge
D. Richard Eckman, Senior Judge

CONTROLLER

Walter Rogers, Acting Controller

TREASURER

Gregory A. Sahn

REGISTER OF WILLS

Donna Reinaker

JURY COMMISSIONERS

Kathleen Angermier
Linda Schwanger

DISTRICT ATTORNEY

Donald R. Totaro

SHERIFF

Terry Bergman, Acting Sheriff

CORONER

Barry D. Walp

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, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

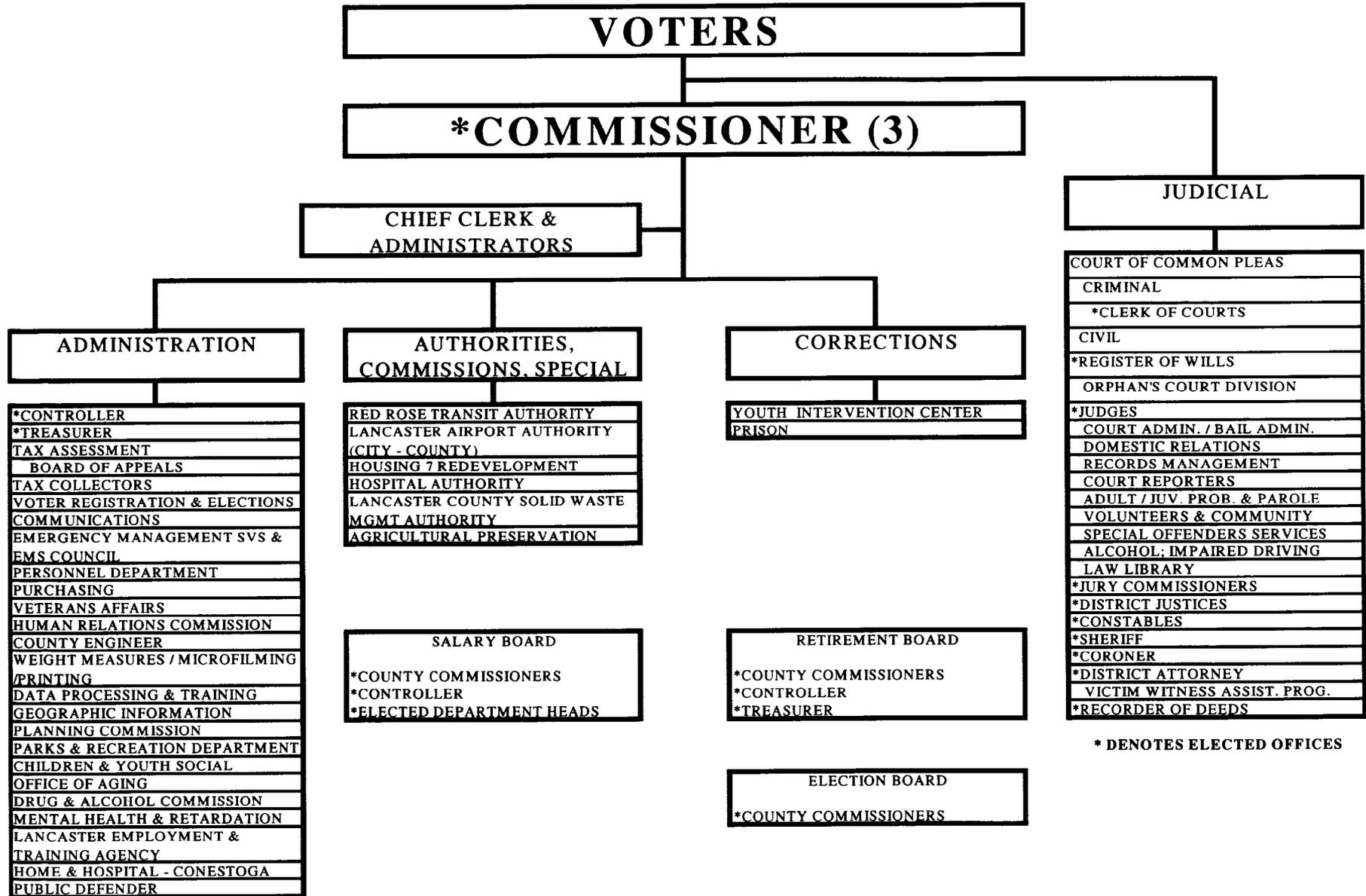


Timothy A. Crew
President

Jeffrey L. Esser
Executive Director

LANCASTER COUNTY ORGANIZATIONAL CHART

3RD CLASS COUNTY



* DENOTES ELECTED OFFICES

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Report of Independent Auditors

County Commissioners
County of Lancaster

We have audited the accompanying general purpose financial statements of the County of Lancaster, Pennsylvania, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Lancaster, Pennsylvania, at December 31, 2001, and the results of its operations and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining fund financial statements and account group schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the County of Lancaster, Pennsylvania. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinion thereon.

Ernst & Young LLP

June 7, 2002

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General Purpose Financial Statements

County of Lancaster, Pennsylvania
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 2001

	Governmental Fund Types				Proprietary	Fiduciary Fund	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Trust and Agency	General Fixed Assets	General Long- Term Debt	
Assets and other debits									
Cash and temporary investments:									
Operating	\$6,890,219	\$13,029,718	\$25,233,322	\$ -	\$2,690,689	\$7,811,544	\$ -	\$ -	\$55,655,492
Other		99,955	168,459		196,504				464,918
Cash with fiscal agents	50,901								50,901
Investments				8,846,710		98,831,557			107,678,267
Receivables:									
Taxes	463,855								463,855
Fines and costs	339,258								339,258
Accounts	27,995					3,172,920			3,200,915
Due from other funds	698,360								698,360
Due from other governments	1,337,274	5,499,128			2,754,960				9,591,362
Advances to providers	175,880	816,574							992,454
Loans receivable	1,052,779								1,052,779
Other		49,292							49,292
Fixed assets (net, where applicable, of accumulated depreciation)					7,108,805		118,632,585		125,741,390
Restricted cash	771,847								771,847
Other debits:									
Amount available in debt service fund								8,846,710	8,846,710
Amount to be provided for retirement of general long-term debt								120,599,398	120,599,398
Total assets and other debits	\$11,808,368	\$19,494,667	\$25,401,781	\$8,846,710	\$12,750,958	\$109,816,021	\$118,632,585	\$129,446,108	\$436,197,198

County of Lancaster, Pennsylvania
 Combined Balance Sheet - All Fund Types and Account Groups (continued)
 December 31, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Trust and Agency	General Fixed Assets	General Long- Term Debt	
Liabilities, equity, and other credits									
Liabilities:									
Accounts payable	\$1,222,992	\$4,047,766	\$ -	\$ -	\$592,904	\$ -	\$ -	\$ -	\$5,863,662
Contracts payable		1,972,521	1,633,088						3,605,609
Due to other funds		579,613				118,747			698,360
Matured bonds and interest payable	50,901								50,901
Deferred revenue	817,993	4,354,506				2,508,554			7,681,053
Deposits and advances						846,674			846,674
General obligation bonds payable								122,326,369	122,326,369
Capital lease obligation								274,233	274,233
Escrow liability						1,216,010			1,216,010
Payroll related accruals	3,063,423	681,704			704,417	923,883			5,373,427
Due to other governments						2,495,582			2,495,582
Claims and judgments		30,070						512,500	542,570
Accrued vacation and sick pay					931,688			3,452,135	4,383,823
Net pension obligation					559,202			1,949,352	2,508,554
Workers' compensation claims liability								931,519	931,519
Patient funds held in safekeeping					196,504				196,504
Total liabilities	5,155,309	11,666,180	1,633,088	-	2,984,715	8,109,450	-	129,446,108	158,994,850
Equity and other credits:									
Investment in general fixed assets							118,632,585		118,632,585
Contributed capital					1,407,946				1,407,946
Retained earnings:									
Unreserved					8,358,297				8,358,297
Fund balances:									
Reserved for employees' pension benefits							101,706,571		101,706,571
Reserved for advances	175,880								175,880
Reserved for loans receivable	1,052,779								1,052,779
Reserved for debt service								8,846,710	8,846,710
Unreserved:									
Designated for programmatic expenditures		7,828,487							7,828,487
Undesignated	5,424,400		23,768,693						29,193,093
Total equity and other credits	6,653,059	7,828,487	23,768,693	8,846,710	9,766,243	101,706,571	118,632,585	-	277,202,348
Total liabilities, equity, and other credits	\$11,808,368	\$19,494,667	\$25,401,781	\$8,846,710	\$12,750,958	\$109,816,021	\$118,632,585	\$129,446,108	\$436,197,198

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

County of Lancaster, Pennsylvania
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types
 For the Year Ended December 31, 2001

	General	Special Revenue	Capital Projects	Debt Service	Totals (Memorandum Only)
Revenues:					
Real estate taxes	\$57,902,496	\$ -	\$ -	\$ -	\$57,902,496
Intergovernmental	5,566,381	86,456,995			92,023,376
Departmental	11,893,605	1,972,081			13,865,686
Fines and costs	3,957,438				3,957,438
Interest	1,103,617	417,754	1,391,500	709,867	3,622,738
Other	323,872	373,819			697,691
Total revenues	<u>80,747,409</u>	<u>89,220,649</u>	<u>1,391,500</u>	<u>709,867</u>	<u>172,069,425</u>
Expenditures:					
Current:					
General government	23,698,753		17,889,140		41,587,893
Public safety	6,241,998				6,241,998
Roads and bridges		433,594			433,594
Health, education, and welfare:					
Drug and alcohol		4,607,956			4,607,956
Employment and training		2,207,559			2,207,559
Mental health/mental retardation		40,350,436			40,350,436
Office of aging		7,172,111			7,172,111
Children and youth		33,759,131			33,759,131
Other	713,296				713,296
Judicial	23,495,586	3,423,828			26,919,414
Corrections	13,082,682				13,082,682
Cultural and recreation	2,263,339				2,263,339
Community development		4,561,550			4,561,550
Capital outlay	1,943,442	700,063	14,290,609		16,934,114
Debt service:					
Principal retirement	4,495,000				4,495,000
Interest and fiscal charges	4,114,619				4,114,619
Total expenditures	<u>80,048,715</u>	<u>97,216,228</u>	<u>32,179,749</u>	<u>-</u>	<u>209,444,692</u>
Excess (deficiency) of revenues over (under) expenditures	698,694	(7,995,579)	(30,788,249)	709,867	(37,375,267)
Other financing sources (uses):					
Operating transfers in	1,688,269	8,497,717			10,185,986
Operating transfers out	(8,497,717)	(6,493)	(1,421,776)		(9,925,986)
Proceeds from refunding bonds	5,734,900				5,734,900
Payment to refunded bond escrow agent	(5,734,900)				(5,734,900)
Proceeds from general obligation bonds			24,036,622		24,036,622
Total other financing sources (uses)	<u>(6,809,448)</u>	<u>8,491,224</u>	<u>22,614,846</u>	<u>-</u>	<u>24,296,622</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(6,110,754)	495,645	(8,173,403)	709,867	(13,078,645)
Fund balances, January 1	12,763,813	7,332,842	31,942,096	8,136,843	60,175,594
Fund balances, December 31	<u>\$6,653,059</u>	<u>\$7,828,487</u>	<u>\$23,768,693</u>	<u>\$8,846,710</u>	<u>\$47,096,949</u>

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

County of Lancaster, Pennsylvania
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
 General and Budgeted Special Revenue Funds - Budgetary Basis
 For the Year Ended December 31, 2001

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Real estate taxes	\$59,182,270	\$57,909,191	\$(1,273,079)	\$ -	\$ -	\$ -
Intergovernmental	7,290,800	5,467,603	(1,823,197)	80,258,283	76,619,611	(3,638,672)
Departmental	12,109,865	11,876,610	(233,255)	1,507,848	1,801,095	293,247
Fines and costs	3,844,480	4,040,301	195,821	-	-	-
Interest	1,171,000	1,105,126	(65,874)	387,758	417,754	29,996
Indirect reimbursement	1,715,429	1,688,254	(27,175)	-	-	-
Other	258,308	309,636	51,328	201,560	2,324,432	2,122,872
Total revenues	85,572,152	82,396,721	(3,175,431)	82,355,449	81,162,892	(1,192,557)
Expenditures:						
Current:						
General government	29,356,453	32,268,226	(2,911,773)	-	-	-
Public safety	7,445,102	6,323,350	1,121,752	-	-	-
Roads and bridges	-	-	-	1,130,452	417,565	712,887
Health, education, and welfare:						
Drug and alcohol	-	-	-	4,361,359	4,327,465	33,894
Employment and training	-	-	-	2,938,474	2,177,008	761,466
Mental health/mental retardation	-	-	-	41,413,863	39,750,780	1,663,083
Office of aging	-	-	-	7,327,720	7,241,929	85,791
Children and youth	-	-	-	31,284,279	28,317,493	2,966,786
Other	760,440	900,441	(140,001)	-	-	-
Judicial	24,709,751	23,514,279	1,195,472	3,799,026	3,421,638	377,388
Corrections	13,334,489	13,149,519	184,970	-	-	-
Cultural and recreation	2,534,601	2,302,945	231,656	-	-	-
Community development	-	-	-	-	-	-
Depreciation in fair value of investments	-	-	-	-	-	-
Capital outlay	2,582,601	1,943,442	639,159	3,438,120	700,063	2,738,057
Debt service:						
Principal	4,495,000	4,495,000	-	-	-	-
Interest	4,114,619	4,114,619	-	-	-	-
Total expenditures	89,333,056	89,011,821	321,235	95,693,293	86,353,941	9,339,352
Excess (deficiency) of revenues over (under) expenditures	(3,760,904)	(6,615,100)	(2,854,196)	(13,337,844)	(5,191,049)	8,146,795
Other financing sources (uses):						
Operating transfers in	520,000	260,000	(260,000)	9,756,015	8,556,973	(1,199,042)
Operating transfers out	(9,756,015)	-	9,756,015	-	-	-
Total other financing sources (uses)	(9,236,015)	260,000	9,496,015	9,756,015	8,556,973	(1,199,042)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$(12,996,919)</u>	<u>(6,355,100)</u>	<u>\$6,641,819</u>	<u>\$(3,581,829)</u>	<u>3,365,924</u>	<u>\$6,947,753</u>
Net (decrease) in assets and liabilities		(456,661)			193,836	
Fund balances, January 1		14,473,827			9,569,913	
Fund balances, December 31		<u>\$7,662,066</u>			<u>\$13,129,673</u>	

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

County of Lancaster, Pennsylvania

Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Fund
For the Year Ended December 31, 2001

Operating revenues:	
Net patient service revenue	\$27,242,529
Other	277,186
Total operating revenues	<u>27,519,715</u>
Operating expenses:	
Administration	1,818,325
Nursing	12,854,804
Dietary	2,692,996
Housekeeping	1,418,695
Medical services	91,320
Operations and maintenance	1,381,569
Pharmacy	528,715
Laundry	637,179
Recreation therapy	538,466
Admissions	88,299
Staff development	237,165
Barber and beautician	68,234
Personnel	272,861
Physical therapy	1,302,995
Social services	385,549
Volunteers	35,563
Depreciation	665,935
Security	207,211
Respiratory	203,843
Total operating expenses	<u>25,429,724</u>
Operating income	2,089,991
Operating transfers out	<u>(260,000)</u>
Net income	1,829,991
Retained earnings, January 1	<u>6,528,305</u>
Retained earnings, December 31	<u><u>\$8,358,296</u></u>

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

County of Lancaster, Pennsylvania

Statement of Cash Flows - Enterprise Fund

For the Year Ended December 31, 2001

Cash flows from operating activities:	
Cash received on patient accounts	\$27,818,738
Cash payments to suppliers for goods and services	(7,894,306)
Cash payments to employees for services	(12,914,568)
Cash payments for taxes	(1,210,451)
Cash payments for employee benefits	(2,615,988)
Other operating revenues	<u>277,186</u>
Net cash provided by operating activities	3,460,611
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(260,000)</u>
Net cash used in noncapital financing activities	(260,000)
Cash flows from capital and related financing activities:	
Purchases of capital assets	<u>(3,243,025)</u>
Net cash used in capital and related financing activities	(3,243,025)
Net increase in cash and cash equivalents	(42,414)
Cash and cash equivalents, January 1	<u>2,929,607</u>
Cash and cash equivalents, December 31	<u><u>\$2,887,193</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$2,089,991
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	665,935
Changes in assets and liabilities:	
Decrease in due from other governments	587,827
Decrease in accounts payable	(97,941)
Increase in accrued expenses	198,494
Decrease in patient funds held in safekeeping	(11,618)
Increase in other liabilities	<u>27,923</u>
Total adjustments	<u>1,370,620</u>
Net cash provided by operating activities	<u><u>\$3,460,611</u></u>

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

County of Lancaster, Pennsylvania

Statement of Changes in Plan Net Assets - Pension Trust Fund

For the Year Ended December 31, 2001

Additions:	
Plan member contributions	\$3,710,189
Investment income:	
Net (depreciation) in fair value of investments	(5,386,203)
Interest and dividends	<u>3,294,832</u>
	(2,091,371)
Less investment expense	<u>345,124</u>
Net investment loss	<u>(2,436,495)</u>
Total additions	1,273,694
Deductions:	
Benefits paid to plan members and beneficiaries	4,557,493
Refunds of contributions paid to plan members and beneficiaries	1,289,421
Administrative expenses	<u>43,812</u>
Total deductions	<u>5,890,726</u>
Net decrease	(4,617,032)
Net assets held in trust for pension benefits, January 1	<u>106,323,603</u>
Net assets held in trust for pension benefits, December 31	<u>\$101,706,571</u>

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

County of Lancaster, Pennsylvania

Notes to Financial Statements

December 31, 2001

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 (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:

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, "The Reporting Entity." GASB Statement No. 14 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. 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 by the primary government for the debt of the organization. Based upon the application of these criteria, no potential component units met the requirements to be included in the County's reporting entity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (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 does not extend beyond making the appointments. These organizations include:

- Lancaster County Redevelopment Authority
- Lancaster Airport Authority
- Lancaster County Hospital Authority
- Lancaster County Housing Authority
- Lancaster County Solid Waste Management Authority
- Lancaster City and County Joint Transfer System
(Red Rose Transit Authority)
- Lancaster County Conservation District
- Lancaster County Private Industry Council
- Lancaster County Transportation Authority
- Lancaster County Workforce Investment Board
- Capital Area Behavioral Health Collaborative, Inc

Jointly Governed Organization

The 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 Capital Area Behavioral Health Collaborative, Inc mission is to ensure access to and delivery of quality mental health and substance abuse services that reflect the needs of eligible residents throughout the five county area. The County's Board of Commissioners is responsible for appointing two of the ten board members of this organization, but the County's accountability for this organization does not extend beyond making the appointments.

Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the accumulation of resources for the payment of principal and interest on certain general obligation bonds payable (debt service fund), and the acquisition or construction of general fixed assets (capital projects fund). The general fund is used to account for all activities of the general government not accounted for in some other fund. The County uses its general fund to account for debt service on certain general obligation bonds payable not accounted for in the debt service fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies (internal service funds). (The County has no internal service funds.)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund, or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the County is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the County holds on behalf of others as their agent. (The County has no nonexpendable or expendable trust funds.)

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The enterprise fund and pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Enterprise Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "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 they are collected within 60 days after year end. A 60-day availability period is also used for revenue recognition for all other applicable governmental fund revenues. Those revenues susceptible to accrual are property taxes, fines and costs, interest revenue, and intergovernmental revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The accrual basis of accounting is utilized by the enterprise fund and pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time they are incurred.

With respect to the enterprise fund, the County has elected to apply only FASB Statements issued prior to November 30, 1989 that do not conflict with GASB Statements.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Pooled Cash and Temporary Investments

The majority of cash balances and temporary investments of most governmental funds, the enterprise fund, and the agency fund are pooled by the County. Balances are segregated by fund but accounted for centrally for receipt and disbursement purposes. Interest on investments 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 operating transfers by the general fund at year end.

For purposes of the statement of cash flows, the enterprise fund (Conestoga View) considers all highly liquid investments (temporary investments) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value as provided by GASB Statement No. 31. Unrealized appreciation or depreciation on investments due to changes in fair value are recognized in individual fund operations each year.

Other than cash equivalents in the enterprise fund, investments that are expected to be realized in cash within twelve months or less are reported as temporary investments. Temporary investments are reported at fair value (typically using published market prices) except for nonparticipating interest-bearing contracts such as repurchase agreements and nonnegotiable certificates of deposit, which are reported at amortized cost. Investments expected to be realized in cash after twelve months are reported as long-term investments. Long-term investments are reported at fair value, except for certain nonparticipating interest-bearing contracts, which are reported at cost. 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 mortgage-backed securities issued by federal agencies, collateralized mortgage obligations, and U.S. Treasury interest-only strips. These securities are reported at fair value in the balance sheet.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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 balance sheet.

Inventories

The cost of governmental fund-type inventories is recorded as an expenditure at the time of purchase.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001 are recorded as expenditures at the time of payment for the governmental fund types.

Restricted Assets and Related Liabilities

Temporary investments in the enterprise fund of \$196,504 at December 31, 2001 represent assets restricted for the payment of patient funds held in safekeeping. See also Note 3.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition, construction, and assets under capital lease are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at the estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated (for the enterprise fund only) over the remaining useful lives of the related fixed assets.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the County.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings/improvements and furniture/equipment for the enterprise fund is computed using the straight-line method over the assets' estimated useful lives.

Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Compensated Absences

Liabilities for vacation and sick leave reported in accordance with GASB Statement No. 16 that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Liabilities for vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Liabilities for vacation and sick leave of \$931,688 of the enterprise fund are recorded as an expense and liability of that fund in the year that the liability is deemed reportable in accordance with GASB Statement No. 16.

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 self-insured unemployment compensation and employees' workers' compensation programs and self-insurance under several medical insurance plans available to eligible retirees and full-time employees. The general fund and general long-term debt account group are used to account for the risks associated with the self-insured employees' workers' compensation program and the general fund is used to account for all other risk financing activities.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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 manages the financial risk of unemployment benefits through retention of all liability exposure. The liability for claims is estimated at two times the average benefits paid for the three highest claim 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 plan administrator. Claims are paid from the general fund and the required retention amounts are accrued as a liability of the general fund.

The current portion of the liability is recorded in the general fund and the balance is reported in the general long-term debt account group.

The County has self-insured several medical insurance plans available to eligible retirees and full-time employees. Claims against the self-insured plans are reviewed and processed by a third-party administrator. Reinsurance is maintained to limit liability for large specific and/or aggregate claims. The claim liability is determined by the third-party administrator and is calculated as the uninsured portion of all incurred claims over the expected claim level as determined by the insurer plus estimated, unpaid claims incurred during the fiscal year. The medical insurance claim liability of \$511,409 is based on the requirements of GASB Statement No. 10, as amended by GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in that fund.

Fund Equity

Contributed capital is recorded in the enterprise fund for capital grants or contributions received from developers, customers, or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or that are legally segregated for a specific future use.

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 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.

Interest Revenue

Interest revenue includes interest, dividends, realized gains and losses, and the change in the fair value of investments, if any, during the fiscal year.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments due to future audits, reviews, and investigations by third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to audits, reviews, and investigations.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Bond Discounts/Issuance Costs

Bond discounts and issuance costs are recognized in the period paid.

Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Pending Changes in Accounting Principles

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments." Statement No. 34 establishes significant new financial reporting requirements for state and local governments. The County is required to adopt Statement No. 34 for its calendar year 2002 financial statements.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In March 2000, the GASB issued Interpretation No. 6 of the Governmental Accounting Standards Board, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." This Interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen or potentially could arise, in interpretation and practice. The County is required to adopt Interpretation No. 6, along with the adoption of GASB Statement No. 34 for its calendar year 2002 financial statements.

In June 2001, the GASB issued Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus." This statement clarifies certain provisions of Statement Nos. 21 and 34. The County is required to adopt statement No. 37 for its calendar year 2002 financial statements.

In June 2001, the GASB issued Statement No. 38, "Certain Financial Statement Note Disclosures." This statement modifies, establishes and rescinds certain financial statement disclosures. The county is required to adopt Statement No. 38 for its calendar year 2003 financial statements.

The County has not yet completed the varied and in some cases complex analyses required to estimate the financial statement impact of these new pronouncements.

2. 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 Debt Service Fund is controlled through a general obligation bond indenture provision. Project-length financial plans are adopted for the capital projects funds.

The County's budgetary basis is substantially on a cash basis but includes some payroll related accruals and related interfund transactions. 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. Encumbrances are not reported; however, they are considered by management in the budgeting process.

The County Administrator 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.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

2. Budgets and Budgetary Accounting (continued)

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.

Adjustments necessary to convert the results of operations and fund balances on the budgetary basis to the GAAP basis for the general fund and special revenue funds are as follows:

	General Fund	Special Revenue Funds
Ending fund balance - budgetary basis	\$ 7,662,066	\$ 13,129,673
Accruals at December 31, 2001:		
Due from other funds	698,360	-
Due from other governments	1,337,274	5,499,128
Advances to providers	175,880	816,574
Loans receivable	1,052,779	-
Other receivables	831,108	49,292
Accounts payable	(1,222,992)	(4,047,766)
Contracts payable	-	(1,972,521)
Due to other funds	-	(579,613)
Deferred revenue	(817,993)	(4,354,506)
Payroll related accruals	(3,063,423)	(681,704)
Claims and Judgments		(30,070)
Ending fund balance - GAAP basis	<u>\$ 6,653,059</u>	<u>\$ 7,828,487</u>

3. Deposits and Investments

Deposits

At December 31, 2001, the carrying amount of the County's deposits, including cash with fiscal agents, was \$44,975,627 and the bank balances totaled \$61,639,943. Of the bank balances, \$4,660,752 was covered by federal depository insurance. The remainder was categorized as uncollateralized (bank balances collateralized with securities held by the pledging financial institution's agent but not in the County's name).

At December 31, 2001, \$771,847 in County deposits represented restricted cash. \$539,332 of this cash balance is maintained in an escrow account in the name of the County, for the City of Lancaster. This amount was escrowed as part of an agreement between the County and the City of Lancaster for required Phase I improvements related to the construction of a facility. Disbursement of funds from the account for construction related expenses are subject to City approval. All of the improvements are required to be completed by June 2, 2004. Once the project is completed, the remaining cash balance in the escrow account will again be available to the County,

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Deposits and Investments (continued)

subject to a 15% retainage that can be held by the City of Lancaster for a period of eighteen months after completion in order to ensure proper completion of the project and construction of the facility in accordance with all City code building specifications. \$232,515 of this cash balance represents amounts deposited in an irrevocable trust in accordance with state guidelines to pay future workers compensation claims.

Investments

The County utilizes various temporary investment sources in an effort to maximize interest earnings on its cash balances. Commonwealth statutes limit the County to the types of investments it may make. Allowable investments include repurchase agreements, U.S. government and related agency obligations, and Commonwealth and related agency obligations. (See Note 13 for Pension Trust Fund allowable investments.)

The County uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested by the Commonwealth of Pennsylvania's Treasury Department in the INVEST Program for Local Governments, which separately issues audited financial statements which are available to the public. Written requests for financial statements should be directed to the following address:

Commonwealth of Pennsylvania
Treasury Department
INVEST Program
Finance Building
Harrisburg, Pennsylvania 17120

At December 31, 2001, all of the County's investments other than the County's investment in the fixed income mutual funds, money market mutual funds, external investment pool, international equity mutual fund, and stock index funds were categorized as uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the County's name. The investments in the fixed income mutual funds, money market mutual funds, external investment pool, international equity mutual fund, and stock index funds were not categorized.

The fair value of the County's position in the external investment pool is equivalent to the value of the pool shares. There is no formal external regulatory oversight for the external investment pool.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

3. Deposits and Investments (continued)

Investments by type were as follows at December 31, 2001:

	<u>Carrying Value</u>
Temporary investments:	
Repurchase Agreements	\$ 3,884,988
U.S. government securities money market mutual funds	1,717,543
Commonwealth of Pennsylvania sponsored external investment pool	38,609
Municipal obligations	1,320,252
Fixed income mutual funds	5,006,139
	\$ 11,967,531
Investments:	
Domestic common stock	\$ 15,755,546
Stock index funds	29,090,952
International equity mutual fund	15,036,089
Corporate bonds	18,370,091
U.S. government securities	6,442,294
U.S. government agency-mortgage backed securities	7,565,695
U.S. treasury principal and interest only strips	9,860,890
Collateralized mortgage obligations	5,556,710
	\$ 107,678,267

The County invests in various U.S. government agency-mortgage backed securities and collateralized mortgage obligations that provide a cash flow "pass through" of principal and interest payments by mortgagees from an underlying pool of mortgage loans. Mortgage backed securities and collateralized mortgage obligations do not have a contractual maturity date and the County is subject to the risk of prepayment on this portfolio.

4. 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 elect 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.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

4. Property Taxes (continued)

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 2001 was 2.613 mills.

5. Changes in Fixed Assets

A summary of changes in general fixed assets for 2001 follows:

	Balance January 1, 2001	Additions	Retirements	Completed Construction	Balance December 31, 2001
General fixed assets:					
Land and improvements	\$ 4,732,170	\$ -	\$ -	\$ -	\$ 4,732,170
Buildings and improvements	61,738,488	2,723,372	-	-	64,461,860
Furniture and equipment	24,309,922	6,268,116	(230,303)	-	30,347,735
Assets under capital lease	1,371,165	-	-	-	1,371,165
Construction in progress	10,043,110	8,649,315	-	(972,770)	17,719,655
	<u>\$ 102,194,855</u>	<u>\$ 17,640,803</u>	<u>\$ (230,303)</u>	<u>\$ (972,770)</u>	<u>\$118,632,585</u>

As of December 31, 2001, the County has \$1,340,440 in commitments outstanding related to contracts for the acquisition, construction, and renovation of various facilities.

The following is a summary of enterprise fund (Conestoga View) fixed assets at December 31, 2001:

Land and improvements	\$ 490,839
Buildings and improvements	10,801,432
Furniture and equipment	5,547,625
Less accumulated depreciation	<u>(9,731,091)</u>
Net fixed assets	<u>\$ 7,108,805</u>

For the enterprise fund, the following estimated useful lives are used to compute depreciation:

Land and improvements	10-20 years
Buildings and improvements	10-40 years
Furniture and equipment	5-20 years

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

6. Leases

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 expenditures for the year ended December 31, 2001 amounted to \$1,488,340. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2002	\$ 1,437,768
2003	1,285,192
2004	4,061,999
2005	297,676
2006	197,334
Total	<u>\$ 8,768,309</u>

Capital Lease

The County is committed under a capital lease agreement for data processing equipment. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and General Long-Term Debt Group, respectively. Assets under capital leases totaled \$1,371,165 as of December 31, 2001. The following is a schedule of the future minimum lease payments under this capital lease, together with the net present value of minimum lease payments as of December 31, 2001.

<u>Year Ending</u>	<u>Amount</u>
2002	\$ 308,000
Less: Amount representing interest	33,767
Present value of minimum lease payments	<u>\$ 274,233</u>

7. Long-Term Debt

General Obligation Bonds and Notes

The County issues general obligation bonds and notes to provide funds for the acquisition and construction of major facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

As determined under the Commonwealth of Pennsylvania Local Government Unit Debt Act of 1972, the legal debt margin of the County at December 31, 2001 was \$180,556,883.

Long-term debt consisted of the following at December 31, 2001:

General Long-Term Debt Account Group	
Capital appreciation General Obligation Bonds, to advance refund the General Obligation Bonds, Series of 1988, dated March 14, 1991, principal payable semi-annually in varying amounts from \$105,000 to \$2,740,000 from January 1, 2003 to July 1, 2007	\$ 11,381,618
5.00% current interest bearing General Obligation Bonds Series A of 1997, to refund the current interest-bearing General Obligations Bonds, Series 1991 dated January 2, 1997, principal payable annually, with the final payment of \$2,690,000 in May 2002.	2,690,000
4.10 - 5.50% current interest bearing General Obligation Bonds, Series B of 1997, to advance refund a portion of the General Obligation Bonds, Second Series of 1992, dated January 3, 1997, and to finance various capital projects, principal payable annually, varying in amounts from \$90,000 to \$745,000 from November 1, 2002 to November 1, 2016	6,825,000
3.70 - 4.60% current interest bearing General Obligation Bonds, Series of 1998, to partial advance refund the current interest bearing General Obligation Bonds, Series 1996, dated December 15, 1998, principal payable annually, varying in amounts from \$450,000 to \$760,000 from November 1, 2002 to November 1, 2016	8,970,000
4.10 - 4.90% current interest bearing General Obligation Bonds, Series of 1999, to current refund the current interest bearing General Obligation Bonds, Series of 1994, and to partially current refund the current interest bearing General Obligation Bonds, Second Series of 1992, dated November 1, 1999, principal payable annually, varying in amounts from \$425,000 to \$1,245,000 from November 1, 2002 to November 1, 2010	8,060,000
Variable rate interest bearing General Obligation Bonds, Series of 2000, to finance the County's agricultural land preservation efforts as well as other projects, dated January 20, 2000, principal payable annually, varying in amounts from \$100,000 to \$2,480,000 from May 2013 to May 2030.	24,900,000
5.10 - 6.25% current interest bearing General Obligation Bonds, Series 2000A, to finance the County's capital projects, dated June 15, 2000, principal payable annually, ranging in amounts from \$5,000 to \$4,885,000, from May 2004 to May 2015.	29,615,000
3.20% to 5.50% Interest bearing General Obligation Notes Series A of 2001, to finance the County's capital projects as well as a partial advance refunding of series 2000A, dated December 15, 2001, principal payable annually, ranging in amounts \$5,000 to \$1,765,000, from November 2002 to May 2027.	16,430,000
Capital Appreciation Notes, Series B of 2001, to finance the County's capital projects, dated December 20, 2001, principal payable annually, ranging in amounts \$3,838 to \$1,190,323, from May 2004 to May 2019.	13,344,115
General Obligation Note Series of 2001 in the principal amount of \$110,636 to purchase certain equipment, principal payable annually and semiannually varying in amounts from \$2,766 to \$99,572 from March 31, 2002 to March 31, 2003.	110,636
Total general obligation bonds and notes payable	122,326,369

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

Claims and judgments	\$ 512,500
Accrued vacation and sick pay	3,452,135
Net pension obligation	1,949,352
Workers' compensation claims liability	931,519
Obligation under capital lease agreement	274,233
Total general long-term debt	<u>\$ 129,446,108</u>

A summary of the County's total debt service commitments for debt outstanding as of December 31, 2001 is set forth below:

	General Long-Term Debt		
	Principal	Interest	Total
Bonds payable:			
2002	\$ 4,616,064	\$ 3,358,849	\$ 7,974,913
2003	4,680,384	3,562,119	8,242,503
2004	5,682,869	5,367,295	11,050,164
2005	4,484,734	5,382,852	9,867,586
2006	4,399,104	5,416,309	9,815,413
2007-2030	98,463,214	67,254,643	165,717,857
	<u>122,326,369</u>	<u>90,342,067</u>	<u>212,668,436</u>
Other general long-term debt:			
Claims and judgments	512,500	-	512,500
Accrued vacation and sick pay	3,452,135	-	3,452,135
Net pension obligation	1,949,352	-	1,949,352
Workers' compensation claims liability	931,519	-	931,519
Obligation under capital lease agreement	274,233	-	274,233
	<u>\$ 129,446,108</u>	<u>\$ 90,342,067</u>	<u>\$ 219,788,175</u>

On December 15, 2001, the County issued the General Obligation Notes, Series A and B of 2001, in the combined aggregate amount of \$29,774,115. In connection with the issuance on December 15, 2001, the County issued \$16,430,000 of the Current Interest Notes, Series A of 2001 to partially advance refund \$2,385,000 of the County's General Obligation Bonds Series A of 2000 and to finance various other County projects. The net refunding bond proceeds of \$5,734,900, after payment of underwriting fees, insurance, and other issuance costs, were deposited in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the trust account assets and the liability for the defeased bonds are not included in the County's financial statements.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

The County advance refunded its previously issued bonds to reduce debt service payable on its general obligation bonds by \$5,996,845 resulting in an economic loss of (\$122,393). In connection with the issuance of the Current Interest Notes, Series A of 2001, proceeds of \$10,692,507 were recognized in the County's capital projects fund before payment of underwriting fees, insurance and other costs. Of this amount, \$2,424,767 represents capitalized interest.

In connection with the issuance of the General Obligation Notes Series A and B of 2001 on December 15, 2001 the County issued \$13,344,115 of aggregate principal value capital appreciation Notes, Series B of 2001 to finance various County projects. Proceeds of \$13,344,115 were recorded in the County's capital projects fund before underwriting fees, insurance and other costs.

The County issued a General Obligation Note, Series of 2001 on August 22, 2001, in the principal amount of \$110,636 for the purpose of providing funds to purchase certain equipment to facilitate the delivery of behavioral health services provided to Medicaid recipients and base service recipients residing in the counties which are a part of the Intergovernmental Cooperation Agreement.

The remaining \$715,705 of the 2001 additions to general obligation bonds and notes payable represent 2001 accretion on the capital appreciation general obligation bonds dated March 14, 1991.

On December 31, 2001, \$2,385,000 of bonds outstanding are considered defeased.

General long-term debt is expected to be repaid primarily from general fund tax revenues.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

Changes in Long-Term Liabilities

During the year ended December 31, 2001, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance January 1, 2001	Additions	Reductions	Balance December 31, 2001
General obligation bonds payable	\$ 98,605,913	\$ 30,600,456	\$ 6,880,000	\$ 122,326,369
Obligation under capital lease agreement	548,466	-	274,233	274,233
Claims and judgments	778,221	-	265,721	512,500
Accrued vacation and sick pay	3,181,613	4,489,089	4,218,567	3,452,135
Net pension obligation	1,554,058	395,294	-	1,949,352
Workers' compensation claims liability	878,108	53,411	-	931,519
	<u>\$ 105,546,379</u>	<u>\$ 35,538,250</u>	<u>\$ 11,638,521</u>	<u>\$ 129,446,108</u>

8. Self-Insurance Claims Liability

Changes in the County's self-insurance claims liabilities for the years ended December 31, 2001 and 2000 were as follows:

	Liability Balance as of January 1, 2001	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance as of December 31, 2001
General Fund-Unemployment Compensation	\$ 136,714	\$ 270,780	\$ 130,712	\$ 276,782
General Fund and General Long-Term Debt Account Group Workers' Compensation	1,418,018	486,499	486,499	1,418,018
General Fund-Medical Insurance	612,015	7,470,863	7,571,469	511,409
Total General Fund and General Long-Term Debt Account Group-Unemployment Compensation, Workers' Compensation, and Medical Insurance	<u>\$ 2,166,747</u>	<u>\$ 8,228,142</u>	<u>\$ 8,188,680</u>	<u>\$ 2,206,209</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

8. Self-Insurance Claims Liability (continued)

	Liability Balance as of January 1, 2000	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance as of December 31, 2000
General Fund-Unemployment Compensation	\$ 263,060	\$ 10,368	\$ 136,714	\$ 136,714
General Fund and General Long-Term Debt Account Group Workers' Compensation	1,178,299	779,629	539,910	1,418,018
General Fund-Medical Insurance	664,757	6,329,520	6,382,262	612,015
Total General Fund and General Long-Term Debt Account Group-Unemployment Compensation, Workers' Compensation, and Medical Insurance	<u>\$ 2,106,116</u>	<u>\$ 7,119,517</u>	<u>\$ 7,058,886</u>	<u>\$ 2,166,747</u>

Of the above general fund and general long-term debt account group workers' compensation balance at December 31, 2001 and 2000, \$931,519 and \$878,108, respectively, was reported in the general long-term debt account group.

9. Interfund Assets/Liabilities

Individual fund receivable and payable balances at December 31, 2001 were as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 698,360	\$ -
Special revenue funds:		
Employment and training	-	225,537
Liquid fuels	-	119
Drug and alcohol	-	353,957
Agency		118,747
	<u>\$ 698,360</u>	<u>\$ 698,360</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

10. Due From Other Governments

Amounts "Due from Other Governments" are primarily grants receivable from the Commonwealth of Pennsylvania at December 31, 2001. Additionally, the Enterprise Fund (Conestoga View) has a "Due from Other Governments" in the amount of \$2,754,960 principally relating to billing for patient services rendered under the Commonwealth's Medical Assistance Program.

Conestoga View has agreements with third-party payors that provide for payments at amounts different from their established rates. Payment arrangements include prospectively determined rates, reimbursed costs, and per diem payments. Net revenue from the Medicare and Medical Assistance programs accounted for a significant percentage of Conestoga View's intergovernmental revenue for the year ended December 31, 2001.

Laws and regulations governing Medicare and Medical Assistance regulations are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Conestoga View believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations by any third-party entity. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medical Assistance programs.

11. Commitments and Contingent Liabilities

On April 30, 1991, the County executed an agreement with the Fulton Opera House Foundation (Foundation) whereby the County agreed to loan the Foundation up to \$1,100,000 for purposes of funding costs of the Fulton Opera House Rehabilitation Project, as defined (Project). The term of the loan will be for a period of up to 30 years from the date of the initial draw on the loan. As of December 31, 2001, the outstanding loan balance to the Foundation under this agreement was \$1,052,779.

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.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)

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.

12. Postretirement Healthcare Benefits

In addition to providing pension benefits, the County provides certain postretirement healthcare benefits to all former employees who were members of the Employee Retirement Plan for a minimum of five years and are currently receiving retirement income. The provisions of the plan are stated in the County's personnel manual. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Currently, 408 retirees meet those eligibility requirements. These benefits are provided through insurance companies whose premiums, in some cases, are based on the benefits paid during the year. Premiums under the plan for certain healthcare benefits are paid in part by the County. Retirees desiring such coverage are responsible for co-pays in accordance with rates established by the County. The County recognizes the cost of providing these benefits, which totaled \$1,304,326 for 2001, as premiums are paid.

13. Employee Retirement Plan (Pension Trust Fund)

The County maintains a single-employer contributory defined benefit pension plan (the 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.

Description of Plan

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.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Employee Retirement Plan (Pension Trust Fund) (continued)

Membership in the Plan is mandatory for all full-time County employees. At December 31, 2001, the Plan's membership consisted of the following:

Retirees and beneficiaries receiving benefits	580
Terminated plan members enrolled but not yet receiving benefits	44
Active plan members	<u>2,224</u>
Total members	<u>2,848</u>

The Plan provides retirement, death, and disability benefits. Retirement benefits vest after eight 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 .833% to 1.25% (depending on the date the employee entered the Plan) of the employee's high three-year salary times years of service.

Cost-of-living adjustments (COLA) are provided at the discretion of the Lancaster County Employees' Retirement Board.

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 5 1/2% compounded annually. Accumulated employee contributions and credited interest, which amounted to \$33,005,379 as of December 31, 2001, vest immediately and are returned upon termination of service if the employee is not eligible for other benefits.

The County is required to contribute to the Plan at an actuarially determined rate. The Act establishes the contribution requirements of the County and may be amended by the General Assembly of the Commonwealth of Pennsylvania.

Notes to Financial Statements (continued)

13. Employee Retirement Plan (Pension Trust Fund) (continued)

The Plan's investments are held in a bank-administered trust fund. The Retirement Board authorizes, within a 5% margin, the pension trust fund to invest the following asset allocations:

Large Cap Core Equity	15%
Large Cap Value Equity	15%
Small Cap Growth Equity	15%
International Equity	15%
Fixed Income	40%

The following individual investments represent 5% or more of the Plan's fair value of net assets available for benefits as of December 31, 2001:

	<u>Fair Value</u>
International equity mutual fund	\$ 15,036,089
Stock index fund	\$ 14,249,106
Large cap value stock index fund	\$ 14,841,846

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 2001, all administrative costs totaling \$43,812 were paid from Plan assets.

The Act makes no provision for termination of the Plan.

Summary of Significant Accounting Policies

The Plan's 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 each 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 each plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Employee Retirement Plan (Pension Trust Fund) (continued)

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 and the actuarial value of assets are determined using the aggregate actuarial funding method. Separate determination and amortization of the unfunded accrued actuarial liability are not part of the aggregate actuarial cost method and are not required when that method is used. 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 obligation as follows:

The net pension obligation and the annual required contribution were determined as part of an actuarial valuation at December 31, 2001. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, (c) no inflation rate as it is reflected in assumptions (a) and (b), and (d) no postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 606,179
Interest on net pension obligation	149,788
Adjustment to annual required contribution	<u>(244,591)</u>
Annual pension cost	511,376
Contributions made	<u>—</u>
Increase in net pension obligation	511,376
Net pension obligation beginning of year	<u>1,997,178</u>
Net pension obligation, end of year	<u><u>\$ 2,508,554</u></u>

Available Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	\$ 871,448	0%	\$ 1,457,428
2000	\$ 539,750	0%	\$ 1,997,178
2001	\$ 511,376	0%	\$ 2,508,554

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

13. Employee Retirement Plan (Pension Trust Fund) (continued)

Legally Required Reserves

At December 31, 2001, the County has a balance of \$33,005,379 in 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, 2001. Since those accumulations represent the present value of future benefits as of December 31, 2001, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$42,915,516 in the County Annuity Reserve Account as of December 31, 2001. 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, 2001 amounted to \$31,165,852.

Thus, the Retired Members' Reserve Account is always fully funded.

14. Enterprise Fund Equity

The Conestoga View enterprise fund had a contributed capital balance of \$1,407,946 at December 31, 2001. There were no additions to contributed capital during 2001.

15. Subsequent Events

In November 2001, the County entered into an interest rate swap agreement. The agreement is a fixed-to-floating rate swap agreement, pursuant to which the provider has agreed to make variable rate payments to the County based upon a percentage of LIBOR, as the floating rate index, in return for the County making fixed rate payments to the provider. The County is to make the fixed rate payments to the provider on the first of each month at a fixed rate of 5.195% from February 1, 2002 through May 1, 2030. In connection with and in consideration for entering into this swap agreement the County received a \$3,000,000 swap premium in January of 2002.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

15. Subsequent Events (continued)

The County entered into the agreement in order to take advantage of the interest rate environments in the financial markets and to lock in a fixed rate relative to the variable rate interest payments it is required to make for the variable rate interest bearing General Obligation Bonds, Series of 2000.

On February 1, 2002 the County issued \$3,210,000 in General Obligation Notes, Series of 2002 to current refund a portion of the County's General Obligation Bonds, Series A of 1997, Series B of 1997, Series of 1998, and Series of 1999 due on May 1, 2002 and to pay the costs of issuing and insuring the 2002 notes. The net refunding bond proceeds of \$3,294,823, after payment of underwriting fees, insurance and other issuance costs were deposited in an irrevocable trust to provide for all future debt service payments on the refunded bonds. An additional \$40,875 was deposited in the debt service fund to provide for interest on the 2002 notes due on May 1, 2002 and November 1, 2002.

County of Lancaster, Pennsylvania
Employee Retirement Plan
Required Supplementary Information
Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
1996	\$ 2,360,563	13%
1997	2,617,040	0%
1998	585,980	0%
1999	899,728	0%
2000	609,240	0%
2001	606,179	0%

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2001
Actuarial cost method	Aggregate
Amortization method	Not applicable*
Remaining amortization period	Not applicable*
Asset valuation method	Five year smoothed market

Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5%
Includes inflation at:	Reflected in previous two assumptions
Cost of living adjustments	None

* The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

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Special Revenue Funds

Special revenue funds are used to account for revenues that are legally restricted to expenditures for particular purposes.

Children and Youth Services Fund

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to provide support services to underprivileged juveniles.

Domestic Relations Fund

This fund is used to account for amounts received from various federal and local sources. 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.

Employment and Training Fund

This fund is used to account for amounts received from various federal and state sources. These funds are restricted to operate programs wherein job training and employment opportunities are provided for the economically disadvantaged, unemployed, or under employed citizens of Lancaster County.

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.

Mental Health and Mental Retardation Fund

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to provide assistance and medical care to those individuals with mental health and developmental disability problems.

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 state. These funds are restricted to building and improving local roads and bridges.

Agricultural Land Preservation Fund

This fund is used to account for amounts appropriated by the County, as well as funds received from the state. These funds are used in the deed restriction program to help preserve farmland in Lancaster County.

Community Development Block Grant Fund

This fund is used to account for amounts received from various federal and state sources. These funds are 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.

County of Lancaster, Pennsylvania

Special Revenue Funds
Combining Balance Sheet

December 31, 2001

	Children and Youth Services	Domestic Relations	Employment and Training	Office of Aging	Mental Health and Mental Retardation	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total
Assets										
Cash and temporary investments:										
Operating	\$1,824,154	\$1,813,983	\$ -	\$277,971	\$3,680,700	\$ -	\$3,460,389	\$1,972,521	\$ -	\$13,029,718
Other	11,193			58,692	30,070					99,955
Other receivables	4,120		40,737	4,435						49,292
Due from other governments	3,040,670	838,018	334,755	354,134		928,794	2,757			5,499,128
Advances to providers				5,373	808,020	3,181				816,574
Total assets	\$4,880,137	\$2,652,001	\$375,492	\$700,605	\$4,518,790	\$931,975	\$3,463,146	\$1,972,521	\$ -	\$19,494,667
Liabilities and fund balances										
Liabilities:										
Accounts payable	\$1,844,034	\$11,310	\$118,812	\$472,954	\$1,020,293	\$562,043	\$18,320	\$ -	\$ -	\$4,047,766
Contracts payable								1,972,521		1,972,521
Due to other funds			225,537			353,957	119			579,613
Deferred revenue	1,076,748			150	3,277,608					4,354,506
Payroll-related accruals	244,814	94,683	31,143	104,270	190,819	15,975				681,704
Claims and judgments					30,070					30,070
Total liabilities	3,165,596	105,993	375,492	577,374	4,518,790	931,975	18,439	1,972,521	-	11,666,180
Fund balances:										
Unreserved:										
Designated for programmatic expenditures	1,714,541	2,546,008		123,231			3,444,707			7,828,487
Total fund balances	1,714,541	2,546,008	-	123,231	-	-	3,444,707	-	-	7,828,487
Total liabilities and fund balances	\$4,880,137	\$2,652,001	\$375,492	\$700,605	\$4,518,790	\$931,975	\$3,463,146	\$1,972,521	\$ -	\$19,494,667

County of Lancaster, Pennsylvania
Special Revenue Funds
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2001

	Children and Youth Services	Domestic Relations	Employment and Training	Office of Aging	Mental Health and Mental Retardation	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total
Revenues:										
Intergovernmental	\$26,716,961	\$2,863,175	\$2,262,238	\$6,432,640	\$38,422,128	\$4,382,549	\$815,754	\$ -	\$4,561,550	\$86,456,995
Departmental	1,655,197	149,724			166,670	490				1,972,081
Interest	669	83,859			190,525	12,881	129,820			417,754
Other	7,757		4,195	123	301,168	605	59,971			373,819
Total revenues	28,380,584	3,096,758	2,266,433	6,432,763	39,080,491	4,396,525	1,005,545	-	4,561,550	89,220,649
Expenditures:										
Current:										
Roads and bridges							433,594			433,594
Health, education, and welfare:										
Drug and alcohol						4,607,956				4,607,956
Employment and training			2,207,559							2,207,559
Mental health/mental retardation					40,350,436					40,350,436
Office of aging				7,172,111						7,172,111
Children and youth	33,759,131									33,759,131
Community development									4,561,550	4,561,550
Judicial		3,423,828								3,423,828
Capital outlay	257,038	117,327	58,874	28,301	85,259	22,620	130,644			700,063
Total expenditures	34,016,169	3,541,155	2,266,433	7,200,412	40,435,695	4,630,576	564,238	-	4,561,550	97,216,228
Excess (deficiency) of revenues over (under) expenditures	(5,635,585)	(444,397)	-	(767,649)	(1,355,204)	(234,051)	441,307	-	-	(7,995,579)
Other financing sources (uses):										
Operating transfers in	5,933,249	536,432		438,781	1,355,204	234,051				8,497,717
Operating transfers out		(6,493)								(6,493)
Total other financing sources	5,933,249	529,939	-	438,781	1,355,204	234,051	-	-	-	8,491,224
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	297,664	85,542	-	(328,868)	-	-	441,307	-	-	495,645
Fund balances, January 1	1,416,877	2,460,466		452,099			3,003,400			7,332,842
Fund balance, December 31	\$1,714,541	\$2,546,008	\$ -	\$123,231	\$ -	\$ -	\$3,444,707	\$ -	\$ -	\$7,828,487

County of Lancaster, Pennsylvania

Budgeted Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis

For the Year Ended December 31, 2001

	Children and Youth Services			Domestic Relations			Employment and Training		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Intergovernmental	\$23,066,277	\$23,227,176	\$160,899	\$2,770,080	\$2,612,742	\$(157,338)	\$2,943,185	\$2,146,933	\$(796,252)
Departmental	1,212,438	1,484,211	271,773	107,500	149,724	42,224			-
Interest	1,200	669	(531)	90,000	83,859	(6,141)			-
Other		3,637	3,637			-		4,195	4,195
Total revenues	24,279,915	24,715,693	435,778	2,967,580	2,846,325	(121,255)	2,943,185	2,151,128	(792,057)
Expenditures:									
Current:									
Health, education, and welfare:									
Employment and training			-			-	2,938,474	2,177,008	761,466
Children and youth	31,284,279	28,317,493	2,966,786			-			-
Judicial			-	3,799,026	3,421,638	377,388			-
Capital outlay	505,189	257,038	248,151	427,013	117,327	309,686	76,500	58,874	17,626
Total expenditures	31,789,468	28,574,531	3,214,937	4,226,039	3,538,965	687,074	3,014,974	2,235,882	779,092
Excess (deficiency) of revenues over (under) expenditures	(7,509,553)	(3,858,838)	3,650,715	(1,258,459)	(692,640)	565,819	(71,789)	(84,754)	(12,965)
Other financing sources (uses):									
Operating transfers in	7,421,669	5,933,249	(1,488,420)	902,893	536,432	(366,461)			-
Operating transfers out			-			-			-
Total other financing sources (uses)	7,421,669	5,933,249	(1,488,420)	902,893	536,432	(366,461)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$(87,884)</u>	2,074,411	<u>\$2,162,295</u>	<u>\$(355,566)</u>	(156,208)	<u>\$199,358</u>	<u>\$(71,789)</u>	(84,754)	<u>\$156,543</u>
Net increase (decrease) in due to other funds		(244,875)						84,754	
Fund balances at January 1, cash basis		5,811			1,970,191				
Fund balances at December 31, cash basis		1,835,347			1,813,983				
Differences from modified accrual basis:									
Other receivables		4,120						40,737	
Due from other governments		3,040,670			838,018			334,755	
Advances to providers		-			-			-	
Accounts payable		(1,844,034)			(11,310)			(118,812)	
Contracts payable		-			-			-	
Due to other funds		-			-			(225,537)	
Deferred revenue		(1,076,748)			-			-	
Payroll related accruals		(244,814)			(94,683)			(31,143)	
Fund balances at December 31, modified accrual basis		<u>\$1,714,541</u>			<u>\$2,546,008</u>			<u>\$ -</u>	

(Continued)

County of Lancaster, Pennsylvania

Budgeted Special Revenue Funds

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

For the Year Ended December 31, 2001

	Office of the Aging			Mental Health and Mental Retardation			Drug and Alcohol		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Intergovernmental	\$6,776,640	\$6,166,620	\$(610,020)	\$39,984,716	\$37,968,550	\$(2,016,166)	\$4,117,385	\$3,681,541	\$(435,844)
Departmental			-	184,210	166,670	(17,540)	3,700	490	(3,210)
Interest			-	143,142	190,525	47,383	8,416	12,881	4,465
Other	30,000	306,514	276,514	166,310	271,724	105,414	750	605	(145)
Total revenues	6,806,640	6,473,134	(333,506)	40,478,378	38,597,469	(1,880,909)	4,130,251	3,695,517	(434,734)
Expenditures:									
Current:									
Health, education, and welfare:									
Drug and alcohol			-			-	4,361,359	4,327,465	33,894
Mental health/mental retardation			-	41,413,863	39,750,780	1,663,083			-
Office of aging	7,327,720	7,241,929	85,791			-			-
Capital outlay	65,900	28,301	37,599	14,499	85,259	(70,760)	16,519	22,620	(6,101)
Total expenditures	7,393,620	7,270,230	123,390	41,428,362	39,836,039	1,592,323	4,377,878	4,350,085	27,793
Excess (deficiency) of revenues over (under) expenditures	(586,980)	(797,096)	(210,116)	(949,984)	(1,238,570)	(288,586)	(247,627)	(654,568)	(406,941)
Other financing sources (uses):									
Operating transfers in	314,160	438,781	124,621	894,001	1,414,460	520,459	223,292	234,051	10,759
Total other financing sources (uses)	314,160	438,781	124,621	894,001	1,414,460	520,459	223,292	234,051	10,759
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$(272,820)	(358,315)	\$(85,495)	\$(55,983)	175,890	\$231,873	\$(24,335)	(420,517)	\$(396,182)
Net increase (decrease) in due to other funds								353,957	
Fund balances at January 1, cash basis		694,978			3,534,880			66,560	
Fund balances at December 31, cash basis		336,663			3,710,770			-	
Differences from modified accrual basis:									
Other receivables		4,435			-				
Due from other governments		354,134						928,794	
Advances to providers		5,373			808,020			3,181	
Accounts payable		(472,954)			(1,020,293)			(562,043)	
Contracts payable		-			-			-	
Due to other funds		-			-			(353,957)	
Deferred revenue		(150)			(3,277,608)			-	
Payroll related accruals		(104,270)			(190,819)			(15,975)	
Claims and judgments					(30,070)				
Fund balances at December 31, modified accrual basis		\$123,231			\$ -			\$ -	

(Continued)

County of Lancaster, Pennsylvania
 Budgeted Special Revenue Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis
 For the Year Ended December 31, 2001

	Liquid Fuels			Agricultural Land Preservation			Total Budgeted Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Intergovernmental	\$600,000	\$816,049	\$216,049	\$ -	\$ -	\$ -	\$80,258,283	\$76,619,611	\$(3,638,672)
Departmental			-			-	1,507,848	1,801,095	293,247
Interest	145,000	129,820	(15,180)			-	387,758	417,754	29,996
Other	4,500	59,971	55,471		1,677,786	1,677,786	201,560	2,324,432	2,122,872
Total revenues	749,500	1,005,840	256,340	-	1,677,786	1,677,786	82,355,449	81,162,892	(1,192,557)
Expenditures:									
Current:									
Roads and bridges	1,130,452	417,565	712,887			-	1,130,452	417,565	712,887
Health, education, and welfare:									
Drug and alcohol			-			-	4,361,359	4,327,465	33,894
Employment and training			-			-	2,938,474	2,177,008	761,466
Mental health/mental retardation			-			-	41,413,863	39,750,780	1,663,083
Office of aging			-			-	7,327,720	7,241,929	85,791
Children and youth			-			-	31,284,279	28,317,493	2,966,786
Judicial			-			-	3,799,026	3,421,638	377,388
Capital outlay	2,332,500	130,644	2,201,856			-	3,438,120	700,063	2,738,057
Total expenditures	3,462,952	548,209	2,914,743	-	-	-	95,693,293	86,353,941	9,339,352
Excess (deficiency) of revenues over (under) expenditures	(2,713,452)	457,631	3,171,083	-	1,677,786	(1,677,786)	(13,337,844)	(5,191,049)	8,146,795
Other financing sources (uses):									
Operating transfers in			-			-	9,756,015	8,556,973	(1,199,042)
Operating transfers out			-			-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	9,756,015	8,556,973	(1,199,042)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$(2,713,452)</u>	457,631	<u>\$3,171,083</u>	<u>\$ -</u>	1,677,786	<u>\$1,677,786</u>	<u>\$(3,581,829)</u>	3,365,924	<u>\$6,947,753</u>
Net increase (decrease) in due to other funds								193,836	
Fund balances at January 1, cash basis		3,002,758			294,735			9,569,913	
Fund balance at December 31, cash basis		3,460,389			1,972,521			13,129,673	
Differences from modified accrual basis:									
Other receivables								49,292	
Due from other governments		2,757						5,499,128	
Advances to providers		-				-		816,574	
Accounts payable		(18,320)				-		(4,047,766)	
Contracts payable		-			(1,972,521)	-		(1,972,521)	
Due to other funds		(119)				-		(579,613)	
Deferred revenue		-				-		(4,354,506)	
Payroll related accruals		-				-		(681,704)	
Claims and judgments		-				-		(30,070)	
Fund balances at December 31, modified accrual basis		<u>\$3,444,707</u>			<u>\$ -</u>			<u>\$7,828,487</u>	

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Trust And Agency Funds

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Pension Trust Fund

This fund is used to account for the accumulation of resources for pension benefit payments to qualified County employees.

Agency Fund

This fund is used to account for assets held by the County as agent for individuals, private organizations, other governmental units, and/or other funds. The following agencies collect fees, fines, and taxes for distribution to other governmental units and citizens for whom it was collected:

Prothonotary	Domestic Relations Office (Support Account)
Recorder of Deeds	Sheriff
Treasurer	Clerk of Courts
Register of Wills	District Justices

County of Lancaster, Pennsylvania

Trust and Agency Funds
Combining Balance Sheet

December 31, 2001

	Pension Trust		Total
	Fund	Agency Fund	
Assets			
Cash and temporary investments-operating	\$2,210,648	\$5,600,896	\$7,811,544
Accounts receivable	3,172,920	-	3,172,920
	<u>5,383,568</u>	<u>5,600,896</u>	<u>10,984,464</u>
Investments, at fair value:			
U.S. Government securities	\$6,442,294		6,442,294
U.S. Treasury strips	1,014,180		1,014,180
U.S. Government agency-mortgage backed securities	7,565,695		7,565,695
Domestic corporate bonds	18,370,091		18,370,091
Collateralized mortgage obligations	5,556,710		5,556,710
Domestic common stock	15,755,546		15,755,546
Stock index funds	29,090,952		29,090,952
International equity fund	15,036,089		15,036,089
Total investments	<u>98,831,557</u>	<u>-</u>	<u>98,831,557</u>
Total assets	<u>\$104,215,125</u>	<u>\$5,600,896</u>	<u>\$109,816,021</u>
Liabilities and net assets			
Liabilities:			
Due to other funds	\$ -	\$118,747	\$118,747
Deferred revenue	2,508,554		2,508,554
Deposits and advances		846,674	846,674
Escrow liability		1,216,010	1,216,010
Payroll related accruals		923,883	923,883
Due to other governments		2,495,582	2,495,582
Total liabilities	<u>2,508,554</u>	<u>5,600,896</u>	<u>8,109,450</u>
Net assets held in trust for pension benefits	<u>101,706,571</u>		<u>101,706,571</u>
Total liabilities and net assets	<u>\$104,215,125</u>	<u>\$5,600,896</u>	<u>\$109,816,021</u>

County of Lancaster, Pennsylvania
 Agency Fund
 Statement of Changes in Assets and Liabilities
 For the Year Ended December 31, 2001

	Balance January 1, 2001	Additions	Deletions	Balance December 31, 2001
Assets				
Cash and temporary investments-operating	\$5,304,446	\$100,197,303	\$99,900,853	\$5,600,896
Total assets	\$5,304,446	\$100,197,303	\$99,900,853	\$5,600,896
Liabilities				
Due to other funds	\$110,199	\$118,747	\$110,199	\$118,747
Deposits and advances:				
Bail and advanced costs	315,472	1,070,796	1,026,402	359,866
Civil debt held	86	208,683	208,769	-
Sheriff's office	466,904	4,728,659	4,721,320	474,243
All others	12,381	6,876	6,692	12,565
Total deposits and advances	794,843	6,015,014	5,963,183	846,674
Escrow liability:				
Bail escrow	241,136	829,985	830,622	240,499
Child support	15,853	873,268	870,295	18,826
County prison	515,915	2,815,012	2,938,480	392,447
Courts, restitution	141,549	904,520	863,756	182,313
All others	661,366	556,408	835,849	381,925
Total escrow	1,575,819	5,979,193	6,339,002	1,216,010
Other:				
All others	761,971	7,406,472	7,244,560	923,883
Total other	761,971	7,406,472	7,244,560	923,883
Due to other governments:				
Fines and costs	1,971,445	79,729,625	79,316,230	2,384,840
All others	90,169	948,252	927,679	110,742
Total due to other governments	2,061,614	80,677,877	80,243,909	2,495,582
Total liabilities	\$5,304,446	\$100,197,303	\$99,900,853	\$5,600,896

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General Fixed Assets Account Group

County of Lancaster, Pennsylvania

Schedule of General Fixed Assets - By Source

December 31, 2001

General fixed assets:	
Land and improvements	\$4,732,170
Buildings and improvements	64,461,860
Furniture and equipment	30,347,735
Assets under capital lease	1,371,165
Construction in progress	17,719,655
Total general fixed assets	<u>\$118,632,585</u>
Investment in general fixed assets by source:	
General fund	\$34,300,692
General fund revenues	1,371,165
Capital lease obligations	1,910,822
Special revenue funds	52,623,507
Capital projects funds	28,426,399
Prior years not identified by source	
Total investment in general fixed assets	<u>\$118,632,585</u>

County of Lancaster, Pennsylvania

Schedule of General Fixed Assets - By Function and Activity

December 31, 2001

Function and Activity	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Assets Under Capital Lease	Construction in Progress	Total
General government:						
Administration	\$561,734	\$49,999	\$3,810,149	\$1,371,165	\$ -	\$5,793,047
Community services	-	7,684	1,981,745	-	-	1,989,429
Finance	-	3,566	677,954	-	-	681,520
Planning commission	-	6,045	536,437	-	-	542,482
Recorder of deeds	-	1,300	308,991	-	-	310,291
Registration and elections	115	216,316	515,570	-	-	732,001
General government buildings	371,668	50,317,935	3,794,735	-	-	54,484,338
Total general government	933,517	50,602,845	11,625,581	1,371,165	-	64,533,108
Roads and bridges						
Roads and bridges	-	72,117	201,975	-	-	274,092
Public safety	10,842	1,204,829	8,310,291	-	-	9,525,962
Health, education, and welfare:						
Mental health/mental retardation and drug and alcohol	3,400	32,653	1,167,270	-	-	1,203,323
Office of aging	-	24,108	542,222	-	-	566,330
Children and youth	115	643,428	1,160,465	-	-	1,804,008
Total health, education, and welfare	3,515	700,189	2,869,957	-	-	3,573,661
Judicial						
Judicial	46,810	888,051	5,374,231	-	-	6,309,092
Corrections	6,710	7,045,820	750,824	-	-	7,803,354
Cultural and recreation	3,730,776	3,948,009	1,214,876	-	-	8,893,661
Construction in progress	-	-	-	-	17,719,655	17,719,655
Total general fixed assets	\$4,732,170	\$64,461,860	\$30,347,735	\$1,371,165	\$17,719,655	\$118,632,585

County of Lancaster, Pennsylvania

Schedule of Changes in General Fixed Assets - By Function and Activity

For the Year Ended December 31, 2001

Function and Activity	General Fixed Assets January 1, 2001	Additions	Deductions	General Fixed Assets December 31, 2001
General government:				
Administration	\$4,792,113	\$1,027,910	\$26,976	\$5,793,047
Community services	1,602,329	390,715	3,615	1,989,429
Finance	668,041	23,407	9,928	681,520
Planning commission	499,812	56,482	13,812	542,482
Recorder of deeds	285,390	37,958	13,057	310,291
Registration and elections	720,784	11,217		732,001
General government buildings	53,700,717	783,621		54,484,338
Total general government	<u>62,269,186</u>	<u>2,331,310</u>	<u>67,388</u>	<u>64,533,108</u>
Roads and bridges	274,092			274,092
Public safety	5,285,992	4,247,633	7,663	9,525,962
Health, education, and welfare:				
Mental health/mental retardation and drug and alcohol	1,134,859	116,069	47,605	1,203,323
Office of aging	541,661	28,301	3,632	566,330
Children and youth	1,628,470	183,065	7,527	1,804,008
Total health, education, and welfare	<u>3,304,990</u>	<u>327,435</u>	<u>58,764</u>	<u>3,573,661</u>
Judicial	5,952,524	412,255	55,687	6,309,092
Corrections	7,558,754	260,214	15,614	7,803,354
Cultural and recreation	7,506,207	1,412,641	25,187	8,893,661
Construction in progress	10,043,110	8,649,315	972,770	17,719,655
Total general fixed assets	<u>\$102,194,855</u>	<u>\$17,640,803</u>	<u>\$1,203,073</u>	<u>\$118,632,585</u>

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County of Lancaster, Pennsylvania
General Governmental Expenditures by Function (1)
Last Ten Years

Table 1

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Expenditures:										
General Government	\$13,072,388	\$17,378,648	\$18,921,034	\$17,647,304	\$17,399,700	\$17,985,934	\$20,373,098	\$21,518,895	\$25,892,225	\$41,587,893
Public Safety	1,949,884	2,192,256	2,808,901	3,711,190	4,357,884	4,534,442	5,282,574	5,206,259	5,971,456	6,241,998
Roads and Bridges	334,914	445,643	551,955	309,163	708,795	817,071	182,156	560,989		433,594
Health, education and welfare										
Drugs and Alcohol	1,935,976	1,876,855	1,872,718	1,749,674	2,268,085	3,433,610	3,852,526	3,839,594	4,086,542	4,607,956
Employment and Training	2,563,534	3,022,472	3,296,063	2,877,233	2,487,666	2,769,095	2,540,502	2,426,380	1,637,120	2,207,559
Mental Health/Mental Retardation	14,981,011	15,308,700	17,455,452	20,448,922	22,499,247	23,417,171	29,056,207	26,077,370	34,639,492	40,350,436
Office of Aging	4,914,214	5,239,323	4,951,555	5,735,513	5,657,919	5,895,116	6,092,531	5,968,260	7,136,854	7,172,111
Children and Youth	13,322,895	13,636,037	16,117,597	16,389,065	18,698,602	20,181,165	23,066,567	27,331,900	30,258,567	33,759,131
Other	749,686	3,173,556	3,308,767	3,296,100	3,414,825	3,195,669	529,528	595,725	661,207	713,296
Judicial	15,231,123	16,312,366	16,737,228	18,505,088	19,408,229	21,537,416	22,368,920	23,284,151	24,527,754	26,919,414
Corrections	8,150,675	8,609,422	9,276,720	9,836,218	9,980,618	10,747,625	11,449,924	11,721,069	12,567,146	13,082,682
Culture and Recreation	1,139,425	1,239,644	1,310,412	1,397,709	1,546,124	1,685,611	1,737,960	1,881,487	2,016,937	2,263,339
Community Development	3,232,737	3,760,985	4,492,277	4,337,264	3,936,044	5,026,949	6,407,530	3,965,971	5,133,874	4,561,550
Arbitatge expense	300,240									
Depreciation in Fair Value of Investments								210,073		-
Capital Outlay	2,257,307	1,760,353	3,614,040	5,439,413	4,904,226	2,214,934	4,320,602	6,535,965	22,364,395	16,934,114
Capital Lease			979,655				1,371,165			
Debt service (2)										
Principal Retirement	2,270,000	2,720,000	3,320,000	3,070,000	3,205,000	3,220,000	4,530,000	4,360,000	4,810,000	4,495,000
Other advance refunding escrow	683,243									
Interest and fiscal charges	1,820,958	1,955,036	1,998,930	1,977,657	2,149,283	2,435,404	2,119,684	1,875,940	3,198,789	4,114,619
Bond issuance costs	470,781									
Total Expenditures	\$89,380,991	\$98,631,296	\$111,013,304	\$116,727,513	\$122,622,247	\$129,097,212	\$145,281,474	\$147,360,028	\$184,902,358	\$209,444,692

(1) Amounts include all governmental fund types

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

County of Lancaster, Pennsylvania
General Governmental Revenues by Source (1)
Last Ten Years

Table 2

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues:										
Real Estate Taxes	\$26,017,714	\$37,199,071	\$38,515,705	\$39,355,004	\$36,653,736	\$41,268,634	\$53,380,671	\$54,257,481	\$56,347,904	\$57,902,496
Personal Property Taxes	4,508,936	4,776,742	5,212,350	5,255,102	395	395	38,544	8,110		
Intergovernmental	42,985,473	48,030,835	53,014,168	57,087,622	59,221,424	64,891,091	72,619,983	69,668,080	84,176,629	92,023,376
Departmental	6,795,105	13,314,547	7,851,462	10,934,728	10,955,572	10,925,017	11,894,457	13,043,400	12,844,848	13,865,686
Fines and Costs	1,897,667	1,996,624	2,209,316	2,300,402	2,471,293	2,569,576	2,745,813	2,961,714	3,121,137	3,957,438
Interest	898,119	1,027,038	1,755,014	2,415,281	2,609,775	1,535,983	3,031,788	1,966,978	4,885,056	3,622,738
Other	604,357	757,120	1,218,745	639,833	396,521	418,961	328,169	1,616,854	802,947	697,691
Total Revenues	\$83,707,371	\$107,101,977	\$109,776,760	\$117,987,972	\$112,308,321	\$121,609,657	\$144,039,425	\$143,522,617	\$162,178,521	\$172,069,425

(1) Amounts include all governmental fund types.

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

Table 3

Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1992	\$30,664,597	\$29,107,070	94.92%	\$407,161	\$29,514,231	96.25%	\$1,460,495	4.76%
1993	42,873,577	40,146,668	93.64%	564,086	40,710,754	94.96%	1,981,762	4.62%
1994	44,913,793	42,181,228	93.92%	1,470,128	43,651,356	97.19%	1,422,146	3.17%
1995	45,542,247	43,055,615	94.54%	1,592,116	44,647,731	98.04%	1,501,395	3.30%
1996	36,892,678	35,136,945	95.24%	1,444,628	36,581,573	99.16%	1,366,560	3.70%
1997	42,146,876	39,882,529	94.63%	1,291,192	41,173,721	97.69%	1,798,106	4.27%
1998	54,955,971	51,723,264	94.12%	1,478,664	53,201,928	96.81%	1,974,835	3.59%
1999	55,167,820	52,320,144	94.84%	1,996,662	54,316,806	98.46%	1,075,483	1.95%
2000	56,401,307	55,125,390	97.74%	1,176,172	56,301,562	99.82%	618,847	1.10%
2001	59,742,551	56,713,662	94.93%	1,195,523	57,909,185	96.93%	825,459	1.38%

(1) Total tax levy includes real estate and personal property taxes for 1992 - 1995. On 5/22/96, the Board of Commissioners repealed the personal property tax effective January 1, 1996. Real estate tax levy is not adjusted by exonerations.

(2) Total tax collections include penalties and interest.

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

Table 4

Year	Real Property			Personal Property (2)			Total Assessed Value
	Assessed Value	Estimated Actual Value (1)	Millage Rate	Assessed Value to Estimated Actual Value	Assessed Value	Millage Rate	
1992	\$3,550,262,860	\$3,118,915,690	8.500	100%	\$1,141,799,500	4.00	\$4,692,062,360
1993	3,636,842,160	3,189,464,720	12.000	100%	1,225,112,070	4.00	4,861,954,230
1994	3,738,993,750	3,283,418,320	12.000	100%	1,325,733,683	4.00	5,064,727,433
1995	3,805,378,700	3,345,542,010	12.000	100%	1,332,173,660	4.00	5,137,552,360
1996	3,804,594,810	3,353,879,840	11.000	100%			3,804,594,810
1997	24,001,100,700	21,340,190,400	1.975	100%			24,001,100,700
1998	24,470,843,500	21,678,884,200	2.535	100%			24,470,843,500
1999	22,561,137,200	20,674,588,900	2.515	100%			22,561,137,200
2000	25,267,114,100	22,863,582,100	2.515	100%			25,267,114,100
2001	25,773,667,700	23,287,615,500	2.613	90%			25,773,667,700

(1) 1992-1996 estimated actual value is based on a market value appraisal made in 1960 by the Lancaster County Assessment Board which is updated as additions and new construction occur. In 1997, county-wide reassessment was implemented.

(2) The Lancaster County Personal Property Tax was a tax on intangible personal property. Assessed value represents the estimated actual value of the property. On 5/22/96, the Board of Commissioners repealed the personal property tax effective January 1, 1996.

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

Table 5

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
City:										
Lancaster	116.25	119.75	130.2	131.6	144.1	24.505	25.515	26.455	26.455	26.5530
Borough:										
Adamstown	87.5	91	96	97.5	100	16.265	17.825	18.555	18.555	19.1530
Akron	71.5	75	84	86	85.5	14.569	16.225	16.205	17.205	18.3030
Christiana	95	100.5	105.5	102	115	16.625	17.945	19.485	21.075	21.9830
Columbia	98.5	105	114	116.5	115.5	18.601	22.161	23.091	23.675	23.7730
Denver	88.75	92.25	97.25	98.75	101.25	16.585	18.145	18.375	18.375	18.7230
East Petersburg	72.75	76.25	81.85	81.85	84.85	15.37	16.477	16.457	17.757	18.4050
Elizabethtown	78	81.5	82.5	84.5	87.5	14.72	16.105	17.265	17.265	18.2130
Ephrata	77.75	81.25	88	88	89.5	15.082	16.162	16.142	17.142	18.2400
Lititz	77	80.5	94.7	97	97.9	16.2	16.76	16.74	16.74	16.8380
Manheim	85	88.5	100	102.8	104.6	17.375	18.505	18.815	19.385	19.9830
Marietta	95.5	104	108	109.5	108.5	16.275	17.135	17.975	18.205	19.5230
Millersville	72.25	78.25	89.5	98.5	105.4	17.363	18.873	19.493	19.635	19.7330
Mount Joy	89.5	94	98.5	100.5	99.5	15.775	16.385	16.725	17.105	18.5230
Mountville	75.75	79.25	83.85	83.85	84.85	15.315	15.875	15.855	16.355	17.0030
New Holland	84.3	89.3	90.8	90.8	92.55	14.815	15.375	15.355	15.355	15.6230
Quarryville	60	63.5	70.5	73.5	73	11.155	11.715	11.995	11.995	12.4130
Strasburg	76	79.5	81.2	85.6	90	15.455	16.835	17.005	17.465	18.1130
Terre Hill	88.8	93.3	94.8	95.3	96.3	15.325	16.345	16.325	16.825	16.9230
Townships:										
Bart	60	62.5	66	69	70	10.425	10.915	10.895	10.845	17.5130
Brecknock	79.8	83.3	85.8	85.8	84.8	13.485	14.345	14.325	14.325	14.4230
Caernarvon	80.3	83.8	85.3	85.3	86.3	13.685	14.245	14.225	14.225	14.3230
Clay	73.5	77	83	83	83.5	14.13	15.2098	15.1898	16.1898	17.2878
Colerain	54	57.5	62	65	66	9.955	10.515	10.495	10.495	11.1130
Conestoga	64.5	68	78.5	85.5	90.4	15.002	16.512	17.132	17.442	17.5400
Conoy	65	68.5	69.5	69.5	72.5	12.12	13.505	14.665	14.665	15.1130
Drumore	51	54.5	59	62	63	9.555	10.115	10.095	10.095	10.5130

(Continued)

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

Table 5 (Cont.)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Earl	80.8	85.8	87.3	87.3	88.3	14.125	15.045	15.025	15.025	15.1230
East Cocalico	82.25	87.75	92.75	94.25	96.75	15.835	17.395	17.675	17.625	18.2230
East Donegal	82.5	86	91	92	92	14.868	15.535	15.875	16.105	17.5230
East Drumore	53.5	57	61.5	64.5	65.5	9.955	10.515	10.495	10.495	10.9130
East Earl	81.8	85.3	86.8	86.8	87.8	13.975	14.535	14.565	14.825	14.9230
East Hempfield	74.25	78.5	83.1	83.85	84.85	15.495	16.155	16.135	16.635	17.2830
East Lampeter	62.5	67	74	76.25	78.25	13.705	14.515	14.625	14.755	14.8530
Eden	55	58.5	63	66	67	10.155	10.815	10.165	10.165	10.5830
Elizabeth	70	73.5	87.7	90	90.9	15.075	15.635	15.615	15.615	15.7130
Ephrata	72	76.5	82.5	84.5	87	14.705	15.845	16.055	17.055	18.1530
Fulton	53	56.5	61	64	65	9.775	10.335	10.315	10.315	10.7330
Lancaster	94.25	97.75	105.7	104.7	111.7	19.025	20.035	20.015	20.015	20.1130
Leacock	74.25	77.75	83.25	85.25	86.75	13.586	14.535	15.215	15.415	15.9130
Little Britian	54	57.5	62	65	66	9.975	10.535	10.515	10.515	10.9330
Manheim	86.5	90	92.3	92.3	91.7	16.245	16.785	16.765	17.165	17.7530
Manor	63.5	67	77.5	84.5	89.4	15.045	16.555	17.225	17.535	17.6330
Martic	59.5	63	72.5	79.5	84.4	14.195	15.705	16.325	16.635	16.7330
Mount Joy (Part)(2)	89.5	94	97	95	93	14.675	14.105	15.375	15.855	17.1480
Mount Joy (Part)(3)	74	78.5	78.5	76.5	78.5	12.82	15.135	15.165	15.415	16.2380
Paradise	78.25	81.75	87.25	89.25	90.75	14.125	14.985	15.665	15.865	16.9130
Penn	75.5	79	89.5	92.3	94.1	15.875	17.005	17.565	18.135	18.2330
Pequea	67	70.5	80	87	91.9	15.319	16.82865	17.4487	17.7587	17.8566
Providence	53	56.5	60.5	63.5	64.5	9.775	10.335	10.315	10.315	10.7330
Rapho	73.5	77	86.5	89.3	91.1	15.375	16.505	16.815	17.385	17.4830
Sadsbury	96.5	100	104	97	108	15.825	17.145	17.735	19.325	20.2330
Salisbury	73.75	77.25	82.75	84.75	86.25	13.505	14.265	14.945	15.145	15.6430
Strasburg	70.5	74	75.7	78.6	83	14.255	15.635	15.805	16.065	16.5130
Upper Leacock	61.5	65	71	75.25	77.25	13.575	14.485	14.665	14.925	15.2230
Warwick	72	75.5	89.7	92	92.9	15.405	15.9654	15.9454	15.9454	16.0434
West Cocalico	81.25	84.75	90.75	92.25	94.75	15.335	16.895	17.125	17.625	18.4730
West Donegal	71	74.5	75.5	77.5	80.5	13.62	15.005	16.165	16.165	16.6130
West Earl	60.75	64.25	70.25	73.25	75.25	13.24	14.185	14.295	14.925	15.0230
West Hempfield	71.25	74.75	79.35	79.35	80.35	14.595	15.155	15.135	15.635	16.2830
West Lampeter	69.75	73.25	74.95	77.85	82.25	14.19	15.47	15.6988	16.1057	16.5537

(1) Includes millage for municipal, school, and county real estate tax per \$1,000 of assessed value. In 1997, the 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.

County of Lancaster, Pennsylvania
Principal Taxpayers
December 31, 2001

Table 6

Taxpayer	Type of Business	Assessed Value	Percentage of Total Assessed Valuation
PECO Energy Company	Electric Supplier	\$317,440,500	1.26%
High Properties	Construction/Real Estate	201,777,800	0.80%
Willow Valley Association Inc	Retirement Complex	172,741,100	0.68%
Spitzer M James Etal (Park City)	Retailing	142,152,600	0.56%
Lancaster General Hospital Foundation	Medical Services	77,280,400	0.31%
FSA Enterprises (Rockvale Square)	Retailing	52,607,100	0.21%
American Stores	Warehouse	48,424,600	0.19%
Dart Container Corp of PA	Manufacturing	46,988,200	0.19%
Masonic Homes	Retirement Complex	43,149,200	0.17%
Armstrong Cork Co	Manufacturing	56,097,500	0.22%
Luthercare	Retirement Complex	28,706,400	0.11%
Garden Spot Village Inc	Retirement Complex	28,264,300	0.11%
Safe Harbor Water Power Co	Electric Supplier	25,727,800	0.10%
Warner-Lambert Co	Manufacturing	25,647,900	0.10%
Mennonite Home Inc	Retirement Complex	25,423,000	0.10%
Wal Mart Stores	Retailing	22,281,600	0.09%
Rose City HMA	Medical Services	20,580,600	0.08%
Brethren Home Inc	Retirement Complex	20,040,000	0.08%
Tanger Properties Limited Partners	Retailing	19,144,600	0.08%
QVC Inc	Warehouse	18,386,200	0.07%
	Total	<u>\$1,392,861,400</u>	<u>5.51%</u>

County of Lancaster, Pennsylvania
 Computation of Legal Debt Margin
 December 31, 2001

Table 7

Borrowing base revenues (1):				
	1999		\$	97,623,975
	2000			100,212,634
	2001			105,046,643
Total Revenue			<u>\$</u>	<u>302,883,252</u>
Average borrowing base revenues			\$	100,961,084
Debt limit percentage				<u>300%</u>
Legal debt limit				<u>302,883,252</u>
Total amount of debt applicable to debt limit				<u>122,326,369</u>
Legal debt margin			<u>\$</u>	<u>180,556,883</u>

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

County of Lancaster, Pennsylvania
Ratio of General Obligation Bonded Debt to Assessed Value
and General Obligation Bonded Debt Per Capita
Last Ten Years

Table 8

Year	Population (1)	Assessed Value (2)	Bonded Debt (3)	Ratio of Bonded Debt to Assessed Value	
				Debt to Assessed Value	Bonded Debt Per Capita
1992	434,168	\$4,692,062	\$46,680,221	99.49%	107.52
1993	438,552	4,861,954	45,094,692	92.75%	102.83
1994	442,959	5,064,727	49,418,906	97.57%	111.57
1995	447,521	5,137,552	46,833,603	91.16%	104.65
1996	450,834	3,804,595	54,140,817	142.30%	120.09
1997	454,063	24,001,101	53,012,751	22.09%	116.75
1998	456,414	24,470,844	49,241,731	20.12%	107.89
1999	460,035	22,561,137	45,745,234	20.28%	99.44
2000	470,658	25,267,114	98,605,913	39.03%	209.51
2001	474,601	25,773,668	122,326,369	47.46%	257.75

(1) Population Sources: 1992- 1996 Estimated by Lancasater County Planning Commission;
1997 - 1999 Estimated by U.S. Census Bureau; 2000 U.S. Census Bureau.
2001 Estimated by U.S. Census Bureau

(2) From Table 4 (amounts expressed in thousands).

(3) Excludes issues refunded pursuant to advance refundings and General Obligation Bonds reported on the enterprise fund.

County of Lancaster, Pennsylvania
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt (1)
to Total General Governmental Expenditures (2)
Last Ten Years

Table 9

Year	Principal (3)	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1992	\$2,270,000	\$1,820,958	\$4,090,958	\$89,380,991	4.58%
1993	2,720,000	1,955,009	4,675,009	98,631,296	4.74%
1994	3,320,000	1,998,930	5,318,930	111,013,304	4.79%
1995	3,070,000	1,977,657	5,047,657	116,727,513	4.32%
1996	3,205,000	2,149,283	5,354,283	122,622,247	4.37%
1997	3,220,000	2,435,404	5,655,404	129,097,212	4.38%
1998	4,530,000	2,119,684	6,649,684	145,281,474	4.58%
1999	4,360,000	1,875,940	6,235,940	147,360,028	4.23%
2000	4,810,000	3,198,789	8,008,789	184,902,358	4.33%
2001	4,495,000	4,114,619	8,609,619	209,444,692	4.11%

(1) Any general obligation bonds reported in the enterprise fund have been excluded.

(2) Includes general, special revenue, and capital projects funds.

(3) Excludes expenditures for payments of tax revenue anticipation notes.

County of Lancaster
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 January 1, 2001

Table 10

Jurisdiction:	(1) Net General Obligation Bonded Debt and/or Revenue Bonds Outstanding
County of Lancaster	\$122,326,369 (2)
Overlapping:	
City of Lancaster	
School Districts:	
Cocalico	47,729,126
Columbia Borough	5,930,969
Conestoga Valley	39,748,283
Donegal	21,227,076
Eastern Lancaster County	23,006,626
Elizabethtown Area	30,240,000
Ephrata Area	59,654,026
Hempfield	59,419,978
Lampeter-Strasburg	34,338,856
Lancaster	74,808,022
Lancaster County Vo-Tech School	9,637,360
Manheim Central	23,369,729
Manheim Township	46,672,725
Octorara	25,560,000
Penn Manor	60,701,575
Pequea Valley	24,514,509
Solanco	27,318,030
Warwick	63,561,000
Total School Districts	677,437,890
Municipal Authorities:	
Adamstown Borough Authority	1,575,000
Akron Borough Authority	430,000
Bainbridge Water	
Blue Ball Water Authority	
Christiana Borough	806,160
East Cocalico Water And Sewer	4,524,141
Columbia Municipal	72,500
Denver Borough	
Earl Township Sewer Authority	3,165,000
East Donegal Township - Marietta Borough Sewer	
East Donegal Township Sewer	287,020
East Donegal Township Water	1,920,396
East Earl Sewer Authority	2,010,000
East Hempfield Municipal Authority	
East Lampeter Township Sewer	10,160,000
Elizabethtown Regional Area Authority	23,240,000
Ephrata Borough	17,305,936
Ephrata Area Joint Authority	5,550,000
Ephrata Township Sewer Authority	1,623,475

(Continued)

Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
January 1, 2001

Table 10 (Cont.)

Jurisdiction:	(1) Net General Obligation Bonded Debt and/or Revenue Bonds Outstanding
Georgetown Area Sewer Authority	\$558,392
Lancaster Airport	175,880
Lancaster Area Sewer	59,970,000
Lancaster County Convention Center	
Lancaster County Hospital Authority	
Lancaster County Solid Waste Management Auth	125,287,479
Lancaster Downtown Investment District Authority	
Lancaster-Lebanon Joint Authority	1,540,414
Lancaster Municipal Authority	
Lancaster Parking	26,215,000
Leacock Township Sewer Authority	2,969,904
Leola Sewer	3,120,855
Lititz Sewer	872,695
Manheim Borough	12,650,000
Manheim Township	11,560,000
Marietta Borough Authority	
Mount Joy Borough	11,300,000
Mount Joy Township Authority	14,309,362
Mountville Borough Water Authority	
New Holland Borough	3,880,000
Northern Lancaster County	220,807
Northwestern Lancaster County Water and Sewer	2,640,883
Paradise Township Sewer Authority	1,716,000
Quarryville Borough Sewer Authority	605,000
Red Rose Transit Authority	
Redevelopment Authority	45,000
Sadsbury Township Sewer Authority	2,190,000
Strasburg Borough	
Suburban Lancaster Sewer	15,260,000
Warwick Township Municipal	13,195,000
West Cocalico Township Authority	1,191,150
West Donegal Township Sewer & Water	9,225,732
West Earl Water Authority	1,601,903
West Earl Sewer Authority	1,486,000
Western Heights Water Authority	
Total Municipalities	396,457,084
Total Overlapping Debt	1,073,894,974
Total direct and overlapping debt	\$1,196,221,343

(1) The debt of the city and school districts is tax based, and the majority of the municipal authorities are self-supporting.
(2) Excluding general obligation bonds reported on the enterprise fund.

Demographic Statistics
Last Ten Years

Table 11

Year	(1) Population	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
1992	434,168	\$20,062	76,853	5.5%
1993	438,552	21,070	78,160	4.2%
1994	442,959	22,147	79,980	3.8%
1995	447,521	22,997	81,609	3.5%
1996	450,834	24,138	82,754	3.3%
1997	454,063	25,057 (5)	84,132	3.0%
1998	456,414	26,053 (5)	84,985	2.9%
1999	460,035	26,889 (6)	85,647	2.6%
2000	470,658	27,309 (6)	85,569	2.7%
2001	474,601	28,195 (6)	85,571	3.2%

Data Sources:

- (1) Population Sources: 1992- 1996 Estimated by Lancasater County Planning Commission;
1997 - 1999 Estimated by U.S. Census Bureau; 2000 U.S. Census Bureau.
2001 Estimated by U.S. Census Bureau
- (2) 1992 - 1996 Lancaster, PA Office of Employment Security
- (3) Commonwealth of Pennsylvania, Department of Education.
- (4) PA Department of Labor and Industry, Office of Employment Security.
- (5) Estimated by Lancaster County Controller's Office
- (6) U.S Department of Commerce , Bureau of Economic Analysis.

County of Lancaster, Pennsylvania
Demographic Statistics (continued)
Last Ten Years

Table 11 (Cont.)

Population Count and Age Distribution (1):

Census Year	Under 5	5-9	10-14	15-19	20-24	25-44	45-64	Over 65	Total Population
1940	17,188	17,587	18,727	19,525	18,016	60,462	42,135	18,864	212,504
1950	24,639	20,110	17,180	17,170	18,283	67,633	47,096	22,605	234,716
1960	31,338	28,457	25,147	21,003	16,916	72,159	55,220	28,119	272,067
1970	27,180	31,646	32,768	30,232	24,474	75,416	64,935	33,428	320,079
1980	26,950	27,048	28,783	34,324	33,935	97,793	71,175	42,338	362,346
1990	33,462	31,739	29,844	30,590	31,305	132,351	78,062	55,469	422,822
2000	32,680	35,939	36,290	34,329	29,246	133,185	102,929	66,060	470,658

Population Distribution by Gender - 2000 Census Year (1):

	"Male"		"Female"	
	Number	Percentage	Number	Percentage
Under 5 years	16,808	7.33%	15,872	6.58%
5-9 years	18,496	8.06%	17,443	7.23%
10-14 years	18,523	8.07%	17,767	7.37%
15-19 years	17,501	7.63%	16,828	6.98%
20-24 years	14,488	6.31%	14,758	6.12%
25-34 years	29,308	12.77%	29,785	12.35%
35-44 years	36,643	15.97%	37,449	15.53%
45-54 years	30,747	13.40%	31,613	13.11%
55-59 years	10,909	4.75%	11,516	4.77%
60-64 years	8,709	3.80%	9,435	3.91%
65-74 years	14,893	6.49%	17,813	7.39%
75 years and older	12,429	5.42%	20,925	8.68%
	<u>229,454</u>	<u>100.00%</u>	<u>241,204</u>	<u>100.00%</u>

(1) Pennsylvania State University Data Center

County of Lancaster, Pennsylvania
Property Value, Construction, and Bank Deposits
Last Ten Years

Table 12

Year	Property Value (1)		Construction and Additons (2)		Bank Deposits (3)
	Taxable	Nontaxable	Number of Number of Units	Value	
1992	\$3,118,915,690	\$431,347,170	5,413	\$75,563,720	\$5,050,490,000
1993	3,189,464,720	447,377,440	5,317	85,650,840	5,023,843,000
1994	3,283,418,320	455,575,430	5,188	92,296,090	4,895,379,000
1995	3,345,542,010	459,836,690	4,460	75,563,950	5,016,543,000
1996	3,353,879,840	450,714,970	2,884	50,098,080	3,578,495,000
1997	21,340,190,400	2,660,910,300	4,722	467,926,900	5,237,152,000
1998	21,678,884,200	2,791,959,300	3,849	451,570,900	4,929,358,000
1999	20,674,588,900	1,886,548,300	3,504	434,999,300	5,434,834,000
2000	22,863,582,100	2,403,532,000	3,719	500,085,500	Not Available
2001	23,287,615,500	2,486,052,200	3,812	429,127,100	Not Available

- (1) Total appraised valuations and nontaxable appraised valuations were provided by the County Assessor's office. 1990-1996 property values are based on a 1960 market appraisal which is updated for additions and new construction. In 1997 county wide reassessment was implemented. Taxable property value is from Table 4, estimated actual value.
- (2) Amounts are based on interim appraisals for new construction and additions, which are added to the following year's real estate tax rolls.
- (3) Bank deposits include deposits for commerical banks, savings and loan associations, and credit unions. This information was compiled by Sheshunoff Info. Services, Inc., Austin, TX.

County of Lancaster, Pennsylvania
Salaries and Surety Bonds of Principal Officials
For the year ended December 31, 2001

Table 13

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Paul Thibault, Commissioner	\$ 69,405	\$ 7,500
Howard "Pete" Shaub, Commissioner	\$ 68,405	\$ 7,500
Ronald Ford, Commissioner	\$ 68,405	\$ 7,500
David S. Hickernell, Clerk of Courts	\$ 59,539	\$ 11,000
Benj. H. Hess, Jr., Controller	\$ 59,539	\$ 100,000
Barry D. Walp, Coroner	\$ 59,539	\$ 15,000
Timothea Kirchner, County Administrator	\$ 86,812	\$ 7,500
Terry L. Styer, Chief Clerk	\$ 48,195	\$ 7,500
Donald R. Totaro, District Attorney	\$ 115,065	(1)
Kathleen Angermier, Jury Commissioner	\$ 7,359	(1)
Linda Schwanger, Jury Commissioner	\$ 7,359	(1)
Robert H. Getz, Prothonotary	\$ 59,539	\$ 200,000
Stephen J. McDonald, Recorder of Deeds	\$ 59,539	\$ 350,000
Donna S. Reinaker, Register of Wills	\$ 61,539	\$ 25,000
Terry Bergman, Acting Sheriff	\$ 59,539	\$ 25,000
Gregory Sahd, Treasurer	\$ 59,539	\$ 500,000
39 bonded tax collectors	\$.75 per parcel collected	\$ 20,634,120

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

(2) The dollar value is stated at 75% of total county, school and municipal tax levied in 2001.
Bonds are valid for the tax collector's term, 1998-2001.

County of Lancaster
Miscellaneous Statistics
December 31, 2001

Table 14

Date of Incorporation	May 10, 1729
Form of Government	Elected Board of Commissioners
Number of employees (excluding police and fire):	
Full-time	1,971
Part-time	619
Area in square miles	984 miles
Land	949 miles
Water	35 miles
County of Lancaster, facilities and services:	
Miles of streets:	
Federal	18 miles
State	1,134 miles
Local (municipal)	2,656 miles
Number of street lights	16,022
Number of traffic lights	417
Cultural and recreation:	
Community centers	4
Parks land acreage:	
County Parks	2,003 acres
State Parks	224 acres
State Game Lands	8,628 acres
Middle Creek Wildlife Management Area	1,931 acres
Fish Commission lands	413.7 acres
Rails to Trails	13 miles
Golf courses	19
Fire protection:	
Number of stations	80
Volunteer Fire Fighters	2,370
Career Fire Fighters	85
Police protection:	
Number of stations	33
Number of police personnel and officers	870
Number of patrol units	264
Emergency Medical Services:	
Number of units	25
Volunteer Personnel	400
Career Personnel	270
Facilities and services not included in reporting entity	
Education:	
Number of elementary schools	87
Number of elementary school instructors (public)	1,898
Number of secondary schools	43
Number of secondary school instructors (public)	1,737
Number of combined schools (both secondary and elementary)	16
Number of colleges and universities	9
Hospitals:	
Number of hospitals	6
Number of patient beds	1,236
Agriculture:	
Number of farms	5,910
Farm acreage	421,000
Libraries (public, school, and special)	172
Airports (commercial use)	4
Elections:	
Number of registered voters	269,273
Number of votes cast in last general election	64,573
Percentage of registered voters in last general election	23.98%

Schedule of Insurance In-Force
December 31, 2001

Table 15

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %		Liability Limit
S. Paul Insurance Company	GP09304011	02/01/01-02/01/02	\$322,360	General Liability	\$ 2,000,000	General Total Limit
					\$ 2,000,000	Products And Completed Work Total Limit
					\$ 1,000,000	Personal Injury Each Person Limit
					\$ 1,000,000	Advertising Injury Each Person Limit
					\$ 1,000,000	Each Event Limit
					\$ 5,000	Medical Expenses Limit
					\$ 100,000	Premises Damage Limit
				Sexual Abuse Liability	\$ 250,000	Sexual Abuse Total Limit
					\$ 50,000	Sexual Abuse Each Person Limit
				Law Enforcement Liability	\$ 1,000,000	Total Limit
				Law Enforcement Deductible - \$25,000	\$ 1,000,000	Each Wrongful Act Limit
				Employee Benefit Plans Administration Liability	\$ 1,000,000	Each Wrongful Act
				Employee Benefit Plans Administration Liability Ded. - \$1,000	\$ 3,000,000	Total Limit
				Public Entity Management Liability	\$ 5,000,000	Total Limit
				Public Entity Management Liability Deductible - \$25,000	\$ 2,000,000	Each Wrongful Act Limit
Commercial Auto	\$ 1,000,000	Combined Single Limit				
	\$ 1,000,000	Uninsured/Underinsured Motorists				
Umbrella Excess Liability	\$ 10,000,000	General Total Limit				
Umbrella Excess Liability Deductible - \$10,000	\$ 10,000,000	Products Completed Work Total Limit				
	\$ 10,000,000	Personal Injury Each Person Limit				
	\$ 10,000,000	Advertising Injury Each Person Limit				
	\$ 10,000,000	Law Enforcement Liability Each Wrongful Act Limit				
	\$ 10,000,000	Each Event Limit				
S. Paul Insurance Company	GP09304070	02/01/01-02/01/02	\$ 10,000	Skateboard Park General Liability	\$ 1,000,000	General Total Limit
					\$ 1,000,000	Products and Completed Work Total Limit
					\$ 500,000	Personal Injury Each Person Limit
					\$ 500,000	Advertising Injury Each Person Limit
					\$ 500,000	Each Event Limit
					\$ 100,000	Premises Damage Limit
Wausau Insurance Company	146200151849	02/01/01-02/01/02	\$ 83,241	Fire and extended coverage: \$25,000 deductible, 90% co-insurance buildings and contents.	\$ 111,943,094	Per accident Blanket limit-monies and securities within/ outside premise.
Boiler & Machinery				Property Damage: \$5,000 deductible	\$ 5,000,000	
Money & Securities				Destruction, disappearance and wrongful abstraction of money, checks, and other securities:	\$ 50,000	
Commercial Property Coverages				Earthquake \$50,000 deductible	\$ 1,000,000	
				Earthquake \$50,000 deductible	\$ 20,000,000	
Computers				Hardware: \$500 deductible	\$ 3,459,692	
				Software: \$500 deductible	\$ 1,364,707	
				Fine Arts Floater; \$1,000 deductible	\$ 121,340	
				Radio & Television Broadcasters - Transmission Towers - Replacement Cost; deductible \$25,000	\$ 1,389,525	
				Mobile Broadcasting Equipment, Deductible \$25,000	\$ 55,095	
				Special Property Floater; deductible \$500	\$ 554,848	

County of Lancaster, Pennsylvania
Schedule of Insurance In-Force
December 31, 2001

Table 15 (continued)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %		Liability Limit															
Pacific Insurance Company	ZY0002493	02/01/01-02/01/02	\$190,121	General Liability	\$ 1,000,000	Each Occurrence															
					\$ 2,000,000	General Aggregate Other Than Prod/Comp Ops.															
					\$ 1,000,000	Products Completed Ops.															
					\$ 1,000,000	Personal & Advertising Liability															
					\$ 50,000	Fire Legal Liability															
					\$ 5,000	Med. Pay Limit															
					\$ 1,000,000	Each Occurrence															
					\$ 1,000,000	Policy Aggregate															
					\$ 500,000	Each Medical Incident															
					\$ 1,500,000	Annual Aggregate															
BROTEMARKLE INS. (1) : Foster Parent Liability Ins.	FPE 100-01-38	07/01/99-06/30/00		Personal liability insurance for foster parents	\$ 300,000	Per person															
					\$ 300,000	Per occurrence															
					EMPLOYERS REINSURANCE CORPORATION Excess Workers Comp. & Employers Liability	637181	01/01/01-01/01/02	\$ 37,592	Workers Compensation Employers Liability	Statutory	Each Accident/Limit Each Employee Per Disease										
										\$ 1,000,000	Each Accident/Limit Each Employee Per Disease										
										INDIAN HARBOR INSURANCE COMPANY Pollution Liability	PEC0005845	7/1/99-6/30/09	\$ 29,601	Pollution insurance for the Training Facility location	\$ 5,000,000	Each Loss, Remediation Expense, or Legal Defense Expense					
															\$ 5,000,000	Total For All Loss, Remediation Expense Or Legal Defense Expense					
															\$ 100,000	Each Loss, Redemiation Expense Or Legal Defense Expense					
															BANKERS STANDARD INSURANCE COMPANY Builders Risk	I20448337	06/10/00-04/01/02	\$ 14,850	Builders Risk the new Juvenile Detention Center \$1,000 Deductible \$25,000 Deductible - Earth Movement	\$ 13,200,000	Covered Property
																				\$ 50,000	Covered Property While In Transit
																				\$ 50,000	Covered Property While At A Temporary Location
ACE FIRE UNDERWRITER INSURANCE COMPANY Bridges	I20442736	01/26/00-02/01/03	\$ 32,352	Bridge Property Damage, Deductible \$25,000																\$ 4,792,800	Total Limit, Schedule Of Bridges On File With Carrier
																				HARTFORD FIRE INS. CO.	44BPEAC2695

DISCLAIMER - GENERAL

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

(1) Contracted directly by Children and Youth Agency