

COUNTY OF YORK YORK, PENNSYLVANIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2004

PREPARED BY THE OFFICE OF THE CONTROLLER

MICHAEL R. GINGERICH, CPA, CONTROLLER

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 For the year ended December 31, 2004

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Introductory Section

Office of County Controller

Michael R. Gingerich, CPA
Controller

Deborah K. Myers
Deputy Controller



1 West Market Way
Fourth Floor
York, Pennsylvania 17401
Voice 717-771-9616
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County of York, Pennsylvania

May 31, 2005

TO: THE COMMISSIONERS OF YORK COUNTY, PENNSYLVANIA

The Comprehensive Annual Financial Report (CAFR) regarding the County of York, Pennsylvania for the fiscal year ended December 31, 2004, is submitted herewith. This CAFR was prepared by the County Controller's Office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a clear understanding of the County's financial affairs have been included.

The organization, form and the contents of this CAFR, the accompanying financial statements, and the statistical tables were prepared in accordance with the standards established by the Government Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants (AICPA), and the County Code of the Commonwealth of Pennsylvania.

This CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the transmittal letter, the County's organizational chart, a list of elected County officials, and a map of the County. The Financial Section includes Management's Discussion and Analysis, a report by the independent accounting firm of Zelenkofske Axelrod LLC, the basic financial statements, other required supplementary information, and combining and individual fund financial statements and schedules. For additional overview and analysis of the County's financial performance for the fiscal year ended December 31, 2004, refer to the Management's Discussion and Analysis. The Statistical Section includes historical financial information, selected demographic and other miscellaneous statistics.

FINANCIAL REPORTING ENTITY

This CAFR includes all funds of the County. The County provides a full range of services. These services include the court system, prison, nursing home, 911 emergency operations center, and human service programs. Consistent with the guidance contained in GASB 14, "The Reporting Entity", the criteria used by the County to evaluate whether additional entities should be included in the County's reporting entity as component units includes whether the County can impose its will on these entities and whether these entities bring the County financial benefit or burden. The component units included in the reporting entity are the York County Solid Waste and Refuse Authority (YCSWRA), the York County Industrial Development Authority (YCIDA), the York County Library System (YCLS), and the York County Planning Commission (YCPC).

The activities of the Fire Chiefs and Fire Fighters Association of York County (FCFFAYC), the Historical Society of York County (HSYC), the York County Convention and Tourist Bureau (YCTB), the York County Emergency Medical Services Training Institute (YCEMSTI), the York County Industrial Development Corporation (YCIDC), the York County Conservation District (YCCD), the York County Rail Trail Authority (YCRTA), the Penn State Cooperative Extension Service (PSCES), the York County Transportation Authority (YCTA), and the General Authority of Southcentral Pennsylvania (GASP) have not met the financial accountability criteria of GASB 14 and are accordingly excluded from this CAFR.

Other related organizations that have been excluded are the York County Private Industry Council (YCPIC), the York County Hospital Authority (YCHA), and the York County Air Transportation Authority (YCATA). The County Commissioners are responsible for appointing the members of the board for these organizations, but the County's accountability does not extend beyond making appointments.

ECONOMIC CONDITION AND OUTLOOK

York County is located in south-central Pennsylvania in the Susquehanna River Valley. The County is bounded on the east by the Susquehanna River and Lancaster County, on the west by Adams County (which includes the Gettysburg area), on the north by the Harrisburg area and the south by Baltimore, Harford, and Carroll Counties (Maryland). Interstate-83, a major north-south highway, and US-30, a major east-west highway, transects York County, creating a major crossroads accessible to the Eastern Seaboard. This centrally located highway network provides access to 25 industrial parks, which include many of the County's manufacturing facilities. Manufacturing employs 28.4% of the County's workforce. The four major industries are manufacturing, retail trade, education/health services, and professional/business services. The County is one of the largest agricultural producers in Pennsylvania and ranks in the top three counties in the production of a number of commodities.

York County's excellent location provides many cultural and economic advantages. Harrisburg, the state capital, and Baltimore, the second largest port on the East Coast, lie within an hour's drive on Interstate 83 while Philadelphia and Washington D.C. are within

a two-hour drive. Major airports serving York County include Baltimore-Washington International Airport (BWI) and Harrisburg International Airport (HIA).

The County's population has increased 12.4% from 1990 to 2000, while the state's population increased only 3.4%. The average household income increased from \$33,773 in 1990 to \$45,268 in 1999, a 34.04% increase. In 2004, York County's average unemployment rate was 4.6%, ranking below both the state and national unemployment rates of 5.6% and 5.4%, respectively.

The County is preparing for the future through strong planning efforts led by the County and municipal governments. The York County Chamber of Commerce and York County Industrial Development Corporation provide strong business advisory and economic development services to maintain our strong economic base and business involvement in community leadership. Many of the County's social service providers, including the United Way, hospitals, and educational organizations, have joined with the business community in a long-range planning effort to strengthen planning, health care, and public education in York County.

MAJOR INITIATIVES

Farmland Preservation

York County has been one of the lead counties in Pennsylvania in the move to preserve farmland and has established a Farmland Preservation Board. As of December 2004, the Board has been able to preserve 147 farms, totaling 27,145 acres. Approval has also been received to preserve 14 more farms, totaling 1,523 acres, in 2005. York County ranks third in Pennsylvania and eighth in the United States in the number of farmland acres preserved. The acquisitions are funded by a combination of County, State, and Federal funds.

York County Solid Waste and Refuse Authority

The York County Solid Waste and Refuse Authority is the governing unit for the management of the York County Resource Recovery Center, commonly called the "Incinerator." The facility has an annual disposal capacity of 490,000 tons of acceptable waste without maintenance downtime. They are currently contracted at 375,000 tons. The facility has accepted most of the waste generated in York County and has also been able to process waste produced from out-of-County sources. The capability to accept out-of-County waste has enabled the project to operate at peak efficiency and will provide the County with a ready source of waste disposal for years to come.

York County Prison

York County's prison was constructed in 1979 and had a capacity for 210 prisoners. By 1989, the population of the facility was close to 600, stretching the facility and the staff

beyond reasonable expectations and creating a potential for disaster. An expansion project to increase the capacity to house 1,200 inmates was completed in November 1993. This expansion enabled the County to bring its prison into compliance with federal, state and local laws concerning occupancy. The expansion also allowed the County to take advantage of earning additional revenue by providing space to house federal prisoners and detainees for the Immigration and Naturalization Services (INS).

York County's capability to house federal prisoners and INS detainees has been so successful that the County decided to further expand the prison facility. Another expansion project, which was funded by variable rate general obligation bonds, Series 1997, began in mid 1997 and was completed in early 1999. This project increased the prison's capacity to house 1,650 inmates. Renovation of the gym and out-mate program areas at the prison, along with the temporary installation of modular housing, was made available through the issuance of Series 2000 general obligation bonds. The prison now has the capacity to house 1,950 inmates and is the largest INS detention facility in the United States. In 2004, federal prisoners and INS detainees accounted for approximately 35% of the average prison population. Revenues received in 2004 were \$12,274,699.

The County is also pursuing a \$16 million project to build a minimum-security dormitory building and update the food service and medical facilities at the Prison. This minimum-security dormitory building would house 150 inmates adjudicated to the work release program by the Court of Common Pleas.

Capital Project

In 2000, the Board of Commissioners approved a \$77.5 million capital project funded through the issuance of a series of variable rate bonds through the General Authority of Southcentral Pennsylvania. It is estimated that this capital project will impact the County's millage rate by 0.24 mills. Included in this project are plans for the construction of a \$60.5 million Judicial Center and \$17 million in renovations to the existing Courthouse.

This project will enable the County to dispose of property located at 141 West Market Street and One West Marketway in downtown York City. This project also allows the County of York to be more efficient and effective in the delivery of services to the public.

New Judicial Center

A seven story, 330,000 square foot Judicial Center was completed in 2004 that consolidates the 19th District Court of Common Pleas and all court related offices. Court Administration, District Attorney, Public Defender, Sheriff, Prothonotary, Clerk of Courts, Register of Wills/Clerk of Orphans Court, Probation, Domestic Relations, Divorce Masters, Law Library, and CASA offices are located at the new Judicial Center. Victim Assistance and Access York, which are non-County offices, are also located on the first floor of the Judicial Center. The new Judicial Center has twelve courtrooms equipped

with state of the art audiovisual capabilities. This technology allows the courts to link with the Prison, District Justice Offices, or any other location across the country having the same technology, allowing for long distance arraignments, testimonies, depositions and other court related activities that will reduce travel and processing costs. Cameras are installed in each courtroom and there are separate secured areas for judges, defendants, jury, and the general public. The Judicial Center is designed with one level of subterranean parking and a shell floor that will provide six additional courtrooms to accommodate growth through the year 2020. As a result of the events of September 11, 2001, the County has augmented security and security technology at the new Judicial Center by approximately \$1.3 million. Included in the security system is a state of the art ion scanning system. The new Judicial Center was fully occupied by August 2004.

County Administrative Center

Renovations began in April 2004 on the existing Courthouse, converting it to the County Administrative Center. The Commissioners will be located in this building along with the following offices: Solicitor, Controller, Treasurer, Voter Registration and Elections, Information Technology, Human Resources, Payroll, Purchasing, Recorder of Deeds, Assessment, Facilities Management, and the Planning Commission.

County Human Service Center

Following completion of the Courthouse renovations, the existing Government Center building will serve as the County's consolidated Human Service Center. York County Human Services Agencies to be located in the center include Children and Youth, Aging, Mental Health and Mental Retardation, Drug & Alcohol, Community Services, and Veteran Affairs.

Parks Maintenance Facility

In June 2004, the County of York completed a \$2.5 million project to build a 40,000 square foot maintenance facility adjoining John Rudy County Park and the Parks' Administrative Headquarters. This facility houses numerous service bays, vehicle storage, wood shop, sign shop, material and parts storage, staff locker rooms, and a break room. The maintenance facility enables the Parks Department to be more productive and efficient in servicing the County's Parks and establishing a Fleet Management System to support the County's equipment and vehicles.

Health Insurance Portability and Accountability Act (HIPAA)

The Health Insurance Portability and Accountability Act (HIPAA) is a Federal law affecting all healthcare services throughout the United States. HIPAA mandates the privacy and security of individual health information, as well as requiring standardized electronic transactions. The County of York provides many services to the citizens of York County that involve obtaining, using and/or maintaining health information about the individuals we serve. Areas in the County that are directly impacted by this law include

the York County Nursing Home, agencies and departments in the Human Services Division, Human Resources, and the departments that provide support services to them.

York County takes the responsibility to protect the privacy of our citizens' information very seriously. York County has a full-time HIPAA Coordinator who has the responsibility of implementing the requirements of the law. A HIPAA Steering Committee, with representatives from all major aspects of County operations, provides oversight to assure that the County systematically comes into compliance with all aspects of the HIPAA law.

Basic HIPAA training is provided to all new employees as applicable to their job functions. Employees in the areas directly affected by the regulations are required to attend an annual refresher training to assure that knowledge and skills remain current.

The next requirement of this complex law is compliance with the computer security aspects of HIPAA. The County previously contracted with an expert in information security analyses to audit and assess the countywide network to assure that protections are in place to guard against loss, tampering or manipulation of data. Implementation of the recommendations, as well as changes in procedures, has occurred over the last two years. County employees are trained on the County's expectations and computer security procedures. The County is prepared for the compliance deadline of April 20, 2005.

York County Department of Emergency Services Center Project

The Board of Commissioners of York County has approved a comprehensive upgrade of the 9-1-1 communications system, known as the Emergency Services Center Project that includes upgrading and/or replacement of the following: radio and alerting infrastructure, subscriber units, installation of a computer aided dispatch system (CAD), and a new consolidated 9-1-1 and Emergency Management (EMA) facility. The project will create a public safety grade 9-1-1 Communications System and a combined Emergency Management and 9-1-1 facility that will serve the County's needs for the next 20 years.

The new Emergency Services Center will consolidate existing functions of the 9-1-1 Center, Emergency Management Agency, and Emergency Operations Center to support the County's emergency services providers. Additional improvements will include upgrades or replacement of the existing tower sites and enhancing radio interoperability reception throughout the County. The facility construction is scheduled to begin in early 2006 and will be completed in mid 2007.

York County will also implement a Computer Aided Dispatching (CAD) system in the current 9-1-1 Center and will be cutover to the new Emergency Services Center in late 2007. The CAD system will allow dispatchers to process and dispatch to emergency service providers more efficiently and effectively.

The estimated cost of the project, which will be funded through a general obligation bond issuance, is approximately \$63 million.

New Voting Machines

Federal Law, the Help America Vote Act of 2000 (HAVA), requires by year 2006 that all governments have electronic voting machines. The County of York will be purchasing 650 new electronic voting machines with digital touch screens to replace current lever voting machines. The cost of the new voting machines is estimated at \$4.0 million.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The basic financial statements include both government-wide financial statements and fund financial statements. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets as well as long-term debt and obligations. The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized as expenditures when due.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the County's internal accounting controls: (1) adequately safeguard assets; (2) provide reasonable assurance of proper recording of financial transactions; and (3) maintain accountability for assets.

The County maintains budgetary controls, which ensure compliance with legal provisions embodied in the annual appropriated budget that is adopted by the County Commissioners by December 31st, of each year. The Commissioners and Controllers offices maintain budgetary control at the major expenditure classification through monitoring and review. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

CASH MANAGEMENT

The County invests temporary excess cash in repurchase agreements and certificates of deposit. The average yield on maturing investments in the governmental fund types for repurchase agreements and certificates of deposit during 2004 was 1.41%. Interest earnings of the governmental fund types were \$1,927,801 in 2004.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with the Commonwealth of Pennsylvania's Act 72, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. Additionally, a financial institution's trust department held investments of the Pension Trust Fund.

RISK MANAGEMENT

During 2004, York County participated in the Pennsylvania State Association of County Commissioners Unemployment Compensation Trust. As a member of this plan, the County is able to keep its contribution rate low and is able to earn credits on future premiums based on favorable experience factors. The County has elected to self-insure itself for workers compensation and medical insurance benefits. More detailed information on this subject can be found in Note #16 to the Financial Statements. The County employs a full-time risk management director who provides accident prevention and other risk control technique training to minimize accident related losses.

INDEPENDENT AUDIT

The County had an independent audit of all its funds performed for the year ended December 31, 2004. The report of our independent Certified Public Accountants, Zelenkofske Axelrod LLC, appears in the Financial Section of this CAFR.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of York for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This is the thirteenth consecutive year that York County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report 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 completion of this CAFR represents the fourteenth time York County has prepared such a report and demonstrates a commitment to continue the excellence in financial reporting previously recognized. It could not have been completed in such a comprehensive manner, nor on a timely basis, without the input and support from a number of people whom I wish to acknowledge and express my thanks and appreciation to now: Felicia Dell, Director of the York County Planning Commission; John Fedor, Director/Chief Assessor of the York County Assessment Office; the York County school districts and local municipalities and especially to Deborah Myers, Deputy Controller, and all the employees on my staff who have contributed on a daily basis to making this report possible.

Sincerely,

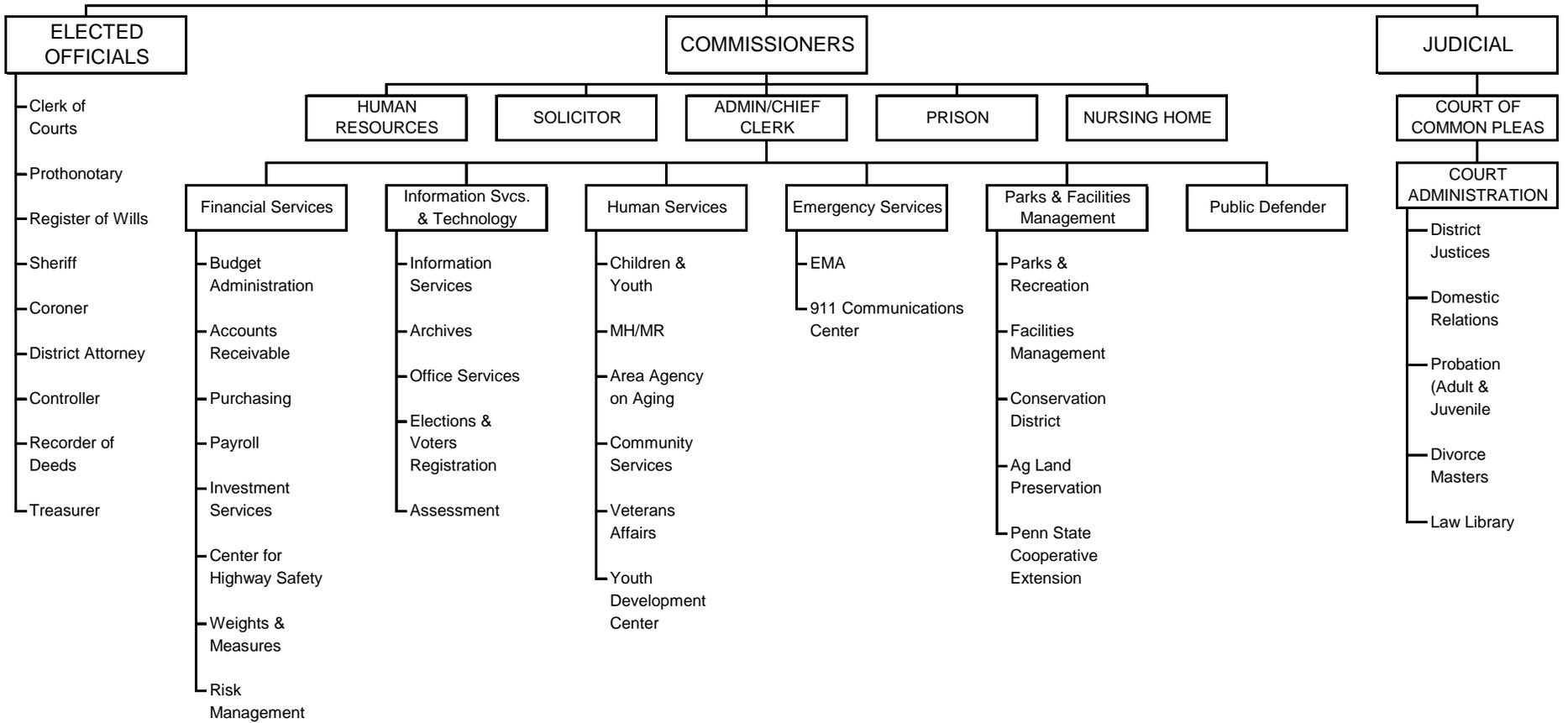
A handwritten signature in black ink that reads "Michael R. Gingerich". The signature is written in a cursive style with a large, stylized initial "M".

Michael R. Gingerich, CPA
Controller

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YORK COUNTY GOVERNMENT

VOTERS



YORK COUNTY OFFICIALS

December 31, 2004

JUDICIARY COURT OF COMMON PLEAS

PRESIDENT JUDGE
JUDGE

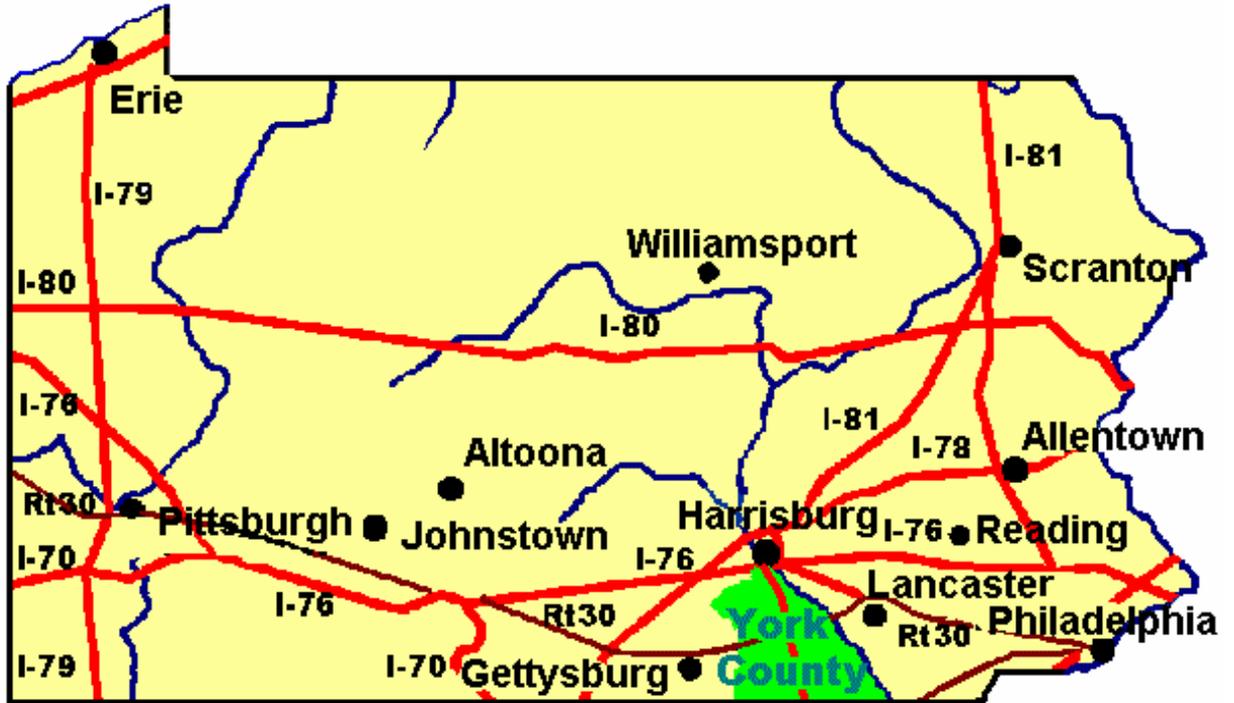
HONORABLE JOHN H. CHRONISTER
HONORABLE PENNY L. BLACKWELL
HONORABLE MICHAEL J. BRILLHART
HONORABLE MICHAEL E. BORTNER
HONORABLE SHERYL ANN DORNEY
HONORABLE THOMAS H. KELLEY, VI
HONORABLE JOHN S. KENNEDY
HONORABLE STEPHEN P. LINEBAUGH
HONORABLE RICHARD K. RENN
HONORABLE GREGORY M. SNYDER
HONORABLE JOHN W. THOMPSON, JR.
HONORABLE JOHN C. UHLER

ELECTED COUNTY OFFICIALS

COUNTY COMMISSIONER, CHAIRPERSON
COUNTY COMMISSIONER
COUNTY COMMISSIONER
COUNTY CONTROLLER
COUNTY CORONER
COUNTY TREASURER
RECORDER OF DEEDS
REGISTER OF WILLS
CLERK OF COURTS
PROTHONOTARY
SHERIFF
DISTRICT ATTORNEY

LORI O. MITRICK
DOUGLAS E. KILGORE
M. STEVEN CHRONISTER
MICHAEL R. GINGERICH
BARRY L. BLOSS
BARBARA L. BAIR
RANDI L. REISINGER
BRADLEY C. JACOBS
DONALD R. O'SHELL, JR.
PAMELA S. LEE
WILLIAM M. HOSE
H. STANLEY REBERT

COMMONWEALTH OF PENNSYLVANIA



YORK COUNTY



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of York, Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

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Financial Section

Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

County Commissioners
County of York
York, Pennsylvania

We have audited the accompanying financial statements of the governmental activities and the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF YORK, as of and for the year ended December 31, 2004, which collectively comprise the COUNTY OF YORK basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the COUNTY OF YORK. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the COUNTY OF YORK's aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for those aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF YORK, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

| <i>Harrisburg</i> | <i>Lehigh Valley</i> | <i>Philadelphia</i> |
|--|--|---|
| 4316 Derry Street Harrisburg, PA 17111 717.561.9200 Fax 717.561.9202 | 1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 610.871.5078 | 2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302 |

County Commissioners
County of YORK, Pennsylvania

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2005, on our consideration of the COUNTY OF YORK's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of employer contributions and budgetary comparison information on pages 19 through 30; 88; and 89 through 93 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF YORK's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
May 26, 2005

County of York, Pennsylvania

Management's Discussion and Analysis

Introduction

The following discussion and analysis of the County of York's financial statements provides an overview of the financial performance for the fiscal year ended December 31, 2004. It is recommended that it be read in conjunction with the basic financial statements and the accompanying notes to those statements in order to obtain a thorough understanding of the County of York's financial condition as of December 31, 2004.

Financial Highlights

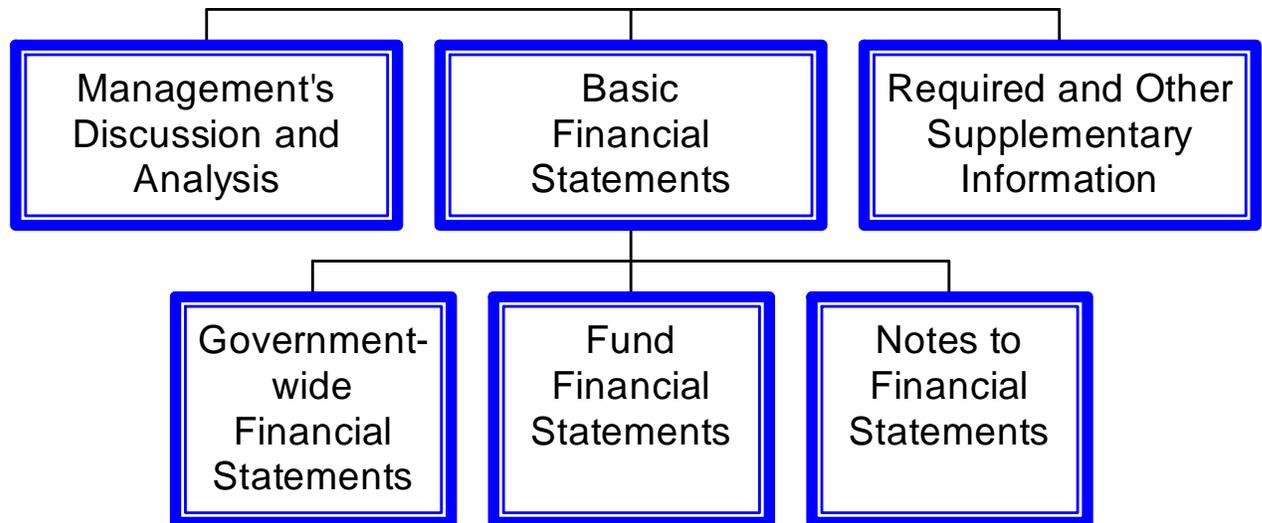
- The County's real estate millage rate remained at 4.20 mills.
- The County's bond rating is AA-.
- The County had \$119,960,000 of general obligation debt outstanding as of December 31, 2004. This represents a decrease of \$6.4 million or 5.1% from the previous year.
- The County had \$31.3 million in unrestricted net assets as of December 31, 2004, a decrease of \$38.0 million from the previous year.
- The County's net assets increased \$9.2 million in 2004, or 9.9%.

Overview of the Financial Statements

This discussion and analysis (MD&A) section serves as an introduction to the basic financial statements and provides an analysis and overview of the County's financial activities. The basic financial statement includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information.

Overview of the Financial Statements (continued)

Required Components of the Comprehensive Annual Financial Report



Government-Wide Financial Statements

The government-wide financial statements are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Assets and Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Assets presents the County's total assets and liabilities with the difference reported as net assets. Over time, increases or decreases in the net assets may serve as a gauge as to whether the financial position of the County is improving or deteriorating.

Government-Wide Financial Statements (continued)

The Statement of Activities presents information showing the change in the County's net assets during the current fiscal year. All revenues and expenses are reported in this statement regardless of the timing of cash flows. The focus of this statement is on the net cost of providing various activities to the citizens of the County.

Both the Statement of Net Assets and the Statement of Activities have separate sections for the two different types of primary government activities, as well as activities of the County's discretely presented component units. These two types of primary government activities are:

Governmental activities – The activities reflected in this section are general government; public safety; roads and bridges; health, education and welfare; judicial; corrections; cultural and recreation; community development; and other departments and programs. These activities are mostly supported by operating grants and contributions, charges for services, real estate taxes, and departmental revenues.

Business-type activities – These activities include the nursing home and 911 operations. These activities are intended to recover their cost of operation, including depreciation, primarily through user charges.

Fund Financial Statements

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

The County has three types of funds:

- Governmental funds – Most of the County's basic services are included in governmental funds, which focus on: 1) the flow of cash and other financial assets that can readily be converted into cash, and; 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs.
- Enterprise funds – Used to report the same functions presented as business-type activities in the government-wide financial statements that provide services for the County's other programs and activities. The County reports two enterprise funds, the nursing home and 911 operations. Both funds are considered major funds.

Fund Financial Statements (continued)

- Fiduciary funds – The County is the trustee, or fiduciary, for its employees’ pension plan. In addition, the County is also responsible for an agency fund, which represents clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The County is responsible for ensuring that the assets reported in the fund are used for their intended purpose. All of the County’s fiduciary assets and liability balances are reported in the statement of fiduciary net assets. A statement of changes in fiduciary net assets is presented for the pension trust fund only. All fiduciary activities are excluded from the County’s government-wide financial statements because the County cannot use these assets to finance its operations.

Financial Analysis of the County as a Whole

This is the third year that the County has presented its financial statements using the new reporting model required by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments*. Because this reporting model significantly changes both the recording and presentation of financial data, this is the second year that the County can provide a comparative analysis of financial data for the MD&A.

Net Assets

The County’s net assets are presented below:

| | County Net Assets | | | |
|--|------------------------------------|---------|-------------------------------------|---------|
| | December 31, 2004 | | | |
| | Governmental Activities | | Business-Type Activities | |
| | 2004 | 2003 | 2004 | 2003 |
| | <i>(\$ in Millions)</i> | | | |
| Assets | | | | |
| Capital assets, net | \$156.5 | \$142.8 | \$8.3 | \$9.0 |
| Other assets | 133.5 | 136.2 | .2 | 4.5 |
| Total assets | 290.0 | 279.0 | 8.5 | 13.5 |
| Liabilities | | | | |
| Other liabilities | 62.3 | 54.4 | 1.9 | 6.7 |
| Long-term liabilities | 125.1 | 131.2 | 1.5 | 1.9 |
| Total liabilities | 187.4 | 185.6 | 3.4 | 8.6 |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 37.2 | 8.1 | 8.3 | 9.0 |
| Restricted | 34.1 | 14.7 | 0.0 | 0.0 |
| Unrestricted | 31.3 | 70.6 | (3.2) | (4.1) |
| Total net assets | \$102.6 | \$93.4 | \$ 5.1 | \$ 4.9 |

Financial Analysis of the County as a Whole (continued)

Infrastructure Assets

York County's total assets as of December 31, 2004 are \$298.5 million, an increase of \$7.2 million. Capital assets increased \$19.4 million totaling \$164.8 million, which includes infrastructure.

The following table presents the County's changes in net assets:

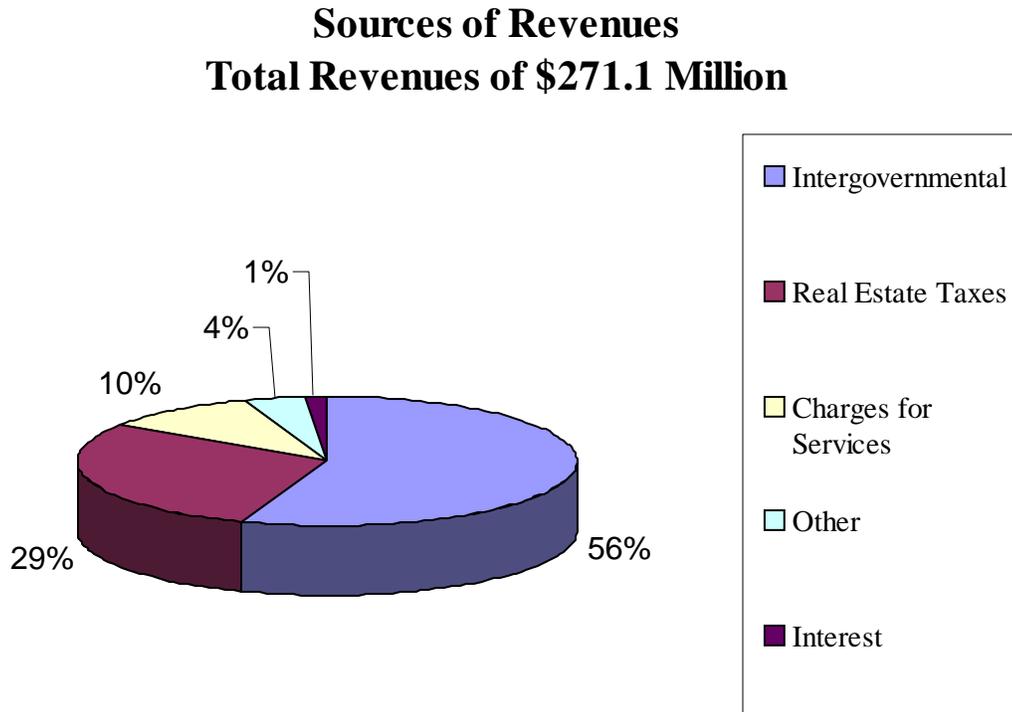
County's Changes in Net Assets Year ended December 31, 2004

| | Governmental Activities | | Business-Type Activities | |
|--|-------------------------|---------------|--------------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | (\$ in millions) | | | |
| Revenue | | | | |
| Program revenues: | | | | |
| Charges for services | \$27.5 | \$30.0 | \$33.3 | \$28.4 |
| Operating grants and contributions | 149.5 | 137.6 | — | — |
| General revenues: | | | | |
| Real estate taxes | 78.5 | 77.4 | — | — |
| Other | 10.7 | 12.8 | — | — |
| Unrestricted investment earnings | 3.7 | 2.9 | — | — |
| Hotel taxes | 1.2 | 1.2 | — | — |
| Total revenues | <u>271.1</u> | <u>261.9</u> | <u>33.3</u> | <u>28.4</u> |
| Expenses | | | | |
| General government | 8.2 | 9.9 | — | — |
| Public safety | 51.5 | 48.1 | — | — |
| Roads and bridges | 1.5 | 1.0 | — | — |
| Health, education and welfare | 130.7 | 118.9 | — | — |
| Judicial | 25.3 | 21.1 | — | — |
| Cultural and recreation | 4.0 | 4.1 | — | — |
| Community development | 8.1 | 4.5 | — | — |
| Other departments and programs | 27.1 | 23.4 | — | — |
| Interest expense | 6.2 | 2.2 | — | — |
| Nursing home | — | — | 31.4 | 29.9 |
| 911 operations | — | — | 5.7 | 4.7 |
| Total expenses | <u>262.6</u> | <u>233.2</u> | <u>37.1</u> | <u>34.6</u> |
| Increase (decrease) in net assets before transfers | 8.5 | 28.7 | (3.8) | (6.2) |
| Proceeds from swap transactions | 4.7 | — | — | — |
| Transfers | (4.0) | (8.4) | 4.0 | 8.4 |
| Change in net assets | <u>9.2</u> | <u>20.3</u> | <u>.2</u> | <u>2.2</u> |
| Net assets – beginning | <u>93.4</u> | <u>73.1</u> | <u>4.9</u> | <u>2.7</u> |
| Net assets – ending | <u>\$102.6</u> | <u>\$93.4</u> | <u>\$5.1</u> | <u>\$4.9</u> |

Financial Analysis of the County as a Whole (continued)

Governmental Activities

The following chart graphically depicts the sources of revenues for the fiscal year ended December 31, 2004:



Total government-wide revenues of \$271.1 million were derived primarily from intergovernmental grants, representing 56% of the total. The second largest source of revenue came from real estate taxes, which comprised 29% of the total. Revenue to house INS detainees accounted for 45% of charges for services, which represented 10% of total revenues, followed by other miscellaneous revenues at 4%, and interest revenues at 1%.

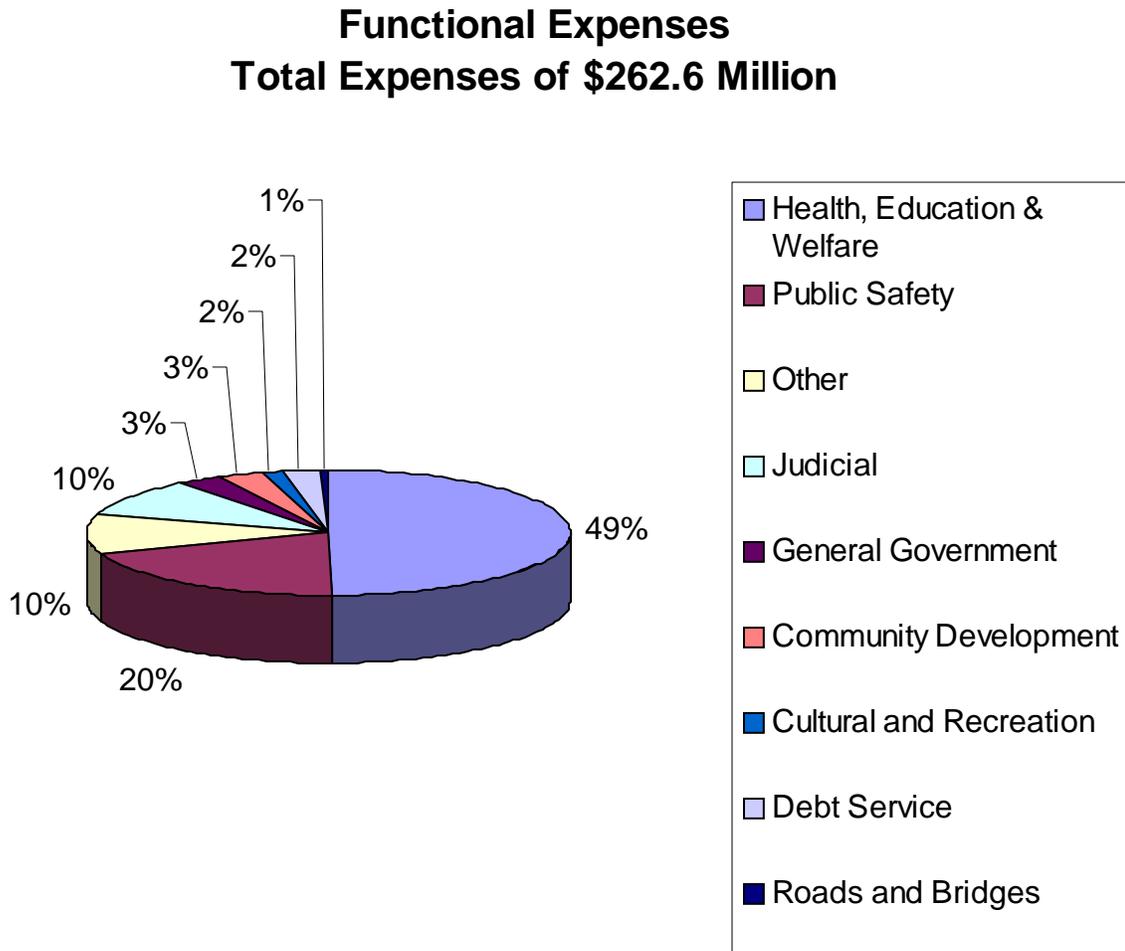
Business-Type Activities

Total business-type revenues of \$33.3 million, an increase of \$4.9 million from 2003, were derived from charges for sales and services from the County Nursing Home of \$29.9 million and telephone surcharge revenues from 911 operations of \$3.5 million.

Financial Analysis of the County as a Whole (continued)

Governmental Activities

The following chart graphically depicts the functional expenses for the fiscal year ended December 31, 2004:



Total expenses for all programs in 2004 were \$262.6 million. The expenses cover a wide range of services, with health, education, and welfare being the largest at 49%. The second largest category is public safety at 20%, followed by other at 10%, judicial at 10%, general government at 3%, community development at 3%, cultural and recreation at 2%, and debt service at 2%, and roads and bridges at 1%.

Financial Analysis of the County as a Whole (continued)

Business Type Activities

Total expenses in 2004 were \$37.1 million, an increase of \$2.5 million from 2003. The County nursing home comprised 84.6% of the total, having total operating and administrative expenses of \$31.4 million, which included depreciation expense of \$0.7 million. The 911 operations incurred \$5.7 million or 15.4%, which represents an increase of \$1.0 million in total operating expenses, which included depreciation expense of \$0.5 million.

Financial Analysis of the County's Funds

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

Governmental Funds

The following funds are considered the County's major governmental funds: the General Fund, York HealthChoices Management Fund, Children and Youth Services Fund, Mental Health/Mental Retardation Fund, Community Development Block Grant Fund, and Capital Projects Bond Account Fund. For the fiscal year ended December 31, 2004, the County of York had a combined ending fund balance of \$60.8 million, a decrease of \$7.3 million from fiscal year 2003.

The General Fund is the primary operating fund of the County of York. The General Fund had a fund balance of \$28.5 million, an increase of \$6.6 million. Real estate tax revenues increased by only \$1.7 million due to the growth rate of the County, since there was not an increase in the millage rate for 2004.

The General Fund supplements the York HealthChoices Management Fund, Children and Youth Services Fund, Mental Health/Mental Retardation Fund, and Community Development Block Grant Funds so that the fund balances at the end of the year are zero. The General Fund contribution to Children and Youth Services in 2004 was \$4.4 million. Mental Health/Mental Retardation Fund had contributions from the General Fund of \$0.8 million. The General Fund did not supplement the HealthChoices Management Fund in 2004.

Financial Analysis of the County's Funds (continued)

The Capital Projects Bond Account Fund had a decrease in fund balance by \$13.8 million, which was a contributing factor for the total combined ending fund balance to decrease by \$9.7 million. The Capital Projects Bond Account Fund had a fund balance at the end of December 31, 2004 of \$26.0 million. The County has issued bonds to fund the construction of a new Judicial Center and to renovate the existing courthouse to an Administrative Center. The fund balance decreased due to the completion of the new Judicial Center.

Enterprise Funds

The County's enterprise funds provide the same type of information found in the government-wide financial statements but in more detail.

As of December 31, 2004, the net assets of the County's nursing home amounted to \$3.2 million and those for 911 operations amounted to \$2.0 million. The nursing home's net assets increased by \$0.3 million, and the 911 operation's net assets stayed approximately the same. Other factors concerning the finances of these two funds reflect those highlighted in the analysis of the County's business-type activities.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, amounted to \$164.8 million as of December 31, 2004. This represented an increase of \$13.1 million, or 8.6% over the previous year's total of \$151.7 million. Capital assets consist primarily of land; buildings and improvements; furniture, fixture and equipment; construction in progress, easements, and infrastructure. Infrastructure consists of bridges, roads, and the rail trail. The following is a summary of capital assets as of December 31, 2004:

Financial Analysis of the County's Funds (continued)

Summary of Capital Assets

| | Governmental Activities | | Business-Type Activities | | Balance as of December 31 | |
|-----------------------------------|-------------------------|---------------|--------------------------|--------------|---------------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Land | \$ 18,357,829 | \$ 18,357,829 | \$ 17,000 | \$ 17,000 | \$ 18,374,829 | \$ 18,374,829 |
| Buildings and improvements | 141,042,939 | 70,162,622 | 9,018,110 | 8,885,566 | 150,061,049 | 79,048,188 |
| Furniture, fixtures and equipment | 5,659,649 | 4,674,955 | 16,724,816 | 16,613,012 | 22,384,465 | 21,287,967 |
| Construction in progress | 6,045,446 | 61,522,323 | - | - | 6,045,446 | 61,522,323 |
| Bridges, roads and rail trail | 19,736,641 | 19,306,227 | - | - | 19,736,641 | 19,306,227 |
| Easements | 7,936,672 | 7,202,941 | - | - | 7,936,672 | 7,202,941 |
| Less accumulated depreciation | (42,298,668) | (38,474,575) | (17,461,138) | (16,531,429) | (59,759,806) | (55,006,004) |
| Total capital assets, net | \$156,480,508 | \$142,752,322 | \$ 8,298,788 | \$ 8,984,149 | \$164,779,296 | \$151,736,471 |

The County completed the construction of the new Judicial Center, which accounted for a \$55.5 million decrease in construction in progress during 2004. The County continues its renovation efforts to convert the existing courthouse to the County Administrative Center.

Long-Term Debt

As of December 31, 2004, the County had \$119,960,000 of general obligation debt outstanding. This was a decrease of \$6.4 million, or 5.1% from the previous year. See footnote 5 to the financial statements for a detailed analysis of long-term debt. The following details activity related to general obligation bonds during 2004:

Summary of General Obligation Bond Activity

| | |
|--------------------------------------|----------------------|
| Beginning balance at January 1, 2004 | \$126,335,000 |
| Debt issued | - |
| Less principal payments | (6,375,000) |
| Ending balance at December 31, 2004 | <u>\$119,960,000</u> |

Bond Rating

All bonds issued carry a municipal bond insurance policy from Ambac Assurance Corporation, a Wisconsin stock insurance corporation, which assures payment of the respective principal and interest to the registered owners of the bonds. All bonds issued are rated AAA by Standard & Poors' Rating Services.

Financial Analysis of the County's Funds (continued)

More detailed information concerning long-term debt activity and capital asset activity is disclosed in the notes to the financial statements.

Significant budgetary variances for the General Fund

| | Original Budget/ Final Budget | Actual | Variance Fav (Unfav) | % Change |
|-----------------------------|--|-----------------------|---------------------------------|---------------------|
| Revenues | | | | |
| Real Estate Taxes | \$ 76,850,000 | \$ 78,089,574 | \$ 1,239,574 | 1.61 % |
| Intergovernmental | 14,605,211 | 16,937,857 | 2,332,646 | 15.97 % |
| Departmental | 24,556,100 | 23,225,057 | (1,331,043) | (5.42)% |
| Fines and costs | 3,312,700 | 3,378,092 | 65,392 | 1.97 % |
| Hotel tax | 1,080,000 | 1,246,033 | 166,033 | 15.37 % |
| Interest | 2,011,500 | 2,107,713 | 96,213 | 4.78 % |
| Other | 6,637,790 | 9,472,887 | 2,835,097 | 42.71 % |
| Total Revenues | \$ 129,053,301 | \$ 134,457,213 | \$ 5,403,912 | 4.19 % |
| Expenditures | | | | |
| General government | \$ 11,303,357 | \$ 10,900,101 | \$ 403,256 | 3.57 % |
| Public safety | 49,954,393 | 50,167,283 | (212,890) | (0.43)% |
| Other | 24,252,742 | 27,124,485 | (2,871,743) | (11.84)% |
| Judicial | 19,447,765 | 20,278,714 | (830,949) | (4.27)% |
| Community development | 549,100 | 553,392 | (4,292) | (0.78)% |
| Cultural and recreation | 4,203,700 | 3,910,438 | 293,262 | 6.98 % |
| Debt service | | | | |
| Principal retirement | 3,260,000 | 2,480,000 | 780,000 | 23.93 % |
| Interest and fiscal charges | 5,549,000 | 4,400,648 | 1,148,352 | 20.69 % |
| Total Expenditures | \$ 118,520,057 | \$ 119,815,061 | \$ (1,295,004) | (1.09)% |

Intergovernmental revenues exceeded budget by \$2.3 million. Pennsylvania changed the reimbursement rules creating a new revenue stream for Juvenile Probation administrative costs, which accounted for a \$1.8 million increase in revenues. Departmental revenues were less than budget by \$1.3 million. A lower INS per diem rate for detainees and fewer INS detainees accounted for a decrease in revenues of approximately \$1.0 million. Other actual revenues were higher than budget by \$2.8 million. The County's employee benefits reimbursements were higher by \$1.2 million and indirect costs reimbursements were higher by \$0.9 million. Additionally, the County received \$2.0 million from Lower Windsor Township for the Susquehanna Riverlands Project.

Other expenditures were higher by \$2.9 million. The County's annual required contribution to the retirement fund increased by \$1.4 million. Retirement insurance benefits also accounted for an increase of \$1.4 million. Cultural and Recreation expenditures were less than budget by \$0.3 million due to a project delay at Rudy Park. Favorable interest rates and the County's 2004 Bond term rate conversion and SWAP of the GASB Series A of 2000 and GASB Series of 2001 Bonds decreased expected principle retirement by \$0.8 million and interest/fiscal charges by \$0.4 million. Favorable interest rates decreased interest/fiscal charges on the County's GASB Series of 2003 Bonds by \$0.8 million.

Economic Factors and Next Year's Budget and Rates

The key economic factors affecting the County include the following:

- The County's real estate millage rate increased from 4.20 mills to 4.51 mills.
- The rising wage and medical health care costs.
- The County budgeted \$8.5 million for the annual required contribution to the retirement fund.

The County's real estate revenues will increase by approximately \$7.7 million, which \$2.3 million is from an increase in the County's tax base and \$5.4 million increase from an increase in the millage rate. The County's employee benefits are budgeted at \$22.7 million for 2005, an increase of \$4.3 million from 2004. Also, due to the downward trend in the financial markets and the conversion to the 1/50 retirement plan, the County's budget for 2005 reflects the annual required retirement contribution to be approximately \$8.5 million. Since the budget was prepared, the 2005 actuarial report calls for an \$8.2 million annual required contribution.

These factors were considered in preparing the County's 2005 budget. Amounts available for appropriation in the general fund budget are \$142.8 million.

Contacting the County's Financial Management

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

**County of York
Controller's Office
One West Marketway, 4th Floor
York, PA 17401**

BASIC FINANCIAL STATEMENTS

County of York, Pennsylvania

Statement of Net Assets

December 31, 2004

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and temporary investments | \$ 31,814,536 | \$ 35,743 | \$ 31,850,279 | \$ 4,184,015 |
| Receivables: | | | | |
| Taxes, net | 5,079,496 | - | 5,079,496 | - |
| Accounts | 9,865,546 | 2,522,118 | 12,387,664 | 24,449,831 |
| Fines and costs, net | 2,109,240 | - | 2,109,240 | - |
| Due from other governments | 12,380,511 | 1,337,684 | 13,718,195 | - |
| Advances to providers and other governments | 1,766,387 | - | 1,766,387 | - |
| Loans | 2,254,954 | - | 2,254,954 | 11,054,366 |
| Internal balances | 4,181,200 | (4,181,200) | - | - |
| Investments | 19,298,689 | - | 19,298,689 | 4,855,676 |
| Bond issuance costs, net | 2,776,659 | - | 2,776,659 | - |
| Restricted cash | 13,303,937 | 363,494 | 13,667,431 | 11,190,277 |
| Restricted investments | 27,260,512 | - | 27,260,512 | 103,336,921 |
| Other assets | 1,380,979 | 177,113 | 1,558,092 | 9,875,276 |
| Project assets | - | - | - | 131,113,977 |
| Capital assets, net | 156,480,508 | 8,298,788 | 164,779,296 | 54,983,929 |
| Total assets | <u>\$ 289,953,154</u> | <u>\$ 8,553,740</u> | <u>\$ 298,506,894</u> | <u>\$ 355,044,268</u> |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 21,384,263 | \$ 1,483,463 | \$ 22,867,726 | \$ 1,992,622 |
| Due to other government | 16,101 | - | 16,101 | - |
| Deposits held in escrow | 4,574,408 | 363,494 | 4,937,902 | - |
| Accrued interest payable | 741,825 | - | 741,825 | - |
| Deferred revenue | 35,360,898 | 83,690 | 35,444,588 | 17,639,863 |
| Other liabilities | 216,300 | - | 216,300 | 1,508,657 |
| Long-term liabilities: | | | | |
| Due within one year | 4,678,781 | 487,154 | 5,165,935 | 5,371,917 |
| Due in more than one year | 120,379,110 | 995,767 | 121,374,877 | 209,434,249 |
| Total liabilities | <u>187,351,686</u> | <u>3,413,568</u> | <u>190,765,254</u> | <u>235,947,308</u> |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 37,181,994 | 8,298,788 | 45,480,782 | (18,242,103) |
| Restricted: | | | | |
| Federal and state grant programs | 6,348,032 | - | 6,348,032 | - |
| Capital activity and debt service | 26,027,730 | - | 26,027,730 | 101,959,999 |
| Other purposes | 1,766,387 | - | 1,766,387 | 12,841,885 |
| Unrestricted | 31,277,325 | (3,158,616) | 28,118,709 | 22,537,179 |
| Total net assets | <u>\$ 102,601,468</u> | <u>\$ 5,140,172</u> | <u>\$ 107,741,640</u> | <u>\$ 119,096,960</u> |

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

County of York, Pennsylvania

Statement of Activities

Year ended December 31, 2004

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Units |
|---|------------------|----------------------|------------------------------------|---|--------------------------|----------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Primary Government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 8,186,185 | \$ 4,425,195 | \$ 319,066 | \$ (3,441,924) | \$ - | \$ (3,441,924) | \$ - |
| Public safety | 51,504,975 | 16,564,090 | 14,552,398 | (20,388,487) | - | (20,388,487) | - |
| Roads and bridges | 1,460,581 | - | 991,347 | (469,234) | - | (469,234) | - |
| Health, education, and welfare: | | | | | | | |
| Drug and alcohol | 2,993,136 | - | 2,866,003 | (127,133) | - | (127,133) | - |
| Mental health/mental retardation | 45,352,444 | - | 44,390,967 | (961,477) | - | (961,477) | - |
| Office of aging | 8,402,855 | 224,099 | 7,806,357 | (372,399) | - | (372,399) | - |
| Children and youth | 31,633,190 | 1,467,359 | 25,519,418 | (4,646,413) | - | (4,646,413) | - |
| Human Services | 42,310,039 | 116,488 | 41,559,347 | (634,204) | - | (634,204) | - |
| Judicial | 25,356,501 | 4,121,128 | 4,628,140 | (16,607,233) | - | (16,607,233) | - |
| Cultural and recreation | 3,975,262 | - | 77,833 | (3,897,429) | - | (3,897,429) | - |
| Community development | 8,120,947 | 614,041 | 6,716,449 | (790,457) | - | (790,457) | - |
| Other departments and programs | 27,124,485 | - | 93,330 | (27,031,155) | - | (27,031,155) | - |
| Interest expense | 6,172,075 | - | - | (6,172,075) | - | (6,172,075) | - |
| Total governmental activities | 262,592,675 | 27,532,400 | 149,520,655 | (85,539,620) | - | (85,539,620) | - |
| Business-type activities: | | | | | | | |
| Nursing Home | 31,408,961 | 29,856,030 | - | - | (1,552,931) | (1,552,931) | - |
| 911 operations | 5,697,089 | 3,481,393 | - | - | (2,215,696) | (2,215,696) | - |
| Total business-type activities | 37,106,050 | 33,337,423 | - | - | (3,768,627) | (3,768,627) | - |
| Total primary government | \$ 299,698,725 | \$ 60,869,823 | \$ 149,520,655 | (85,539,620) | (3,768,627) | (89,308,247) | - |
| Component units: | | | | | | | |
| York County Solid Waste and Refuse Authority | \$ 37,051,230 | \$ 43,109,111 | \$ - | - | - | - | 6,057,881 |
| York County Industrial Development Authority | 208,006 | 74,551 | - | - | - | - | (133,455) |
| York County Library System | 3,456,345 | 321,096 | 3,257,963 | - | - | - | 122,714 |
| York County Planning Commission | 2,625,031 | - | 2,610,900 | - | - | - | (14,131) |
| Total component units | \$ 43,340,612 | \$ 43,504,758 | \$ 5,868,863 | - | - | - | 6,033,009 |
| General revenues: | | | | | | | |
| Property taxes | - | - | - | 78,458,444 | - | 78,458,444 | - |
| Unrestricted investment earnings | - | - | - | 3,682,117 | - | 3,682,117 | 171,838 |
| Hotel tax | - | - | - | 1,246,033 | - | 1,246,033 | - |
| Other | - | - | - | 10,570,933 | - | 10,570,933 | - |
| Gain on sale of building | - | - | - | 150,000 | - | 150,000 | - |
| Proceeds from swap transaction | - | - | - | 4,660,667 | - | 4,660,667 | - |
| Transfers | - | - | - | (4,027,719) | 4,027,719 | - | - |
| Total general revenues, transfers and special items | - | - | - | 94,740,475 | 4,027,719 | 98,768,194 | 171,838 |
| Change in net assets | - | - | - | 9,200,855 | 259,092 | 9,459,947 | 6,204,847 |
| Net assets – beginning, as restated (Note 18) | - | - | - | 93,400,613 | 4,881,080 | 98,281,693 | 112,892,113 |
| Net assets – ending | - | - | - | \$ 102,601,468 | \$ 5,140,172 | \$ 107,741,640 | \$ 119,096,960 |

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

County of York, Pennsylvania

Balance Sheet – Governmental Funds

December 31, 2004

| | General Fund | York HealthChoices Management Fund | Mental Health/Mental Retardation Fund | Community Development Block Grant Fund | Children and Youth Fund | Capital Projects Bond Account Fund | Other Nonmajor Funds | Total Governmental Funds |
|--|---------------|---|--|---|-------------------------------|--|----------------------------|--------------------------------|
| Assets | | | | | | | | |
| Cash and temporary investments | \$ 3,412,115 | \$ 17,948,713 | \$ 1,104,107 | \$ 672,668 | \$ 1,550 | \$ - | \$ 8,675,383 | \$ 31,814,536 |
| Restricted cash | 3,677,557 | 7,101,977 | 52,816 | - | - | 697,947 | 1,773,640 | 13,303,937 |
| Investments | 9,871,231 | - | 3,491,343 | 1,743,455 | - | - | 4,192,660 | 19,298,689 |
| Restricted investments | 701,700 | - | - | - | - | 26,558,812 | - | 27,260,512 |
| Receivables: | | | | | | | | |
| Taxes, net | 5,079,496 | - | - | - | - | - | - | 5,079,496 |
| Accounts | 4,800,588 | 117,760 | 78,906 | 4,018,817 | 12,571 | - | 836,904 | 9,865,546 |
| Due from other funds | 9,420,613 | 402 | 65,775 | - | - | - | 156,048 | 9,642,838 |
| Due from other governments | 3,727,806 | - | 13,295 | 304,085 | 6,410,600 | - | 1,924,725 | 12,380,511 |
| Advances to providers | - | - | 1,766,387 | - | - | - | - | 1,766,387 |
| Loans | 2,254,954 | - | - | - | - | - | - | 2,254,954 |
| Other assets | 309,171 | - | 70,604 | - | 7,409 | - | 1,400 | 388,584 |
| Total assets | \$ 43,255,231 | \$ 25,168,852 | \$ 6,643,233 | \$ 6,739,025 | \$ 6,432,130 | \$ 27,256,759 | \$ 17,560,760 | \$ 133,055,990 |
| Liabilities and fund balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 6,137,975 | \$ 5,918,794 | \$ 4,941,794 | \$ 548,555 | \$ 2,045,687 | \$ 1,229,029 | \$ 2,362,797 | \$ 23,184,631 |
| Due to other funds | 318,289 | 10,226 | 467,808 | 8,161 | 4,313,983 | - | 343,171 | 5,461,638 |
| Due to other governments | - | - | - | - | - | - | 16,101 | 16,101 |
| Deferred revenue | 3,949,846 | 19,239,832 | 1,233,631 | 6,182,309 | 72,460 | - | 8,295,166 | 38,973,244 |
| Deposits held in escrow | 4,378,915 | - | - | - | - | - | 195,493 | 4,574,408 |
| Total liabilities | 14,785,025 | 25,168,852 | 6,643,233 | 6,739,025 | 6,432,130 | 1,229,029 | 11,212,728 | 72,210,022 |
| Fund balances: | | | | | | | | |
| Reserved for advances | - | - | 1,766,387 | - | - | - | - | 1,766,387 |
| Reserved for loans receivable | 2,254,954 | - | - | - | - | - | - | 2,254,954 |
| Reserved for capital projects | - | - | - | - | - | 26,027,730 | - | 26,027,730 |
| Reserved for county nursing home | 2,793,463 | - | - | - | - | - | - | 2,793,463 |
| Reserved for 911 | 365,153 | - | - | - | - | - | - | 365,153 |
| Unreserved: | | | | | | | | |
| Undesignated | 23,056,636 | - | (1,766,387) | - | - | - | - | 21,290,249 |
| Undesignated-special revenue funds | - | - | - | - | - | - | 6,348,032 | 6,348,032 |
| Total fund balances | 28,470,206 | - | - | - | - | 26,027,730 | 6,348,032 | 60,845,968 |
| Total liabilities and fund balances | \$ 43,255,231 | \$ 25,168,852 | \$ 6,643,233 | \$ 6,739,025 | \$ 6,432,130 | \$ 27,256,759 | \$ 17,560,760 | \$ 133,055,990 |

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

County of York, Pennsylvania
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
December 31, 2004

Total Fund Balances of Governmental Funds: \$ 60,845,968

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets, including Infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 156,480,508

The funds record only the tax revenue received through a period of 60 days subsequent to year-end. The statement of net assets includes a receivable for the County's anticipated collections on the levy. 3,949,846

The funds record bond issuance costs as a current period expenditure while those costs are capitalized on the statement of net assets and amortized over the life of the bonds. 2,776,659

Fines and costs revenue that was not available soon enough to pay for the current period's expenditures and therefore not reported in the funds. 2,109,240

Other assets not available to pay for current period's expenditures and therefore not reported in the funds. 115,075

The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds. 581,200

Long-term liabilities are not due and payable in the current period and accordingly not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of:

| | |
|---------------------------------------|---------------|
| General Obligation Bonds Payable | (119,960,000) |
| Capital Lease | (52,272) |
| Unamortized Premium | (1,617,196) |
| Deferred Refunding Loss | 296,120 |
| Accrued Interest Payable | (741,825) |
| Workers Compensation Claims Liability | (814,702) |
| Accrued Compensated Absences | (813,353) |
| Deferred Gain on Sale of Building | (337,500) |
| Claims and Judgments | (216,300) |
| | (216,300) |

Total Net Assets of Governmental Activities \$ 102,601,468

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

County of York, Pennsylvania

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

Year ended December 31, 2004

| | General Fund | York HealthChoices Management Fund | Mental Health/Mental Retardation Fund | Community Development Block Grant Fund | Children and Youth Fund | Capital Projects Bond Account Fund | Other Nonmajor Funds | Total Governmental Funds |
|---|---------------|------------------------------------|---------------------------------------|--|-------------------------|------------------------------------|----------------------|--------------------------|
| Revenues | | | | | | | | |
| Real estate taxes | \$ 78,089,574 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 78,089,574 |
| Intergovernmental | 16,937,857 | 32,530,167 | 44,390,967 | 5,554,089 | 25,519,418 | - | 24,588,157 | 149,520,655 |
| Departmental | 23,225,057 | - | - | - | 1,467,359 | - | 1,175,429 | 25,867,845 |
| Fines and costs | 3,378,092 | - | - | - | - | - | - | 3,378,092 |
| Hotel tax | 1,246,033 | - | - | - | - | - | - | 1,246,033 |
| Investment | 2,107,713 | 206,490 | 160,727 | - | - | 1,096,693 | 110,494 | 3,682,117 |
| Other | 9,472,887 | - | - | 33,013 | 228,555 | 466,262 | 370,216 | 10,570,933 |
| Total revenues | 134,457,213 | 32,736,657 | 44,551,694 | 5,587,102 | 27,215,332 | 1,562,955 | 26,244,296 | 272,355,249 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | 10,900,101 | - | - | - | - | 370,667 | - | 11,270,768 |
| Public safety | 50,167,283 | - | - | - | - | - | - | 50,167,283 |
| Roads and bridges | - | - | - | - | - | - | 934,533 | 934,533 |
| Health, education, and welfare: | | | | | | | | |
| Drug and alcohol | - | - | - | - | - | - | 2,993,136 | 2,993,136 |
| Mental health/mental retardation | - | - | 45,352,444 | - | - | - | - | 45,352,444 |
| Office of aging | - | - | - | - | - | - | 8,402,855 | 8,402,855 |
| Children and youth | - | - | - | - | 31,633,190 | - | - | 31,633,190 |
| Human Services | - | 32,736,657 | - | - | - | - | 9,364,784 | 42,101,441 |
| Judicial | 20,278,714 | - | - | - | - | - | 3,979,791 | 24,258,505 |
| Cultural and recreation | 3,910,438 | - | - | - | - | - | 7,837 | 3,918,275 |
| Community development | 553,392 | - | - | 5,587,102 | - | - | 1,980,453 | 8,120,947 |
| Other departments and programs | 27,124,485 | - | - | - | - | - | - | 27,124,485 |
| Capital outlay | - | - | - | - | - | 14,222,422 | - | 14,222,422 |
| Debt service: | | | | | | | | |
| Principal retirement | 2,480,000 | - | - | - | - | 3,895,000 | - | 6,375,000 |
| Interest and fiscal charges | 4,400,648 | - | - | - | - | 1,415,492 | - | 5,816,140 |
| Total expenditures | 119,815,061 | 32,736,657 | 45,352,444 | 5,587,102 | 31,633,190 | 19,903,581 | 27,663,389 | 282,691,424 |
| Excess (deficiency) of revenues over (under) expenditures | 14,642,152 | - | (800,750) | - | (4,417,858) | (18,340,626) | (1,419,093) | (10,336,175) |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | 127,843 | - | 800,750 | - | 4,417,858 | - | 1,295,904 | 6,642,355 |
| Transfers out | (10,542,231) | - | - | - | - | (127,843) | - | (10,670,074) |
| Proceeds from swap transaction | - | - | - | - | - | 4,660,667 | - | 4,660,667 |
| Total other financing sources (uses) | (10,414,388) | - | 800,750 | - | 4,417,858 | 4,532,824 | 1,295,904 | 632,948 |
| Net change in fund balances | 4,227,764 | - | - | - | - | (13,807,802) | (123,189) | (9,703,227) |
| Fund balances, January 1, as restated (Note 17) | 24,242,442 | - | - | - | - | 39,835,532 | 6,471,221 | 70,549,195 |
| Fund balances, December 31 | \$ 28,470,206 | \$ - | \$ - | \$ - | \$ - | \$ 26,027,730 | \$ 6,348,032 | \$ 60,845,968 |

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

County of York, Pennsylvania
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 Year Ended December 31, 2004

Net Change in fund balances - total governmental funds \$ (9,703,227)

Amounts reported for governmental activities in the Statement of Activities
 are different because:

Governmental funds report capital purchases as expenditures. In the
 Statement of Activities, the cost of these assets is depreciated over the
 estimated useful lives and is reported as depreciation expense. The
 difference in the current period between capital expenditures (\$17,619,749)
 and depreciation expense (\$3,891,563) is a reconciling item. 13,728,186

Additional tax revenue recorded on statement of activities.
 The funds report only receipts through 60 days of subsequent period.
 Statement of Activities includes full amount of levy deemed collectible
 by the County. 368,870

Revenues in the statement of activities that are not available to provide
 current financial resources are not reported as revenues in the funds.
 At the government-wide level revenue recognition is not limited by
 availability. The effects of these adjustments in the current year are:
 Fines and Costs (1,713,537)
 Gain on Sale of Building 150,000

Net negative pension obligation reported in the statement of activities does not
 require the use of current financial resources and therefore are not
 reported as expenditures in the governmental funds. (30,170)

The issuance of long-term liabilities provide financial resources to
 governmental funds and contribute to the change in fund balance.
 However, the issuance of debt does not affect the Statement of Activities
 since it increases long-term liabilities in the Statement of Net Assets.
 Accordingly, the repayment of principal is reported as an expenditure
 in the governmental funds, but reduces the liability in the Statement of Net
 Assets. The amounts related to the above items that make up differences
 are:
 Principal Repayments on General Obligation Bonds 6,375,000
 Principal Repayments on Capital Lease 25,692

Pursuant to the modified basis of accounting, governmental funds do not
 recognize expenditures for transactions that are not normally paid with
 expendable available financial resources. Pursuant to the accrual basis
 of accounting, the Statement of Activities reports expenses and liabilities
 regardless of when financial resources are available. In addition, interest
 on long-term debt is not recognized in the governmental funds until due,
 while it is accrued in the Statement of Activities. The differences for the
 items discussed above are:
 Compensated absence expense 719,734
 Workers compensation expense (363,758)
 Accrual of interest on long-term debt (277,620)
 Amortization of bond premium 231,965
 Amortization of issuance costs (276,300)
 Amortization of Deferred Refunding Loss (33,980)

Change in Net Assets of governmental activities \$ 9,200,855

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

County of York, Pennsylvania

Statement of Fund Net Assets – Enterprise Funds

December 31, 2004

| | County Nursing Home Fund | 911 Fund | Total |
|--|---|---------------------|----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 2,650 | \$ 33,093 | \$ 35,743 |
| Due from other governments | 1,337,684 | - | 1,337,684 |
| Due from other funds | 34,927 | 10,389 | 45,316 |
| Accounts receivable | 2,224,623 | 297,495 | 2,522,118 |
| Other assets | 165,871 | 11,242 | 177,113 |
| Total current assets | <u>3,765,755</u> | <u>352,219</u> | <u>4,117,974</u> |
| Noncurrent assets: | | | |
| Restricted cash | 363,494 | - | 363,494 |
| Capital assets, net of depreciation | 5,965,890 | 2,332,898 | 8,298,788 |
| Total noncurrent assets | <u>6,329,384</u> | <u>2,332,898</u> | <u>8,662,282</u> |
| Total assets | <u>\$ 10,095,139</u> | <u>\$ 2,685,117</u> | <u>\$ 12,780,256</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 1,790,701 | \$ 179,916 | \$ 1,970,617 |
| Due to other funds | 3,716,238 | 510,278 | 4,226,516 |
| Deposits held in escrow | 363,494 | - | 363,494 |
| Deferred revenue | 83,690 | - | 83,690 |
| Total current liabilities | <u>5,954,123</u> | <u>690,194</u> | <u>6,644,317</u> |
| Noncurrent liabilities: | | | |
| Vacation payable | 153,887 | 27,178 | 181,065 |
| Long-term portion of accrual for self-insurance claims | 814,702 | - | 814,702 |
| Total noncurrent liabilities | <u>968,589</u> | <u>27,178</u> | <u>995,767</u> |
| Total liabilities | <u>6,922,712</u> | <u>717,372</u> | <u>7,640,084</u> |
| Net assets | | | |
| Invested in capital assets | 5,965,890 | 2,332,898 | 8,298,788 |
| Unrestricted | (2,793,463) | (365,153) | (3,158,616) |
| Total net assets | <u>\$ 3,172,427</u> | <u>\$ 1,967,745</u> | <u>\$ 5,140,172</u> |

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

County of York, Pennsylvania

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Enterprise Funds

Year ended December 31, 2004

| | County Nursing Home Fund | 911 Fund | Total |
|---------------------------------|---|---------------------|---------------------|
| Operating revenues: | | | |
| Charges for sales and services: | | | |
| Charges for services | \$ 29,856,030 | \$ - | \$ 29,856,030 |
| Telephone surcharge revenue | - | 3,481,393 | 3,481,393 |
| Total operating revenues | <u>29,856,030</u> | <u>3,481,393</u> | <u>33,337,423</u> |
| Operating expenses: | | | |
| Operating/administrative | 30,703,277 | 5,233,498 | 35,936,775 |
| Depreciation | 705,684 | 463,591 | 1,169,275 |
| Total operating expenses | <u>31,408,961</u> | <u>5,697,089</u> | <u>37,106,050</u> |
| Operating loss before transfers | (1,552,931) | (2,215,696) | (3,768,627) |
| Transfers in | 1,874,246 | 2,153,473 | 4,027,719 |
| Change in net assets | <u>321,315</u> | <u>(62,223)</u> | <u>259,092</u> |
| Total net assets, January 1 | 2,851,112 | 2,029,968 | 4,881,080 |
| Total net assets, December 31 | <u>\$ 3,172,427</u> | <u>\$ 1,967,745</u> | <u>\$ 5,140,172</u> |

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

County of York, Pennsylvania

Statement of Cash Flows – Enterprise Funds

Year ended December 31, 2004

| | County Nursing Home Fund | 911 Fund | Total |
|---|---|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash received on patient accounts | \$ 28,126,675 | \$ - | \$ 28,126,675 |
| Cash received from telephone surcharge revenue | - | 3,500,884 | 3,500,884 |
| Cash payments for material and supplies | (2,706,985) | (31,023) | (2,738,008) |
| Cash payments for patient services | (7,112,569) | - | (7,112,569) |
| Cash payments for program services | - | (1,485,172) | (1,485,172) |
| Cash payments for salaries and employee benefits | (19,955,271) | (4,149,544) | (24,104,815) |
| Net cash used in operating activities | <u>(1,648,150)</u> | <u>(2,164,855)</u> | <u>(3,813,005)</u> |
| Cash flows from noncapital financing activities | | | |
| Transfers from other funds | 1,874,246 | 2,153,473 | 4,027,719 |
| Net cash provided by noncapital financing activities | <u>1,874,246</u> | <u>2,153,473</u> | <u>4,027,719</u> |
| Cash flows from capital and related financing activities | | | |
| Purchases of capital assets | (358,316) | (125,598) | (483,914) |
| Net cash used in capital and related financing activities | <u>(358,316)</u> | <u>(125,598)</u> | <u>(483,914)</u> |
| Net decrease in cash and cash equivalents | (132,220) | (136,980) | (269,200) |
| Cash and cash equivalents, January 1 | 498,364 | 170,073 | 668,437 |
| Cash and cash equivalents, December 31 | <u>\$ 366,144</u> | <u>\$ 33,093</u> | <u>\$ 399,237</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating loss | \$ (1,552,931) | \$ (2,215,696) | \$ (3,768,627) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation | 705,684 | 463,591 | 1,169,275 |
| Changes in assets and liabilities in: | | | |
| Accounts receivable | (1,729,355) | 19,491 | (1,709,864) |
| Due from other governments | 1,537,390 | - | 1,537,390 |
| Due from other funds (net of due to) | 4,870 | (2,995) | 1,875 |
| Other assets | (71,508) | (11,242) | (82,750) |
| Accounts payable | (4,351,956) | (937,214) | (5,289,170) |
| Due to other funds | 3,715,921 | 510,278 | 4,226,199 |
| Deposits held in escrow | (132,370) | - | (132,370) |
| Vacation payable | 3,257 | 8,932 | 12,189 |
| Long term portion of accrual for short term claim | 222,848 | - | 222,848 |
| Total adjustments | <u>(95,219)</u> | <u>50,841</u> | <u>(44,378)</u> |
| Net cash used in operating activities | <u>\$ (1,648,150)</u> | <u>\$ (2,164,855)</u> | <u>\$ (3,813,005)</u> |

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

County of York, Pennsylvania

Statement of Fiduciary Net Assets – Fiduciary Funds

December 31, 2004

| | Pension Trust Fund | Agency Fund |
|---|-------------------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 6,762,045 | \$ 6,337,203 |
| Investments: | | |
| U.S. government obligations | 37,701,036 | - |
| Stocks | 65,008,603 | - |
| Corporate obligations | 7,537,472 | - |
| Mutual funds | 26,329,979 | - |
| Other | 3,665,000 | 8,966,880 |
| Receivables: | | |
| Other | 393,735 | 116,623 |
| Delinquent taxes on behalf of other governments | - | 11,193,450 |
| Total assets | <u>\$ 147,397,870</u> | <u>\$ 26,614,156</u> |
| Liabilities | | |
| Liabilities: | | |
| Accounts payable | \$ 1,445 | \$ - |
| Due to other governments | - | 4,742,421 |
| Other liabilities | - | 21,871,735 |
| Total liabilities | <u>1,445</u> | <u>\$ 26,614,156</u> |
| Net assets | | |
| Net assets held in trust for pension benefits | <u>147,396,425</u> | |
| Total net assets | <u>\$ 147,396,425</u> | |

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

County of York, Pennsylvania

Statement of Changes in Fiduciary Net Assets – Pension Trust Fund

Year ended December 31, 2004

| | |
|--|------------------------------|
| Additions: | |
| Employer contributions | \$ 7,353,342 |
| Employee contributions | <u>3,884,032</u> |
| Total contributions | 11,237,374 |
| Investment income: | |
| Net appreciation in fair value of investments | 6,414,784 |
| Interest | 2,114,807 |
| Dividends | <u>1,471,944</u> |
| Total investment income | <u>10,001,535</u> |
| Total additions | <u>21,238,909</u> |
| Deductions: | |
| Benefit payments | 5,309,673 |
| Refunds of contributions | <u>958,861</u> |
| Total deductions | <u>6,268,534</u> |
| Net increase | 14,970,375 |
| Net assets held in trust for pension benefits, beginning of year | <u>132,426,050</u> |
| Net assets held in trust for pension benefits, end of year | <u><u>\$ 147,396,425</u></u> |

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

County of York, Pennsylvania

Combining Statement of Net Assets – Discretely Presented Component Units

December 31, 2004

| | Solid Waste and Refuse Authority | Industrial Development Authority | Library System | Planning Commission | Total |
|---|---|---|---------------------------|--------------------------------|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,935,595 | \$ 499,197 | \$ 996,795 | \$ 752,428 | \$ 4,184,015 |
| Restricted cash | 11,190,277 | - | - | - | 11,190,277 |
| Investments | - | 4,628,826 | 226,850 | - | 4,855,676 |
| Restricted investments | 103,336,921 | - | - | - | 103,336,921 |
| Accounts receivable | 24,252,641 | 53,283 | 14,749 | 129,158 | 24,449,831 |
| Notes receivable | - | 11,054,366 | - | - | 11,054,366 |
| Other assets | 9,527,155 | - | 13,101 | 335,020 | 9,875,276 |
| Capital assets | 54,643,513 | - | 319,519 | 20,897 | 54,983,929 |
| Project assets | - | 131,113,977 | - | - | 131,113,977 |
| Total assets | \$ 204,886,102 | \$ 147,349,649 | \$ 1,571,014 | \$ 1,237,503 | \$ 355,044,268 |
| Liabilities and net assets | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 1,800,308 | \$ 42,567 | \$ 43,273 | \$ 106,474 | \$ 1,992,622 |
| Deferred revenue | 17,633,113 | 250 | 6,500 | - | 17,639,863 |
| Revenue bonds payable | 73,226,032 | 141,580,134 | - | - | 214,806,166 |
| Other liabilities | 1,508,657 | - | - | - | 1,508,657 |
| Total liabilities | 94,168,110 | 141,622,951 | 49,773 | 106,474 | 235,947,308 |
| Net assets: | | | | | |
| Invested in capital assets, net of related debt | (18,582,519) | - | 319,519 | 20,897 | (18,242,103) |
| Restricted | 114,527,198 | - | - | 274,686 | 114,801,884 |
| Unrestricted | 14,773,313 | 5,726,698 | 1,201,722 | 835,446 | 22,537,179 |
| Total net assets | \$ 110,717,992 | \$ 5,726,698 | \$ 1,521,241 | \$ 1,131,029 | \$ 119,096,960 |

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

County of York, Pennsylvania

Combining Statement of Activities – Discretely Presented Component Units

Year ended December 31, 2004

| | Solid Waste and Refuse Authority | Industrial Development Authority | Library System | Planning Commission | Total |
|------------------------------------|---|---|---------------------------|--------------------------------|-----------------------|
| Expenses | \$ 37,051,230 | \$ 208,006 | \$ 3,456,345 | \$ 2,625,031 | \$ 43,340,612 |
| Program revenues: | | | | | |
| Charges for goods and services | 43,109,111 | 74,551 | 321,096 | - | 43,504,758 |
| Operating grants and contributions | - | - | 3,257,963 | 2,610,900 | 5,868,863 |
| Investment/interest earnings | - | 137,480 | 28,136 | 6,222 | 171,838 |
| Total program revenues | <u>43,109,111</u> | <u>212,031</u> | <u>3,607,195</u> | <u>2,617,122</u> | <u>49,545,459</u> |
| Change in net assets | 6,057,881 | 4,025 | 150,850 | (7,909) | 6,204,847 |
| Net assets, January 1 | 104,660,111 | 5,722,673 | 1,370,391 | 1,138,938 | 112,892,113 |
| Net assets, December 31 | <u>\$ 110,717,992</u> | <u>\$ 5,726,698</u> | <u>\$ 1,521,241</u> | <u>\$ 1,131,029</u> | <u>\$ 119,096,960</u> |

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

County of York, Pennsylvania

Notes to Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies

The Reporting Entity

The County of York, Pennsylvania (the County) is located in south central Pennsylvania, to the south of the City of Harrisburg, the capital of the Commonwealth of Pennsylvania. It is a third-class County founded in 1749 and operates under an elected three-member Board of Commissioners. The County provides services in many areas to its residents, including various general government services, public safety, health and welfare, and community enrichment programs.

The financial statements of the County of York include the accounts of all County operations. The County's major operations include; administrative, judicial, general government, corrections, emergency services, human services, and the youth development center. In addition, the County owns and operates the 911 Emergency Center and the York County Nursing Home.

Consistent with the guidance contained in GASB Statement No. 14, *The Financial Reporting Entity*, the criteria used by the County to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the County reviews the applicability of the following criteria.

The County is financially accountable for:

- Organizations that make up the legal County entity.
- Legally separate organizations if County officials appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County as defined below.

Impose Its Will—If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden—Exists if the County (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

The Reporting Entity (continued)

- Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the County.

Based on the foregoing criteria, the reporting entity has been defined to include all the funds for which the County is financially accountable or for which there is a significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the County's financial statements are provided in the following paragraphs. Separately published audit reports of the component units are available for public inspection in the Controller's Office.

Blended Component Units

Some component units, despite being legally separate from the primary government (County), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government.

The Mental Health/Mental Retardation, Drug and Alcohol, and York and Adams HealthChoices Management funds, which have substantially the same governing body as the primary government, are component units that are reported in this way in the Basic Financial Statements.

Discretely Presented Component Units

Component units that are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component units presented in this way are the following:

York County Solid Waste and Refuse Authority
York County Industrial Development Authority
York County Library System
York County Planning Commission

Separate financial statements of the component units can be obtained from the York County Controller's office.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units (continued)

York County Solid Waste and Refuse Authority

The York County Solid Waste and Refuse Authority (YCSWRA) coordinates the environmentally responsible economic and efficient management of all municipal solid waste generated in the County. The YCSWRA board of directors are appointed by the County Commissioners and the County currently guarantees a significant portion of the YCSWRA's debt.

Additionally, the Commissioners are required to approve the County Solid Waste Plan as prepared by YCSWRA and any significant changes thereto.

York County Industrial Development Authority

The York County Industrial Development Authority (the Authority) was established under the Industrial and Commercial Development Authority Law of the Commonwealth of Pennsylvania to provide a means for developers within the County to obtain funds through the issuance of tax-exempt industrial development obligations. All of the bond issues must be approved by the County Commissioners but the County has no ongoing liability for these bond issues. The Authority is administered by a ten-member board of directors, all of whom are appointed by the County Commissioners.

Revenues are primarily derived from application and servicing fees received from developers seeking to issue tax-exempt obligations.

The activities of the Authority are conducted within the geographic boundaries of the County primarily for the benefit of County residents through the creation of employment opportunities.

York County Library System

The York County Library System (Library System) is a private nonprofit organization. Two of seven board of directors are appointed by the County Commissioners. The County makes an annual allocation that constitutes a significant portion of the Library System's revenues. The Library System cannot issue bonded debt without substantive approval by the County, which makes the Library System fiscally dependent on the County.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units (continued)

York County Planning Commission

The York County Planning Commission (Commission) was formed in 1959 by the Board of County Commissioners. All board members are appointed by the County Commissioners. Since its formation, the primary goal of the Commission has been the preparation of a comprehensive plan for the County. Other responsibilities include activities dealing with data processing, traffic engineering, human services, and historical preservation. The County has assumed a financial obligation to provide financial support.

Related Organization

The County Commissioners are also responsible for appointing the members of the York County Hospital Authority, but the County's accountability does not extend beyond making appointments. The York County Hospital Authority was formed to acquire tax-free financing for hospitals and health care organizations in the York County area. The County Commissioners appoint the five-member board of directors. The County makes no financial contribution to the York County Hospital Authority and is not responsible for its budget or debt.

Jointly Governed Organization

York/Adams HealthChoices

York/Adams HealthChoices is a department within York County formed out of collaboration between the County and Adams County to provide service to those residents who live in these counties who are eligible to participate in the behavioral health and substance abuse components of the Medical Assistance program. The County holds ultimate financial responsibility for this program.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Basis of Presentation

The basic financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States applicable to governments. The GASB establishes accounting and financial reporting requirements for governments.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), the new reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements).

Government-Wide Financial Statements

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

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

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

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

Government-Wide Financial Statements (continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, general government, etc.) or business-type activity (911 operations, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category or business-type activity. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include; (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category or business-type activity and; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category or business-type activity. Taxes and other items that are not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if collected within 60 days after year-end. The availability period for all significant revenue sources in governmental funds is 60 days. Property taxes due, but not collected within 60 days after year-end, are reflected as deferred revenues. Licenses, permits, and fines and costs are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Interest earnings are recorded as earned.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

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

The County's enterprise funds, presented in the enterprise fund financial statements, are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. With respect to the government-wide financial statements and the enterprise funds, the County has elected not to apply FASB Statements issued after November 30, 1989.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the County Nursing Home and 911 Fund enterprise funds are charges to customers for sales and services. Operating expenses of the enterprise funds include the costs of providing services, such as personnel, contracting, supplies, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues.

The County's fiduciary funds are presented in the fund financial statements by type (pension trust fund and agency fund). Since, by definition, the assets of these funds are held for the benefit of a third party (individuals, private organizations, other governments, and/or other funds) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

The following major funds are used by the County:

Governmental Funds

The General Fund is the principal fund of the County that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the County, other than enterprise fund activities, are financed through revenues of the General Fund.

The Mental Health and Mental Retardation 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.

The York HealthChoices Management fund is used to account for amounts received from various federal and state agencies. These funds are restricted to provide a mandatory managed care program for those who are eligible to participate in medical assistance.

The Community Development Block Grant Fund receives federal funds from the United States Department of Housing and Urban Development to provide rehabilitation loans to low income property owners. The Community Development Block Grant Fund also administers a rental rehabilitation program that provides loans to multifamily property owners to rehabilitate rental units for low income and elderly occupancy.

The Children and Youth Services Fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to provide support services to at-risk juveniles.

Capital Projects Bond Account Fund accounts for the financial resources used for acquisitions and capital construction of major capital facilities (other than those financed by proprietary funds).

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

Enterprise Funds

Enterprise Funds are used to account for operations of the County Nursing Home and 911 activities that are financed and operated in a manner similar to private business enterprises, where the intent of the County is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

- The County Nursing Home Fund is used to account for the financial activity of the York County Nursing Home.
- The 911 Fund is used to account for the emergency response communications network of the County.

Fiduciary Funds

In addition to the major funds discussed above, the County also reports fiduciary funds.

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include the Pension Trust Fund and Agency Funds. The Pension Trust Fund is accounted for in essentially the same manner as the proprietary funds since capital maintenance is critical. The Pension Trust Fund'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 are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Agency Funds are custodial in nature and do not involve measurement of results of operations.

- The Pension Trust Fund is used to account for the retirement pension plan contributions of the County and its employees.
- The Tax Claim Bureau Agency Fund is used to account for the collection of delinquent taxes for the County and on behalf of school districts and municipalities.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

- The Unclaimed Money Fund is used to account for unclaimed funds awaiting escheat.
- The Row Offices Agency Fund is used to account for cash held by elected row officers (Recorder of Deeds, Prothonotary, Treasurer, Sheriff, Clerk of Courts and Register of Wills) awaiting disbursement to the County, other governments, or citizens for whom it was collected.
- The Landfill Escrow Fund is used to account for funds that are available for remedial measures and emergency actions which may become necessary to prevent or abate adverse effects on the environment after closure of municipal waste landfills operating within the County's boundaries.

Pooled Cash and Temporary Investments

Cash balances and temporary investments of the General Fund; Human Services, Community Services, Drug and Alcohol, and Children and Youth special revenue funds; the County Nursing Home and 911 enterprise funds; and the Capital Projects Bond Account Fund are pooled by the County. Balances are segregated by fund, but accounted for centrally for receipt and disbursement purposes. Interest on investments is allocated to the funds based on their equity in pooled cash and temporary investments. Individual fund pooled cash and temporary investment deficits are subsidized through operating transfers by the general fund at year-end.

Cash Equivalents

For purposes of the statement of cash flows (Enterprise Funds), the County considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in collateralized mortgage obligations are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Certain nonparticipating contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Bond Issuance Costs

Certain issuance costs (underwriting and legal costs) are deferred and amortized over the life of the related bonds. In the governmental fund financial statements, such costs are immediately recognized as expenditures.

Restricted Assets and Related Liabilities

At December 31, 2004, the County had a restricted cash balance of \$13,303,937 maintained in escrow accounts in the name of the County. At December 31, 2004, the County also had a restricted investment balance \$27,260,512. Each fund's restricted cash and investments are provided below with a brief explanation of the reasons for restriction:

- \$3,677,557 and \$701,700 is restricted cash and investments, respectively, in the General Fund. These balances are for various purposes, including: bail judgments, agricultural land preservation, records management, HAZ/MAT response, and workers' compensation.
- \$29,887 is restricted cash in the Donations Fund, which is as being held for specific purposes requested by individuals or businesses.
- \$26,505 is restricted cash in the Aging Fund. This balance represents client fund accounts in which the Aging Department collects and administers individuals' funds that cannot handle their own money.
- \$52,816 is restricted cash in the York County MH/MR Fund. These funds are received from individuals designated to be used as memorials.
- \$7,101,977 and \$1,548,261 is restricted cash in the York HealthChoices Fund and the Adams HealthChoices Fund, respectively. Of this balance, \$1,012,503 and \$237,504, respectively, is restricted as incentive cash. The program's subcontractor is eligible for a bonus based on meeting performance benchmarks. This cash is restricted for that purpose. \$6,089,474 and \$1,310,757, respectively, is held as restricted cash for contingencies. These funds will pay the claims of the program if a shortage existed in their capitation income from the Commonwealth of Pennsylvania.
- \$168,987 is restricted cash in the Domestic Relations Fund. These funds are held to be remitted to the intended third party.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Restricted Assets and Related Liabilities (continued)

- \$697,947 and \$26,558,812 is restricted cash and investments, respectively, in the Capital Projects Bond Account Fund to pay for costs incurred on projects authorized by prior years' bond issues.

Restricted cash of \$363,494 in the County Nursing Home enterprise fund at December 31, 2004 consists of \$293,717 in restricted cash for the payment of patient funds held in safekeeping and \$69,777 for other deposits held in escrow.

The YCSWRA (a component unit) is required to maintain cash and investments amounting to \$114,527,198 in trust accounts whose use is restricted under bond indentures or under consent decree and law relating to environmental protection matters attributable to the YCSWRA's operations.

Easements

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County and recorded in the government-wide financial statements. Easements are amortized on the straight-line method over a maximum useful life of 40 years.

Capital Assets

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Capital assets, which include land, buildings and improvements, furniture, fixtures and equipment, construction in progress, and infrastructure assets including bridges, roads and rail trail, are recorded in the government-wide financial statements and enterprise fund financial statements. Capital assets are defined by the County as assets with a value of \$5,000 or more and useful life longer than one year. The York County Nursing Home includes capital assets with a threshold of \$500 or more and useful life in excess of one year. This capitalization threshold is applied to individual fixed assets rather than to groups/sets of fixed assets (e.g., chairs, desks, etc.). Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

| | |
|-----------------------------------|-------------|
| Infrastructure | 20-50 years |
| Buildings and improvements | 40 years |
| Furniture, fixtures and equipment | 5-15 years |

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

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Vacation Leave

All vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental funds that will pay it. Amounts of vested or accumulated vacation leave in government-wide and enterprise fund financial statements that were not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements as a long-term liability in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

Vested or accumulated vacation leave in the government-wide and enterprise funds financial statements is recorded as an expense and liability as the benefits accrue to employees.

Long-Term Obligations

In the government-wide and enterprise funds financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

For the government fund financial statements, premiums and discounts are recognized immediately.

Deferred Revenues

Revenues that are received but not earned are deferred in the government-wide and enterprise funds financial statements. In the County's governmental funds, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred 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 governmental funds' balance sheet and revenue is recognized.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Net Assets/Fund Balance

Reserved fund balances represent those portions of fund equity not appropriate for expenditures or that are legally segregated for a specific future use.

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

Leases

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

Intergovernmental Revenues

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania and federal agencies generally to fund specific programs. Awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs. Reimbursement type grants are recorded as revenues when the related expenditures are incurred. In the governmental funds financial statements, grants are recorded when revenues are also measurable and available.

Hotel Room Rental Tax

The County of York receives a 3% hotel room rental tax from the operators of each hotel within York County. The 3% is allocated to the York County Convention and Visitors Bureau to be used to promote tourism in York County. The revenue from this tax is recognized when assessed for the government-wide financial statements and received in the governmental funds.

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 York, Pennsylvania

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Pending Changes in Accounting Principles

GASB has issued Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3. The County is required to adopt Statement No. 40 for its calendar year 2005 financial statements.

GASB has also issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The County is required to adopt Statement No. 42 for its calendar year 2005 financial statements.

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

(2) Cash and Investments

The County is authorized by state statute to deposit funds in obligations of the U.S. Government and insured or collateralized investments. There are no restrictions placed on the Pension Trust Fund investments.

The County follows the practice of investing governmental and enterprise funds' cash and temporary investments in local financial institutions.

The County has authorized a professional investment counselor to invest the funds of the Pension Trust Fund. The investments of this fund are held by the trust department of a local bank in the County's name.

The County's cash deposits, unrestricted and restricted, are categorized below to give an indication of the level of credit risk assumed as of the balance sheet date. Category 1 includes insured or collateralized deposits held by the County or by its agent in the County's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. Category 3 includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name. This category includes certificates of deposit which are fully collateralized by financial institutions via single collateral pool arrangements as permitted by Act No. 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(2) Cash and Investments (continued)

Primary Government

Governmental and Business-Type Activities

| <u>Bank Balance</u> | <u>Book Balance</u> | <u>Category</u> |
|----------------------|----------------------|-----------------|
| \$ 506,777 | \$ 506,777 | 1 |
| 49,745,529 | 44,998,618 | 3 |
| 12,315 | 12,315 | Uncategorized |
| <u>\$ 50,264,621</u> | <u>\$ 45,517,710</u> | |

Fiduciary Funds

| <u>Bank Balance</u> | <u>Book Balance</u> | <u>Category</u> |
|----------------------|----------------------|-----------------|
| <u>\$ 16,371,710</u> | <u>\$ 13,099,248</u> | 3 |

Component Units

| <u>Bank Balance</u> | <u>Book Balance</u> | <u>Category</u> |
|----------------------|----------------------|-----------------|
| \$ 400,000 | \$ 400,000 | 1 |
| 12,941,398 | 12,941,398 | 2 |
| 2,058,143 | 2,032,894 | 3 |
| <u>\$ 15,399,541</u> | <u>\$ 15,374,292</u> | |

The County's investments, unrestricted and restricted, are classified below into three categories to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered, or securities which are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments with the securities held by the counterparty or by its trust department or agent but not in the County's name.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(2) Cash and Investments (continued)

| | <u>Fair Value</u> | <u>Category</u> |
|--------------------------------|-----------------------|-----------------|
| <u>Primary Government</u> | | |
| <u>Governmental Activities</u> | | |
| Corporate bonds | \$ 1,205,000 | 3 |
| Municipal bonds | 10,095,000 | 3 |
| Mutual funds | 1,388,591 | 3 |
| PLGIT | 1,488,570 | Uncategorized |
| Guaranteed investment contract | 25,033,909 | Uncategorized |
| U.S. Government securities | 7,348,131 | 3 |
| Total Governmental Activities | <u>\$ 46,559,201</u> | |
| <u>Fiduciary Funds</u> | | |
| Corporate bonds | \$ 8,787,472 | 3 |
| Corporate stocks | 65,008,603 | 3 |
| Municipal bonds | 6,890,000 | 3 |
| Mutual funds | 30,821,859 | 3 |
| U.S. Government securities | 37,701,036 | 3 |
| Total Fiduciary Funds | <u>\$ 149,208,970</u> | |
| <u>Component Units</u> | | |
| Mutual funds | \$ 226,850 | Uncategorized |
| Money market | 1,193,071 | Uncategorized |
| U.S. Government securities | 97,799,091 | 2 |
| U.S. Government securities | 8,973,585 | 3 |
| Total Component Units | <u>\$ 108,192,597</u> | |

The County purchased a Guaranteed Investment Contract (GIC) in the amount of \$22,791,000 on October 30, 2003. The GIC guarantees a rate of return of BMA plus five basis points, calculated on the basis of actual days in the month and actual days in the year, over the 20 month term which ends June 30, 2005. The GIC is fully collateralized throughout its term.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(2) Cash and Investments (continued)

Included with the Pension Trust Fund investments are \$19,757,852 of mortgage-backed bonds that are subject to prepayment risk. The County uses the mortgage-backed bonds to balance its portfolio in the Pension Trust Fund.

(3) Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 and are levied and recorded as a receivable on February 15. Taxes are collected at a discount until April 15, at their face amount from April 16 until June 15, and include a penalty thereafter. Taxes are collected by elected tax collectors. The County collects delinquent taxes on behalf of itself and other taxing authorities.

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 2004 was 4.20 mills.

The County recorded an allowance for uncollectible taxes of \$564,389 as of December 31, 2004. This represents the County's estimate of taxes earned but ultimately expected not to be collected.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(4) Capital Assets

A summary of changes in the capital assets for the year ended December 31, 2004 is as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--|------------------------------|----------------------|----------------------|-----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated (cost): | | | | |
| Land | \$ 18,357,829 | \$ - | \$ - | \$ 18,357,829 |
| Construction in progress | 61,522,323 | 5,531,751 | 61,008,628 | 6,045,446 |
| Total capital assets not being depreciated | <u>79,880,152</u> | <u>5,531,751</u> | <u>61,008,628</u> | <u>24,403,275</u> |
| Capital assets being depreciated (cost): | | | | |
| Buildings and improvements | 70,162,622 | 70,880,317 | - | 141,042,939 |
| Furniture, fixtures, and equipment | 4,674,955 | 1,054,433 | 69,739 | 5,659,649 |
| Easements | 7,202,939 | 733,733 | - | 7,936,672 |
| Bridges, roads, and rail trail | 19,306,227 | 430,414 | - | 19,736,641 |
| Total capital assets being depreciated | <u>101,346,743</u> | <u>73,098,897</u> | <u>69,739</u> | <u>174,375,901</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 24,559,096 | 2,435,828 | - | 26,994,924 |
| Furniture, fixtures, and equipment | 2,683,322 | 754,416 | 67,468 | 3,370,270 |
| Easements | 844,935 | 183,131 | - | 1,028,066 |
| Bridges, roads, and rail trail | 10,387,220 | 518,188 | - | 10,905,408 |
| Total accumulated depreciation | <u>38,474,573</u> | <u>3,891,563</u> | <u>67,468</u> | <u>42,298,668</u> |
| Total capital assets being depreciated, net | <u>62,872,170</u> | <u>69,207,334</u> | <u>2,271</u> | <u>132,077,233</u> |
| Total capital assets, governmental activities | <u>\$ 142,752,322</u> | <u>\$ 74,739,085</u> | <u>\$ 61,010,899</u> | <u>\$ 156,480,508</u> |
| Business-type activities | | | | |
| Capital assets not being depreciated (cost): | | | | |
| Land | \$ 17,000 | \$ - | \$ - | \$ 17,000 |
| Total capital assets not being depreciated | <u>17,000</u> | <u>-</u> | <u>-</u> | <u>17,000</u> |
| Capital assets being depreciated (cost): | | | | |
| Buildings and improvements | 8,885,566 | 132,544 | - | 9,018,110 |
| Furniture, fixtures, and equipment | 16,613,012 | 353,851 | 242,047 | 16,724,816 |
| Total capital assets being depreciated | <u>25,498,578</u> | <u>486,395</u> | <u>242,047</u> | <u>25,742,926</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 4,522,912 | 266,694 | - | 4,789,606 |
| Furniture, fixtures, and equipment | 12,008,517 | 902,581 | 239,566 | 12,671,532 |
| Total accumulated depreciation | <u>16,531,429</u> | <u>1,169,275</u> | <u>239,566</u> | <u>17,461,138</u> |
| Total capital assets being depreciated, net | <u>8,967,149</u> | <u>(682,880)</u> | <u>2,481</u> | <u>8,281,788</u> |
| Total capital assets, business-type activities | <u>\$ 8,984,149</u> | <u>\$ (682,880)</u> | <u>\$ 2,481</u> | <u>\$ 8,298,788</u> |

County of York, Pennsylvania

Notes to Financial Statements (continued)

(4) Capital Assets (continued)

| Component units | Beginning Balance | Additions | Retirements | Ending Balance |
|--|------------------------------|------------------|--------------------|-----------------------|
| Capital assets not being depreciated (cost): | | | | |
| Land | \$ 1,649,309 | \$ - | \$ - | \$ 1,649,309 |
| Total capital assets not being depreciated | 1,649,309 | - | - | 1,649,309 |
| Capital assets being depreciated (cost): | | | | |
| Buildings and improvements | 130,195,900 | 283,103 | - | 130,479,003 |
| Furniture, fixtures, and equipment | 2,432,437 | 203,768 | 207,582 | 2,428,623 |
| Total capital assets being depreciated | 132,628,337 | 486,871 | 207,582 | 132,907,626 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 72,895,915 | 5,129,384 | - | 78,025,299 |
| Furniture, fixtures, and equipment | 1,396,715 | 150,992 | - | 1,547,707 |
| Total accumulated depreciation | 74,292,630 | 5,280,376 | - | 79,573,006 |
| Total capital assets being depreciated, net | 58,335,707 | (4,793,505) | 207,582 | 53,334,620 |
| Total capital assets, business-type activities | \$ 59,985,016 | \$ (4,793,505) | \$ 207,582 | \$ 54,983,929 |

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

Governmental activities

| | |
|--|---------------------|
| Public safety | \$ 1,337,692 |
| General government | 664,242 |
| Judicial | 1,097,996 |
| Health, education, and welfare | 208,598 |
| Road and bridges | 526,048 |
| Cultural and recreation | 56,987 |
| Total depreciation expense – governmental activities | <u>\$ 3,891,563</u> |

Business-type activities

| | |
|---|---------------------|
| County Nursing Home Fund | \$ 705,684 |
| 911 Fund | 463,591 |
| Total depreciation expense – business-type activities | <u>\$ 1,169,275</u> |

County of York, Pennsylvania

Notes to Financial Statements (continued)

(5) Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2004:

| | Balance at January 1, 2004 | Additions | Reductions | Balance at December 31, 2004 | Due Within One Year |
|---|-------------------------------|---------------------|---------------------|------------------------------------|------------------------|
| Governmental activities | | | | | |
| General obligation debt | \$ 126,335,000 | \$ - | \$ 6,375,000 | \$ 119,960,000 | \$ 2,630,000 |
| Unamortized premium | 1,849,161 | - | 231,965 | 1,617,196 | 231,965 |
| Liability for workers' compensation self-insurance | 676,415 | 249,383 | - | 925,798 | 111,096 |
| Compensated absences | 2,288,189 | 2,143,803 | 1,929,367 | 2,502,625 | 1,689,272 |
| Capital lease | 77,964 | - | 25,692 | 52,272 | 16,448 |
| | <u>\$ 131,226,729</u> | <u>\$ 2,393,186</u> | <u>\$ 8,562,024</u> | <u>\$ 125,057,891</u> | <u>\$ 4,678,781</u> |
| Business-type activities | | | | | |
| Liability for workers' compensation self-insurance | \$ 1,313,043 | \$ - | \$ 387,245 | \$ 925,798 | \$ 111,096 |
| Compensated absences | 544,934 | 12,189 | - | 557,123 | 376,058 |
| | <u>\$ 1,857,977</u> | <u>\$ 12,189</u> | <u>\$ 387,245</u> | <u>\$ 1,482,921</u> | <u>\$ 487,154</u> |

Compensated absences are liquidated by the general fund and special revenue funds.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(5) Long-Term Liabilities (continued)

General obligation debt consisted of the following individual issues at December 31, 2004:

| | General Obligation Debt (Payable from General Fund Tax Revenues) |
|---|---|
| \$22,035,000 Series A of 2000 – revenue bonds with interest due annually at a variable rate. Principal due in annual installments on June 1, increasing from \$445,000 in 2003 to \$1,265,000 in 2030. | \$ 19,090,000 |
| \$1,755,000 Series of 2000 – general obligation bonds with interest due semiannually June 1 and December 1 at various annual rates from 4.30% to 4.85%. Principal due in annual installments on June 1, increasing from \$140,000 in 2001 to \$215,000 in 2010. | 1,150,000 |
| \$32,435,000 Series of 2001 – revenue bonds with interest due monthly at a variable rate. Principal due in annual installments on June 1, increasing from \$315,000 in 2004 to \$3,565,000 in 2031. | 30,645,000 |
| \$20,510,000 Series of 2002 – general obligation bonds with interest due semiannually April 1 and October 1 at various annual rates from 5.60% to 6.25%. Principal due in annual installments on October 1, increasing from \$2,075,000 in 2002 to \$3,130,000 in 2009. | 13,920,000 |
| \$22,535,000 Series of 2003 – general obligation bonds with interest due semiannually June 1 and December 1 at various annual rates from 1.50% to 4.75%. Principal due in annual installments on June 1, increasing from \$5,000 in 2006 to \$2,565,000 in 2033. | 22,535,000 |
| \$32,620,000 Series of 2003, revenue bonds with interest due semiannually June 1 and December 1 at variable rate. Principal due in annual installments on June 1, increasing from \$5,000 in 2006 to \$5,965,000 in 2033. | <u>32,620,000</u> |
| Total general obligation debt | 119,960,000 |
| Plus: unamortized premium | 1,617,196 |
| Less: current portion | <u>2,630,000</u> |
| Total | <u><u>\$ 118,947,196</u></u> |

The Series A of 2000, Series of 2001, and the Series of 2003 descriptions described in the table above do not reflect the swap transactions disclosed in Note 6. However the amounts of those bonds are reflective of the swap transactions described in Note 6.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(5) Long-Term Liabilities (continued)

The annual requirements to amortize general obligation bonds outstanding for the year ended December 31, 2004 are as follows:

| | Principal | Interest and Remarketing Costs | Total |
|-----------|-----------------------|---|-----------------------|
| 2005 | \$ 2,630,000 | \$ 7,163,710 | \$ 9,793,710 |
| 2006 | 2,800,000 | 8,864,078 | 11,664,078 |
| 2007 | 2,970,000 | 9,105,825 | 12,075,825 |
| 2008 | 3,150,000 | 8,923,066 | 12,073,066 |
| 2009 | 4,340,000 | 6,717,344 | 11,057,344 |
| 2010-2014 | 14,265,000 | 30,502,508 | 44,767,508 |
| 2015-2019 | 17,435,000 | 25,883,856 | 43,318,856 |
| 2020-2024 | 21,505,000 | 19,954,506 | 41,459,506 |
| 2025-2029 | 25,645,000 | 12,281,728 | 37,926,728 |
| 2030-2033 | 25,220,000 | 2,964,929 | 28,184,929 |
| | <u>\$ 119,960,000</u> | <u>\$ 132,361,550</u> | <u>\$ 252,321,550</u> |

The table below represents the net payments (what the County is receiving versus what it is paying) based on the 2003, 2004, and 2005 swap agreements (notes 6 and 19). As of December 31, 2004, debt service requirements of the respective debt and net swap payments, *assuming current interest rates remain the same*, for their term were as follows.

| Year | 2000A | 2001 | 2003 | Total |
|--------------|---------------------|----------------------|----------------------|----------------------|
| 2005 | \$ 759,782 | \$ 1,854,022 | \$ - | \$ 2,613,804 |
| 2006 | 882,435 | 1,854,022 | 795,806 | 3,532,263 |
| 2007 | 1,005,088 | 1,854,022 | 795,684 | 3,654,794 |
| 2008 | 1,005,088 | 1,854,022 | 795,562 | 3,654,672 |
| 2009 | 241,707 | 629,849 | 795,440 | 1,666,996 |
| 2010-2014 | 1,092,572 | 2,958,083 | 3,849,932 | 7,900,587 |
| 2015-2019 | 869,144 | 2,501,599 | 3,610,346 | 6,981,089 |
| 2020-2024 | 597,716 | 1,890,687 | 3,299,612 | 5,788,015 |
| 2025-2029 | 268,181 | 1,077,278 | 2,378,168 | 3,723,627 |
| 2030-2033 | 8,128 | 132,740 | 767,014 | 907,882 |
| Total | <u>\$ 6,729,841</u> | <u>\$ 16,606,324</u> | <u>\$ 17,087,564</u> | <u>\$ 40,423,729</u> |

County of York, Pennsylvania

Notes to Financial Statements (continued)

(5) Long-Term Liabilities (continued)

As determined under the Commonwealth of Pennsylvania Local Government Unit Debt Act of 1972, the nonelectoral debt limit of the County at December 31, 2004 was \$640,815,990 compared to \$119,960,000 of related outstanding debt.

The County is subject to federal arbitrage laws governing the use of proceeds of tax-exempt debt. At December 31, 2004, there is no arbitrage liability.

Total debt of the component units consisted of the following individual issues as of December 31, 2004:

| | York County Solid Waste and Refuse Authority (YCSWRA) | York County Industrial Development Authority (Authority) | Total Component Units |
|--|--|---|--------------------------------------|
| Solid Waste System Refunding Revenue Bonds, Series of 1997; collateralized under the Indenture of Mortgage and Trust by and between the Authority and M&T Investment Group (formerly Allfirst Trust Co.); due 2005 through 2014. | \$ 71,835,000 | \$ - | \$ 71,835,000 |
| Note payable for the rehabilitation of the Industrial Plaza of York site; collateralized by a third lien on the Industrial Plaza of York; due 2005 through 2010. | - | 91,157 | 91,157 |
| CYBER Center II Building and Industrial Plaza of York Bonds; Series 2003A and Series 2003B collateralized by a note receivable from York County Industrial Development Corporation; due 2005 through 2011. | - | 10,375,000 | 10,375,000 |
| | <u>71,835,000</u> | <u>10,466,157</u> | <u>82,301,157</u> |
| Plus: unamortized premium | 1,391,032 | - | 1,391,032 |
| Less: current portion | 5,355,000 | 16,917 | 5,371,917 |
| Project lessee debt | - | 131,113,977 | 131,113,977 |
| | <u>\$ 67,871,032</u> | <u>\$ 141,563,217</u> | <u>\$ 209,434,249</u> |

County of York, Pennsylvania

Notes to Financial Statements (continued)

(5) Long-Term Liabilities (continued)

The following is a summary of changes in component unit long-term debt excluding the project lessee long-term debt discussed below for the year ended December 31, 2004:

| | |
|------------------------------|-----------------------------|
| Balance at January 1, 2004 | \$ 87,392,739 |
| Reductions | <u>(5,091,582)</u> |
| Balance at December 31, 2004 | <u><u>\$ 82,301,157</u></u> |

The Authority also has \$131,113,997 of additional long-term debt relating to project leases. The Authority acts as a conduit for the purposes of obtaining advantageous financing for project lessees. While the Authority holds legal title to the land, buildings, and equipment leased to project lessees, it is not legally entitled to receive rental payments from the project lessees, and it is not legally obligated for the repayment of the related long-term debt collateralized by those assets.

Since the Authority derives no cash flow benefits from collecting rental payments and has no responsibilities for servicing the long-term debt, it does not recognize rental income on the leases, interest income on the receivables, or interest expense on the long-term debt in its financial statements.

As required by law, the Authority must monitor the repayments of long-term debt made directly by the project lessees to the lenders. The Authority has elected to record in its financial statements receivables for the future rental payments in amounts equal to the principal of long-term debt owing by the project lessees directly to the lenders. As rental payments are reported to the Authority as having been made, the Authority reduces both its receivables and its long-term debt, and records service charge income.

The Authority has no cash flow responsibility with respect to future maturities of long-term debt.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(5) Long-Term Liabilities (continued)

The annual requirements to amortize maturities of component unit long-term debt outstanding for the year ended December 31, 2004, assuming no change in current terms, are as follows:

| | <u>Principal</u> |
|-----------|----------------------|
| 2005 | \$ 5,371,917 |
| 2006 | 5,702,258 |
| 2007 | 6,067,606 |
| 2008 | 6,502,962 |
| 2009 | 6,893,324 |
| 2010-2014 | 43,388,090 |
| 2015-2019 | - |
| 2020-2024 | - |
| 2025-2028 | 8,375,000 |
| | <u>\$ 82,301,157</u> |

(6) Interest Rate Swaps

2003 Swap

Objective and terms of the swap. On June 27, 2003, the County entered into a forward starting interest rate swap with respect to the County's then outstanding Series of 2001 Bonds (the "2001 Bonds"), in the principal amount of \$32,435,000 under the terms of which the County will make fixed payments of 4.06% and will receive floating rate payments based on 100% of the BMA Index (Bond Market Association Municipal Swap Index) commencing on January 2, 2004.

The terms, fair values, and credit ratings of the outstanding swap as of December 31, 2004, were as follows. The notional amounts of the swap match the principal amounts of the 2001 Series Bonds.

| <u>Associated Bond Issue</u> | <u>Notional Amounts</u> | <u>Effective Date</u> | <u>Variable Rate Received</u> | <u>Fixed Rate Paid</u> | <u>Fair Values</u> | <u>Swap Termination Date</u> | <u>Counterparty Credit Rating</u> |
|------------------------------|-------------------------|-----------------------|-------------------------------|------------------------|---------------------|------------------------------|-----------------------------------|
| Series of 2001 GOB* | \$ 32,435,000 | January 2, 2004 | BMA | 4.06% | \$ (384,242) | June 2, 2031 | Aa2 / AA / AA- |
| Total | <u>\$ 32,435,000</u> | | | | <u>\$ (384,242)</u> | | |

County of York, Pennsylvania

Notes to Financial Statements (continued)

(6) Interest Rate Swaps (continued)

2003 Swap (continued)

Fair value. The swap had a negative fair value as of December 31, 2004. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. The swap's fair value represented the County's exposure to the counterparty as of December 31, 2004. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the County faced a maximum possible loss equivalent to the swap's \$(384,242) fair value. As of December 31, 2004, the counterparty was rated Aa2 by Moody's Investors Service, AA by Fitch Ratings, and AA- by Standard & Poor's.

The County also entered into master netting agreements when the County enters into more than one derivative transaction with one counterparty. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

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

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

County of York, Pennsylvania

Notes to Financial Statements (continued)

(6) Interest Rate Swaps (continued)

2004 Swap

Objective of the swaps. At the election of the County, the 2000A Bonds and the 2001 Bonds (collectively, the “Bonds”) were converted from the weekly rate to a term rate mode, beginning on the conversion date of March 1, 2004, and ending on December 1, 2008 (the “2008 Term Rate Period”). During the 2008 Term Rate Period, the Bonds will bear interest at their respective term rates, following a mandatory tender of the weekly rate bonds and a remarketing at the offering prices set forth in the remarketing memorandum dated January 14, 2004 (the “Remarketing Memorandum”). Concurrently with the remarketing of the Bonds, the General Authority of Southcentral Pennsylvania (the “Authority”) entered into an interest rate swap contract for each series of the term rate bonds with the Royal Bank of Canada for the 2008 Term Rate Period. In connection with the remarketing of the Term Rate Bonds, the County received a premium in the amount of \$4,660,667, which was applied to redeem \$3,895,000 of the Bonds (equal to the principal payments on the Bonds for 2004 through 2008), \$370,667 was used to pay the fees associated with the swap transaction, and \$395,000 was put into a debt service reserve account.

Terms, fair values, and credit risk. The 2000A Bonds were secured by a liquidity facility provided by First Union National Bank (now “Wachovia Bank, N. A.”) and the 2001 Bonds were secured by a liquidity facility provided by Morgan Guaranty Trust Company of New York. When initially issued, the Bonds bore interest in the weekly rate mode, reset each Wednesday and payable monthly. At the election of the County, the Bonds were converted from the weekly rate to a term rate mode, as described above. As a result of the swap both the 2000 and 2001 liquidity facility and the 2000 and 2001 remarketing fees for the weekly rate bonds were terminated during the 2008 Term Rate Period. The weekly rate bonds, previously scheduled to be retired by mandatory sinking fund redemptions from 2004 to and including 2008, were optionally redeemed from a portion of the remarketing proceeds (remarketing premium).

Concurrently with the remarketing of the Bonds, the Authority entered into a new interest rate swap agreement (the “Fixed Receiver Swap”) for each series of the term rate bonds with Royal Bank of Canada (the “2004 Swap Counterparty”) for the 2008 Term Rate Period. The 2004 Swap Counterparty will pay the County a fixed rate equal to 2.51% and the County is obligated to pay the 2004 Swap Counterparty a floating rate equal to the BMA Index, which approximates its previous payment obligations on the weekly rate bonds. The elimination of the remarketing and liquidity facility fees, and the lower net payments on the 2008 term period swap (with principal no longer payable on the bonds during the 2008 Term Rate Period), is intended to reduce the total net payments by the County during the 2008 Term Rate Period.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(6) Interest Rate Swaps (continued)

2004 Swap (continued)

The terms, fair values, and credit ratings of the outstanding swap as of December 31, 2004, were as follows. The notional amounts of the swap match the principal amounts of the associated debt. The County's swap agreement does not contain scheduled reductions to outstanding notional amounts during the term of the swap. As discussed under rollover risk, the swap associated with the County's debt does not extend to the maturity of the related debt.

| <u>Associated Bond Issue</u> | <u>Notional Amounts</u> | <u>Effective Date</u> | <u>Fixed Rate Received</u> | <u>Variable Rate Paid</u> | <u>Fair Values</u> | <u>Swap Termination Date</u> | <u>Counterparty Credit Rating</u> |
|------------------------------|-------------------------|-----------------------|----------------------------|---------------------------|--------------------|------------------------------|-----------------------------------|
| Series A of 2000 GOB | \$ 19,090,000 | March 1, 2004 | 2.51% | BMA | * | December 1, 2008 | Aa2 / AA / AA- |
| Series of 2001 GOB | 30,645,000 | March 1, 2004 | 2.51% | BMA | * | December 1, 2008 | Aa2 / AA / AA- |
| Total | <u>\$ 49,735,000</u> | | | | <u>\$(621,771)</u> | | |

* This transaction is only one swap that effected two bond issues, therefore there is only one fair value.

Fair value. The swap had a negative fair value as of December 31, 2004. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. The swaps' fair values represented the County's credit exposure to the counterparty as of December 31, 2004. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the County faced a maximum possible loss equivalent to the swaps' \$(621,771) fair value. As of December 31, 2004, the counterparty was rated Aa2 by Moody's Investors Service, AA by Fitch Ratings, and AA- by Standard & Poor's.

The County also enters into master netting agreements when the County has entered into more than one derivative transaction with one counterparty. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk. The swap increases the County's exposure to interest rate risk. As BMA increases, the County's net payment on the swap increases.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(6) Interest Rate Swaps (continued)

2004 Swap (continued)

Termination Risk. The term rate bonds are not subject to optional or mandatory redemption by the Authority during the 2008 Term Rate Period. The Bonds are not subject to optional tender by the holders during the 2008 Term Rate Period but are subject to mandatory tender on December 1, 2008.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover risk. At the end of the 2008 Term Rate Period, the Bonds will be subject to mandatory tender at a purchase price of 100% of the principal amount (par) plus accrued interest (the "Purchase Price"), and conversion to another term rate for a subsequent term rate period, or to a weekly rate, flexible rate or fixed rate. There will be no liquidity facility to purchase the term rate bonds in the event of a failed conversion and remarketing at the end of the 2008 Term Rate Period. During an interim rate period, the term rate bonds are subject to mandatory tender at the purchase price following seven days notice by the tender agent.

The County is exposed to rollover risk on swaps' that mature. When these swaps' terminate, the County will not realize the synthetic rate offered by the swap on the underlying debt issues. The following swap exposes the County to rollover risk:

| <u>Associated Debt Issuance</u> | <u>Debt Maturity Date</u> | <u>Swap Termination Date</u> |
|---------------------------------|---------------------------|------------------------------|
| Series A of 2000 | June 1, 2030 | December 1, 2008 |
| Series of 2001 | June 1, 2031 | December 1, 2008 |

(7) Short-Term Debt

During 2004, the County issued Tax Revenue Anticipation Notes in the amount of \$14,640,000 for cash flow purposes until the County began receiving tax receipts from the 2004 property tax. During 2004, the County repaid \$14,640,000 related to these Tax Revenue Anticipation Notes. There was no outstanding balance at December 31, 2004 related to the issuance of this short-term debt during 2004.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(7) Short-Term Debt (continued)

During 2004, the County issued Tax Revenue Anticipated Notes in the amount of \$22,000,000 related to the Pennsylvania Intergovernmental Medical Assistance Pooling Act. In connection with this Act, municipalities pool funds in order to facilitate medical assistance reimbursement from the Commonwealth of Pennsylvania. The County repaid \$22,000,000 related to these Tax Revenue Anticipation Notes. There was no outstanding balance at December 31, 2004 related to the issuance of this short-term debt during 2004.

(8) 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 follows the accounting and reporting requirements of GASB Statement No. 25.

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.

Membership in the Plan is mandatory for all full-time County employees. At January 1, 2005, the Plan's membership consisted of the following:

| | |
|---|---------------------|
| Retirees and beneficiaries currently receiving benefits | 649 |
| Terminated employees entitled to benefits, but not yet receiving benefits | 89 |
| Active plan members | <u>2,201</u> |
| Total members | <u><u>2,939</u></u> |

The Plan provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service. Employees who retire at age 60, or at age 55 with 20 years of service, 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 2% of the employee's high three-year salary times years of service.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(8) Employee Retirement Plan (Pension Trust Fund) (continued)

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 that is also credited with interest, calculated to yield 5.5% compounded annually. Accumulated employee contributions and credited interest, which amounted to \$37,165,934 as of December 31, 2004, vest immediately and are returned upon termination of service if the employee is not eligible for other benefits.

Administrative costs of the Plan are paid by the County. The Act makes no provision for termination of the Plan.

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

Funding Status and Progress

The unfunded actuarial liability was determined as part of an actuarial valuation at January 1, 2005 using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year, including inflation at 3% compounded annually, (b) projected salary increases of 3.5% - 4.5% per year, graduated in .25% increments over 4 years, including inflation at 3% compounded annually, and (c) no postretirement benefit increases. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

The Plan's funding policy provides for periodic member contributions as discussed above and employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the aggregate actuarial funding method. Significant actuarial assumptions used to compute employer contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed above.

| Year Ended December 31, | Annual Required Contribution | Interest on Net Pension Obligation | ARC Adjustment | Pension Cost | County Contribution | Change in Net Pension Obligation | Net Pension Asset |
|----------------------------|------------------------------------|--|-------------------|--------------|------------------------|--|----------------------|
| 2002 | \$ 1,895,022 | \$ (51,170) | \$ (86,813) | \$ 1,930,665 | \$ 1,895,022 | \$ 35,643 | \$ (646,629) |
| 2003 | 3,859,747 | (48,497) | (83,756) | 3,895,006 | 3,859,747 | 35,259 | (611,370) |
| 2004 | 7,353,342 | (45,853) | (76,023) | 7,383,512 | 7,353,342 | 30,170 | (581,200) |

The net pension asset is included in other assets on the governmental activities statement of net assets.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(8) Employee Retirement Plan (Pension Trust Fund) (continued)

Legally Required Reserves

At December 31, 2004, the County has a balance of \$37,165,934 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested member of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2004. Since those accumulations represent the present value as of December 31, 2004 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$51,457,214 in the County Annuity Reserve Account as of December 31, 2004. 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. Thus, this reserve is always fully funded.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$44,612,238 as of December 31, 2004.

(9) Commitments and Contingencies

Line of Credit

As of December 31, 2004, the Authority had an available line of credit with a bank totaling \$500,000. Any borrowings against the line of credit bear interest at the bank's prime rate. No amounts have been borrowed on this line of credit as of December 31, 2004.

Federal and Commonwealth Grants

The County receives funds from the Commonwealth and various federal agencies to fund specific programs. Final determination of various amounts is subject to audit under the Federal Single Audit Act and by the funding 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 York, Pennsylvania

Notes to Financial Statements (continued)

(9) Commitments and Contingencies (continued)

The Inspector General of the United States Department of Justice (the Inspector General) has raised several issues regarding potential over-billings done by the County from 2000 through March 2003 in regards to grants given by the department formerly known as the Immigration and Naturalization Services of the United States Department of Justice (INS) (now called the Bureau of Immigration and Custom Enforcement of the United States Department of Homeland Security). No formal report, which may indicate that the Inspector General may try to recover the over-billings, has yet been issued. Such over-billings could amount to as much as approximately \$19 million with another potential \$41 million to be awarded in fines and damages to INS. At this time, the County cannot estimate the ultimate liability due within one year or beyond, if any exists.

Debt Guaranty Agreements

The primary government has guaranteed two revenue bond issues – Series 2003A and Series 2003B of the York County Industrial Development Authority. The outstanding aggregate balance of this debt at December 31, 2004 was \$10,375,000.

The primary government has guaranteed a revenue bond issue of the Redevelopment Authority of the City of York. The outstanding balance of this debt at December 31, 2004 was \$1,130,000.

The primary government has guaranteed a revenue bond issue of York County Solid Waste and Refuse Authority. The outstanding balance of this debt at December 31, 2004 was \$71,835,000.

All of the above debt issues have dedicated revenue sources that are intended to be sufficient to meet debt service requirements.

Sales Leaseback Transaction

The County executed a sales leaseback transaction on its Market Way West administration building on March 25, 2002. The County received \$800,000 in cash and \$2,460,000 in a note receivable in exchange for the building. The County will lease the building until March 2007. The gain of \$1,000,000 resulting from this transaction will be amortized over the life of the lease. Expense relating to this lease was \$344,028 in 2004. Expense related to this lease for the remaining years is as follows:

| | | |
|------|----|---------|
| 2005 | \$ | 344,028 |
| 2006 | | 344,028 |
| 2007 | | 114,676 |

County of York, 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, 2004 for the following funds:

| | |
|--|----------------------|
| Governmental activities | |
| General Fund | \$ 3,727,806 |
| Mental Health/Mental Retardation Fund | 13,295 |
| Community Development Block Grant Fund | 304,085 |
| Children & Youth Fund | 6,410,600 |
| All other funds | 1,924,725 |
| | <u>12,380,511</u> |
| Business-type activities | |
| County Nursing Home Fund | 1,337,684 |
| Total | <u>\$ 13,718,195</u> |

(11) Interfund Accounts

Individual fund “due from other funds” and “due to other funds” balances at December 31, 2004 are as follows:

| | Due to Other Funds | Due from Other Funds |
|--|-------------------------------|---------------------------------|
| Governmental funds | | |
| General Fund | \$ 318,289 | \$ 9,420,613 |
| York HealthChoices Management Fund | 10,226 | 402 |
| Mental Health/Mental Retardation Fund | 467,808 | 65,775 |
| Community Development Block Grant Fund | 8,161 | - |
| Children and Youth Fund | 4,313,983 | - |
| All other funds | 343,171 | 156,048 |
| | <u>5,461,638</u> | <u>9,642,838</u> |
| Enterprise funds | | |
| County Nursing Home Fund | 3,716,238 | 34,927 |
| 911 Fund | 510,278 | 10,389 |
| | <u>4,226,516</u> | <u>45,316</u> |
| Total | <u>\$ 9,688,154</u> | <u>\$ 9,688,154</u> |

County of York, Pennsylvania

Notes to Financial Statements (continued)

(11) Interfund Accounts (continued)

The balance due to the general fund from the various special revenue funds resulted from cash deficits in the respective special revenue funds.

Individual fund “transfers in” and “transfers out” are as follows:

| | Transfers In | Transfers Out |
|--|---------------------|----------------------|
| Governmental funds | | |
| General Fund | \$ 127,843 | \$ 10,542,231 |
| York HealthChoices Management Fund | - | - |
| Mental Health/Mental Retardation Fund | 800,750 | - |
| Community Development Block Grant Fund | - | - |
| Children & Youth Fund | 4,417,858 | - |
| Capital Projects Bond Account Fund | - | 127,843 |
| Other Nonmajor Funds | 1,295,904 | - |
| | 6,642,355 | 10,670,074 |
| Enterprise funds | | |
| County Nursing Home Fund | 1,874,246 | - |
| 911 Fund | 2,153,473 | - |
| | 4,027,719 | - |
| Total | \$ 10,670,074 | \$ 10,670,074 |

Transfers are used to (1) use unrestricted revenues collected in the general fund to finance various grant programs accounted for in the County Nursing Home and other funds in accordance with budgetary and legal authorizations; and (2) subsidize 911 operations.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(12) Excess of Expenditures over Appropriations in Major Funds

The following major funds had an excess of actual expenditures over budget for the year ended December 31, 2004.

| | <u>Appropriations</u> | <u>Expenditures</u> | <u>Percent of Excess over Appropriations</u> |
|---------------------------------------|-----------------------|---------------------|--|
| General Fund | \$ 118,520,057 | \$ 119,815,061 | 1.09% |
| York HealthChoices Management Fund | 543,601 | 32,736,657 | 5922.18% |
| Mental Health/Mental Retardation Fund | 41,507,128 | 45,352,444 | 9.26% |

The above deficits resulted from additional expenditures/expenses that will be paid through future funding and streamlining of expenditures/expenses, or a contribution by the General Fund and at December 31, 2004, the County has reserved a portion of the General Fund fund balance for these deficit amounts.

(13) Postretirement Health Care Benefits

Under a contractual commitment, the County provides postretirement health care benefits to all employees who retire from the County and who meet the following criteria:

- (a) The employee has retired after January 1, 1983.
- (b) The employee has completed a minimum of eight (8) years of service with the County.
- (c) The employee has not been terminated for just cause.
- (d) The employee's service commenced prior to January 1, 1989.

Currently, approximately 377 employees will meet these eligibility requirements upon retirement. The County provides health benefits equal to the employee coverage at the time of retirement. During 2004, expenses/expenditures of \$2,124,124 were recognized for post-retirement health care on a pay-as-you-go basis, on behalf of 414 eligible retirees.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(14) Closure and Postclosure Care Costs

State and federal laws and regulations require the YCSWRA to place a final cover on its York County Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid after the date that the landfill stopped accepting waste, the YCSWRA reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,508,657 reported as landfill closure and postclosure care liability at December 31, 2004 (included in other liabilities) represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill, less expenses paid between actual closure and December 31, 2004. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in regulations.

(15) Contract Receivable/Deferred Contract Income

On November 11, 1998, the YCSWRA executed a Consent to Assignment and Termination and Release Agreement (Agreement) with Viacom, Inc. (formerly known as CBS Corporation). Under the terms of the Agreement, Viacom agreed to pay to YCSWRA a termination fee of \$42 million in exchange for a full release of all of its obligations under a 1991 agreement to operate the Resource Recovery Center. The YCSWRA simultaneously executed a service agreement with Montenay York Resource Energy Systems, LLC (MYRES) to operate the Resource Recovery Center. The YCSWRA paid monthly service fees to MYRES, which in the aggregate amounted to \$15,234,781 for the year ended December 31, 2004.

Under the terms of the Agreement with Viacom, the YCSWRA will receive \$42 million payable in seventeen installments of amounts ranging between \$1 million and \$3 million. Payments of \$2 million were received in the year ended December 31, 2004. All contract payments are recorded in other income to offset operating costs to be charged by MYRES to the YCSWRA.

Using a 9% discount rate, the present value of the future cash flows of \$17,633,113 is recorded as a contract receivable, with the \$913,020 being shown as the current portion as of December 31, 2004. Similar amounts are recorded as deferred contract revenue that will be amortized to income as payments are received from Viacom.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(16) Risk Management

Self-Insurance

The County is exposed to various risks of losses; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and unemployment compensation. The County has purchased commercial insurance for all risks of losses except for injuries to employees, medical (for certain employees), and unemployment compensation. No settlements exceeded insurance coverage for each of the past three years.

The County has elected to self-insure itself for up to \$1,500,166 for injuries to employees. For risks greater than \$1,500,166 the County has purchased excess of loss insurance with an insurance carrier. As of December 31, 2004, the County has recorded a liability for claims incurred but not reported of \$111,096 in the general fund, \$925,798 in the county nursing home fund and \$814,702 as a long-term liability in the governmental activities column in the government-wide financial statements. This liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the 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. This liability is calculated based on past loss experience; the liability has not been discounted. This liability includes an amount for allocated claim adjustment expenditures/expenses and includes salvage and subrogation. Salvage and subrogation were not material for the year ended December 31, 2004.

The County has elected to self-insure itself for medical insurance for certain employees. The County is liable for all claims up to an aggregate of \$18,687,095 or \$175,000 per individual for any one plan year. The County purchased stop loss insurance to cover all claims in excess of these deductible points. As of December 31, 2004, the County has recorded a liability for claims incurred but not reported of \$735,022 in the general fund and \$172,412 in the county nursing home fund.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(16) Risk Management (continued)

Self-Insurance (continued)

Changes in the liabilities for self-insurance are as follows:

| | Medical | | Workers' Compensation | |
|--------------------------------------|-------------------|---------------------|------------------------------|---------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Balance as of January 1 | \$ 1,386,000 | \$ 735,000 | \$ 1,989,458 | \$ 2,411,840 |
| Add: Incurred claims relating to: | | | | |
| Prior years | (38,082) | 107,612 | (206,675) | (640,925) |
| Current year | 10,682,352 | 9,839,966 | 491,680 | 617,212 |
| | <u>10,644,270</u> | <u>9,947,578</u> | <u>285,005</u> | <u>(23,713)</u> |
| Less: Payment of claims relating to: | | | | |
| Prior years | 1,347,918 | 842,612 | 226,669 | 218,282 |
| Current year | 9,774,918 | 8,453,966 | 196,198 | 180,387 |
| | <u>11,122,836</u> | <u>9,296,578</u> | <u>422,867</u> | <u>398,669</u> |
| Balance as of December 31 | <u>\$ 907,434</u> | <u>\$ 1,386,000</u> | <u>\$ 1,851,596</u> | <u>\$ 1,989,458</u> |

The foregoing reconciliation reflects that a redundancy in the December 31, 2003 liability for workers' compensation self-insurance was \$206,675. The foregoing reconciliation also reflects that a redundancy in the December 31, 2003 liability for medical self-insurance was \$38,082. The changes in these liabilities were primarily the result of changes in estimates as more information became available.

The County participates in a claims servicing public entity risk pool (the Pool) for unemployment compensation. Under an agreement with the Pool, the County pays a monthly premium to the Pool based on past loss experience. Any surplus (deficiency) based on current-year loss experience is then refunded to (paid by) the County. Based on the County's favorable loss experience in 2004, no liability has been recorded for claims incurred but not paid as of December 31, 2004.

County of York, Pennsylvania

Notes to Financial Statements (continued)

(17) Restatement of Fund Balance

The general fund beginning fund balance has been restated as follows:

| | |
|---|----------------------|
| Fund balance, as previously reported | \$ 21,879,194 |
| Excess prior year transfers to children and youth fund | 2,898,939 |
| Overstatement of prior years' revenue and receivables | (1,632,668) |
| Understatement of prior years revenue related to the sale-leaseback transaction | 1,708,347 |
| Elimination of the net pension asset previously recorded at the fund level | (611,370) |
| Fund balance, beginning of year, as restated | <u>\$ 24,242,442</u> |

(18) Restatement of Net Assets

The beginning net assets of the governmental activities has been restated as follows:

| | |
|--|----------------------|
| Net assets, as previously reported | \$ 92,134,342 |
| Excess prior year transfers to children and youth fund | 2,898,939 |
| Overstatement of prior years' revenue and receivables | (1,632,668) |
| Net Assets, beginning of year, as restated | <u>\$ 93,400,613</u> |

(19) Subsequent Events

On March 16, 2005, the County, through the General Authority of Southcentral Pennsylvania, entered into two forward starting, floating rate receipt/fixed rate pay swap transactions with the Royal Bank of Canada that relate to (1) \$19,090,000 outstanding County Guaranteed Revenue Bonds, Series A of 2000, currently in a term rate (fixed) mode through December 1, 2008, and its corresponding floating rate pay/fixed rate receipt obligations under the 2004 Term Rate Swap, and (2) \$32,260,000 outstanding County Guaranteed Revenue Bonds, Series of 2003, currently in a weekly floating rate mode. The 2000A and 2003 Bonds Fixed Pay Swaps are structured with a declining notional (principle) amount which will mirror the principal amortization schedules on the 2000A and 2003 Bonds, respectively, thus creating "synthetic fixed rate" liabilities for the County. For the swap relating to the 2000A Bonds, the County pays a fixed rate of 4.34% and receives BMA (Bond Market Association Municipal Index). For the swap relating to the 2003 Bonds, the County pays 4.43% and receives BMA.

Required Supplementary Information

County of York, Pennsylvania

Schedule of Employer Contributions

| Year Ended December 31 | (1) Annual Required Contribution | Percentage Contributed |
|-----------------------------------|---|-----------------------------------|
| 1999 | \$ - | 100% |
| 2000 | - | 100% |
| 2001 | 241,071 | 383% |
| 2002 | 1,895,022 | 100% |
| 2003 | 3,859,747 | 100% |
| 2004 | 7,353,342 | 100% |

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

| | |
|-------------------------------|--|
| Valuation date | January 1, 2005 |
| 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 | 3.25%–4.5%; graduated .25% increments over 5 years |
| Includes inflation at: | 3.0% |
| Cost-of-living adjustments | None |

(1) No contributions were required for 1998 through 2000 because the pension fund's net assets exceeded its benefit obligations.

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

County of York, Pennsylvania

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

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|---------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Real estate taxes | \$ 76,850,000 | \$ 76,850,000 | \$ 78,089,574 | \$ 1,239,574 |
| Intergovernmental | 14,605,211 | 14,605,211 | 16,937,857 | 2,332,646 |
| Departmental | 24,556,100 | 24,556,100 | 23,225,057 | (1,331,043) |
| Fines and costs | 3,312,700 | 3,312,700 | 3,378,092 | 65,392 |
| Hotel tax | 1,080,000 | 1,080,000 | 1,246,033 | 166,033 |
| Interest | 2,011,500 | 2,011,500 | 2,107,713 | 96,213 |
| Other | 6,637,790 | 6,637,790 | 9,472,887 | 2,835,097 |
| Total revenues | 129,053,301 | 129,053,301 | 134,457,213 | 5,403,912 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 11,303,357 | 11,303,357 | 10,900,101 | 403,256 |
| Public safety | 49,954,393 | 49,954,393 | 50,167,283 | (212,890) |
| Other | 24,252,742 | 24,252,742 | 27,124,485 | (2,871,743) |
| Judicial | 19,447,765 | 19,447,765 | 20,278,714 | (830,949) |
| Community development | 549,100 | 549,100 | 553,392 | (4,292) |
| Cultural and recreation | 4,203,700 | 4,203,700 | 3,910,438 | 293,262 |
| Debt service: | | | | |
| Principal retirement | 3,260,000 | 3,260,000 | 2,480,000 | 780,000 |
| Interest and fiscal charges | 5,549,000 | 5,549,000 | 4,400,648 | 1,148,352 |
| Total expenditures | 118,520,057 | 118,520,057 | 119,815,061 | (1,295,004) |
| Excess (deficiency) of revenues over (under) expenditures | 10,533,244 | 10,533,244 | 14,642,152 | 4,108,908 |
| Other financing sources (uses) | | | | |
| Transfers in | 1,379,010 | 1,379,010 | 127,843 | (1,251,167) |
| Transfers out | (10,987,276) | (10,987,276) | (10,542,231) | 445,045 |
| Total other financing sources (uses) | (9,608,266) | (9,608,266) | (10,414,388) | (806,122) |
| Net change in fund balances | \$ 924,978 | \$ 924,978 | \$ 4,227,764 | \$ 3,302,786 |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – York HealthChoices Management Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 731,050 | \$ 731,050 | \$ 32,530,167 | \$ 31,799,117 |
| Interest | 14,580 | 14,580 | 206,490 | 191,910 |
| Total revenues | 745,630 | 745,630 | 32,736,657 | 31,991,027 |
| Expenditures | | | | |
| Current: | | | | |
| Health, education, and welfare: | | | | |
| Human Services | 543,601 | 543,601 | 32,736,657 | (32,193,056) |
| Total expenditures | 543,601 | 543,601 | 32,736,657 | (32,193,056) |
| Excess (deficiency) of revenues over (under) expenditures | 202,029 | 202,029 | - | (202,029) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Net change in fund balances | \$ 202,029 | \$ 202,029 | \$ - | \$ (202,029) |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Mental Health/Mental Retardation Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|---------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 40,451,110 | \$ 40,451,110 | \$ 44,390,967 | \$ 3,939,857 |
| Interest and rents | 219,043 | 219,043 | 160,727 | (58,316) |
| Total revenues | 40,670,153 | 40,670,153 | 44,551,694 | 3,881,541 |
| Expenditures | | | | |
| Current: | | | | |
| Health, education, and welfare: | | | | |
| Mental health/mental retardation | 41,507,128 | 41,507,128 | 45,352,444 | (3,845,316) |
| Total expenditures | 41,507,128 | 41,507,128 | 45,352,444 | (3,845,316) |
| Excess (deficiency) of revenues over (under) expenditures | (836,975) | (836,975) | (800,750) | 36,225 |
| Other financing sources (uses) | | | | |
| Transfers in | 836,975 | 836,975 | 800,750 | (36,225) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Community Development Block Grant

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 7,152,000 | \$ 7,152,000 | \$ 5,554,089 | \$ (1,597,911) |
| Other | - | - | 33,013 | 33,013 |
| Total revenues | 7,152,000 | 7,152,000 | 5,587,102 | (1,564,898) |
| Expenditures | | | | |
| Current: | | | | |
| Community development | 7,152,000 | 7,152,000 | 5,587,102 | 1,564,898 |
| Total expenditures | 7,152,000 | 7,152,000 | 5,587,102 | 1,564,898 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers out | - | - | - | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Children and Youth Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|-------------------------|---------------|---------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 25,894,221 | \$ 25,894,221 | \$ 25,519,418 | \$ (374,803) |
| Departmental | 1,013,596 | 1,013,596 | 1,467,359 | 453,763 |
| Other | - | - | 228,555 | 228,555 |
| Total revenues | 26,907,817 | 26,907,817 | 27,215,332 | 307,515 |
| Expenditures | | | | |
| Current: | | | | |
| Children and Youth | 31,950,217 | 31,950,217 | 31,633,190 | 317,027 |
| Total expenditures | 31,950,217 | 31,950,217 | 31,633,190 | 317,027 |
| Excess (deficiency) of revenues over (under) expenditures | (5,042,400) | (5,042,400) | (4,417,858) | 624,542 |
| Other financing sources (uses) | | | | |
| Transfers in | 5,042,400 | 5,042,400 | 4,417,858 | (624,542) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Notes to Required Supplementary Information

(1) Budgets and Budgetary Accounting

The County adopts budgets for the general fund and all special revenue funds, except for the Donations, Brownfields for Housing, and Access Grant Program. The County prepares a separate budget report, which is available from the Commissioners' office. Annual operating budgets are legally adopted each year through the passage of an annual budget ordinance. The County's budgets utilize a modified accrual basis. The legal level of budgetary control is established for expenditures in total at the fund level. The general and special revenue funds have legally adopted budgets. Project-length financial plans are adopted for the capital projects funds.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During July and August, the department heads use current financial status reports to develop financial projections for their programs for the upcoming year and review budgetary data with the budget staff.
2. The Commissioners, if requested or required, then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
4. Subsequently, the Commissioners' office assembles the preliminary projections of revenues and expenditures, including salary projections, into a final budget incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.
5. By early December, the final budget is presented by the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
6. After the 20-day inspection period, but prior to December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

The budget may not be amended without the approval of the Commissioners. Agency department heads have the authority to transfer expenditures within line items of the funds that they administer.

County of York, Pennsylvania

Notes to Required Supplementary Information (continued)

(1) Budgets and Budgetary Accounting (continued)

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. Supplemental appropriations were not made during the year. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof.

Commonwealth of Pennsylvania statute requires the County's legal level of budgetary control to be at the fund level. As a management device, the County maintains budgetary control at the line item level, as authorized by resolution of the Board of Commissioners. Actual expenditures and operating transfers out may not legally exceed "budget" appropriations at the individual fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The County does not report encumbrances.

County of York, Pennsylvania

Combining and Individual Fund Statements and Schedules

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The following are utilized to account for those financial activities:

The Liquid Fuels Tax Fund accounts for state aid revenues used for building and improving roads and bridges.

The Domestic Relations Office Fund accounts for expenditures and reimbursement revenue related to the operations of the County's Child Support Enforcement Program, which is funded with Federal, State, and County funds.

The following funds are used to account for revenue received from various federal, state, and local sources. These funds, which are restricted for the provision of specified social services to eligible County residents, are as follows:

- Comprehensive Services to the Aged Fund
- Human Services Fund
- Drug and Alcohol Fund

The Donations Fund is used to account for special bequests from County residents.

The Earn-It Program Fund is a juvenile restitution and community service program. It provides work opportunities for suitable juveniles to earn money and provide community service.

The Affordable Housing Trust Fund supports the County's local affordable housing efforts. It raises revenue to enable County residents to purchase or rent residential housing.

The Weatherization Fund receives monies from the United States Departments of Energy, Housing and Urban Development, and Labor. The Weatherization Fund provides and installs energy-conserving materials for low-income County residents.

The Downtown Hanover Improvement Fund, in cooperation with Downtown Hanover, Inc., administers a program that provides loans for businesses to rehabilitate their facilities.

County of York, Pennsylvania

Combining and Individual Fund Statements and Schedules (continued)

The Community Services Fund receives funds from the State Department of Public Welfare to assist communities in developing local solutions to their human service needs by improving collaborative relationships with public and private organizations.

The Adams HealthChoices Management funds exist for purposes of administration of the York/Adams HealthChoices Management program, a mandatory managed care program for those who are eligible to participate in Medical Assistance.

The Access Grant Program Fund, in cooperation with the Center for Independent Living Opportunities, administers the Access Home Modification Program for low to moderate income persons with permanent disabilities.

The Brownfields for Housing Fund is used to account for construction or improvements of housing that is located on previously developed sites and in core communities.

County of York, Pennsylvania

Combining Balance Sheet – Nonmajor Governmental Funds

December 31, 2004

| | Liquid Fuels Tax | Domestic Relations | Comprehensive Services to the Aged | Human Services | Drug and Alcohol | Brownfields for Housing | Adams HealthChoices Management |
|---|-----------------------------|-------------------------------|---|---------------------------|-----------------------------|------------------------------------|---|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 643,899 | \$ 572,926 | \$ 297,168 | \$ 36,797 | \$ 767,637 | \$ 92,039 | \$ 5,294,892 |
| Restricted cash | - | 168,987 | 26,505 | - | - | - | 1,548,261 |
| Investments | 525,925 | 2,249,117 | 466,050 | - | 251 | - | - |
| Receivables: | | | | | | | |
| Accounts | - | 7,294 | 1,956 | 1,111 | 5,608 | 30,800 | 686 |
| Due from other funds | - | 15,863 | 11,302 | 4,408 | 93,316 | - | 94 |
| Due from other governments | 310,702 | 791,781 | 450,462 | 121,284 | 159,566 | - | - |
| Other assets | - | - | - | 1,400 | - | - | - |
| Total assets | \$ 1,480,526 | \$ 3,805,968 | \$ 1,253,443 | \$ 165,000 | \$ 1,026,378 | \$ 122,839 | \$ 6,843,933 |
| Liabilities and fund balance | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 125,007 | \$ 484,031 | \$ 161,986 | \$ 476,034 | \$ - | \$ 933,867 |
| Due to other funds | - | 183,279 | 92,509 | 3,014 | 60,997 | - | 2,399 |
| Deposits held in escrow | - | 168,988 | 26,505 | - | - | - | - |
| Deferred revenue | - | - | 650,398 | - | 489,347 | 122,839 | 5,907,667 |
| Due to other governments | - | - | - | - | - | - | - |
| Total liabilities | - | 477,274 | 1,253,443 | 165,000 | 1,026,378 | 122,839 | 6,843,933 |
| Fund balance: | | | | | | | |
| Fund balance: | | | | | | | |
| Unreserved – undesignated | 1,480,526 | 3,328,694 | - | - | - | - | - |
| Total fund balance | 1,480,526 | 3,328,694 | - | - | - | - | - |
| Total liabilities and fund balance | \$ 1,480,526 | \$ 3,805,968 | \$ 1,253,443 | \$ 165,000 | \$ 1,026,378 | \$ 122,839 | \$ 6,843,933 |

County of York, Pennsylvania

Combining Balance Sheet – Nonmajor Governmental Funds (continued)

December 31, 2004

| | Access Grant Program | Donations | Earn-It | Affordable Housing | Weatherization | Downtown Hanover Improvement | Community Services | Total |
|---|-------------------------|------------------|------------------|-----------------------|-------------------|------------------------------------|-----------------------|----------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 70 | \$ - | \$ 11,675 | \$ 552,830 | \$ 161,534 | \$ 243,866 | \$ 50 | \$ 8,675,383 |
| Restricted cash | - | 29,887 | - | - | - | - | - | 1,773,640 |
| Investments | - | - | - | 951,317 | - | - | - | 4,192,660 |
| Receivables: | | | | | | | | |
| Accounts | 315,200 | 73 | 50 | 467,197 | - | 462 | 6,467 | 836,904 |
| Due from other funds | - | - | - | - | - | - | 31,065 | 156,048 |
| Due from other governments | - | - | - | 8,180 | - | - | 82,750 | 1,924,725 |
| Other assets | - | - | - | - | - | - | - | 1,400 |
| Total assets | \$ 315,270 | \$ 29,960 | \$ 11,725 | \$ 1,979,524 | \$ 161,534 | \$ 244,328 | \$ 120,332 | \$ 17,560,760 |
| Liabilities and fund balance | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 30 | \$ 97 | \$ 7,786 | \$ 53,627 | \$ - | \$ 120,332 | \$ 2,362,797 |
| Due to other funds | - | - | - | 743 | 230 | - | - | 343,171 |
| Deposits held in escrow | - | - | - | - | - | - | - | 195,493 |
| Deferred revenue | 315,270 | - | - | 473,741 | 91,576 | 244,328 | - | 8,295,166 |
| Due to other governments | - | - | - | - | 16,101 | - | - | 16,101 |
| Total liabilities | 315,270 | 30 | 97 | 482,270 | 161,534 | 244,328 | 120,332 | 11,212,728 |
| Fund balance: | | | | | | | | |
| Fund balance: | | | | | | | | |
| Unreserved – undesignated | - | 29,930 | 11,628 | 1,497,254 | - | - | - | 6,348,032 |
| Total fund balance | - | 29,930 | 11,628 | 1,497,254 | - | - | - | 6,348,032 |
| Total liabilities and fund balance | \$ 315,270 | \$ 29,960 | \$ 11,725 | \$ 1,979,524 | \$ 161,534 | \$ 244,328 | \$ 120,332 | \$ 17,560,760 |

County of York, Pennsylvania

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

Year ended December 31, 2004

| | Liquid Fuels Tax | Domestic Relations | Comprehensive Services to the Aged | Human Services | Drug and Alcohol | Brownfields for Housing | Adams HealthChoices Management |
|---|-----------------------------|-------------------------------|---|---------------------------|-----------------------------|------------------------------------|---|
| Revenues | | | | | | | |
| Intergovernmental | \$ 991,347 | \$ 3,154,136 | \$ 7,806,357 | \$ 2,792,520 | \$ 2,866,003 | \$ 191,781 | \$ 6,112,787 |
| Interests and rents | 12,854 | 31,164 | - | - | 1,890 | 347 | 48,668 |
| Departmental | - | 220,801 | 224,099 | 71,578 | - | - | - |
| Other revenues | 4,115 | 65,547 | 6,696 | 37,521 | 125,243 | - | - |
| Total revenues | <u>1,008,316</u> | <u>3,471,648</u> | <u>8,037,152</u> | <u>2,901,619</u> | <u>2,993,136</u> | <u>192,128</u> | <u>6,161,455</u> |
| Expenditures | | | | | | | |
| Judicial | - | 3,977,481 | - | - | - | - | - |
| Roads and bridges | 934,533 | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Health, education, and welfare: | | | | | | | |
| Human services | - | - | - | 2,906,820 | - | - | 6,161,455 |
| Drug and alcohol | - | - | - | - | 2,993,136 | - | - |
| Office of aging | - | - | 8,402,855 | - | - | - | - |
| Community development | - | - | - | - | - | 192,128 | - |
| Total expenditures | <u>934,533</u> | <u>3,977,481</u> | <u>8,402,855</u> | <u>2,906,820</u> | <u>2,993,136</u> | <u>192,128</u> | <u>6,161,455</u> |
| Excess (deficiency) of revenues over (under) expenditures | 73,783 | (505,833) | (365,703) | (5,201) | - | - | - |
| Other financing sources (uses) | | | | | | | |
| Operating transfers in | - | 925,000 | 365,703 | 5,201 | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 925,000 | 365,703 | 5,201 | - | - | - |
| Net change in fund balances | 73,783 | 419,167 | - | - | - | - | - |
| Fund balances, January 1 | 1,406,743 | 2,909,527 | - | - | - | - | - |
| Fund balances, December 31 | <u>\$ 1,480,526</u> | <u>\$ 3,328,694</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

County of York, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (continued)

Year December 31, 2004

| | Access Grant Program | Donations | Earn-It | Affordable Housing | Weatherization | Downtown Hanover Improvement | Community Services | Total |
|---|-------------------------|-----------|-----------|-----------------------|----------------|------------------------------------|-----------------------|---------------|
| Revenues | | | | | | | | |
| Intergovernmental | \$ 54,018 | \$ 3,855 | \$ - | \$ - | \$ 491,480 | \$ - | \$ 123,873 | \$ 24,588,157 |
| Interests and rents | 45 | - | - | 15,179 | 347 | - | - | 110,494 |
| Departmental | - | - | - | 614,041 | - | - | 44,910 | 1,175,429 |
| Other revenues | - | - | 3,368 | - | - | - | 127,726 | 370,216 |
| Total revenues | 54,063 | 3,855 | 3,368 | 629,220 | 491,827 | - | 296,509 | 26,244,296 |
| Expenditures | | | | | | | | |
| Judicial | - | - | 2,310 | - | - | - | - | 3,979,791 |
| Roads and bridges | - | - | - | - | - | - | - | 934,533 |
| Cultural and recreation | - | 7,837 | - | - | - | - | - | 7,837 |
| Health, education, and welfare: | | | | | | | | |
| Human services | - | - | - | - | - | - | 296,509 | 9,364,784 |
| Drug and alcohol | - | - | - | - | - | - | - | 2,993,136 |
| Children and Youth | - | - | - | - | - | - | - | 8,402,855 |
| Community development | 54,063 | - | - | 1,242,435 | 491,827 | - | - | 1,980,453 |
| Total expenditures | 54,063 | 7,837 | 2,310 | 1,242,435 | 491,827 | - | 296,509 | 27,663,389 |
| Excess (deficiency) of revenues over (under) expenditures | - | (3,982) | 1,058 | (613,215) | - | - | - | (1,419,093) |
| Other financing sources (uses) | | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - | 1,295,904 |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | 1,295,904 |
| Net change in fund balances | - | (3,982) | 1,058 | (613,215) | - | - | - | (123,189) |
| Fund balances, January 1 | - | 33,912 | 10,570 | 2,110,469 | - | - | - | 6,471,221 |
| Fund balances, December 31 | \$ - | \$ 29,930 | \$ 11,628 | \$ 1,497,254 | \$ - | \$ - | \$ - | \$ 6,348,032 |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Liquid Fuels Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 675,000 | \$ 675,000 | \$ 991,347 | \$ 316,347 |
| Interest | 15,000 | 15,000 | 12,854 | (2,146) |
| Other | 160,000 | 160,000 | 4,115 | (155,885) |
| Total revenues | 850,000 | 850,000 | 1,008,316 | 158,316 |
| Expenditures | | | | |
| Current: | | | | |
| Road and bridges | 841,860 | 841,860 | 934,533 | (92,673) |
| Total expenditures | 841,860 | 841,860 | 934,533 | (92,673) |
| Excess (deficiency) of revenues over (under) expenditures | 8,140 | 8,140 | 73,783 | 65,643 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | \$ 8,140 | \$ 8,140 | \$ 73,783 | \$ 65,643 |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Domestic Relations Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 1,811,665 | \$ 1,811,665 | \$ 3,154,136 | \$ 1,342,471 |
| Departmental | 229,977 | 229,977 | 220,801 | (9,176) |
| Interest | 21,714 | 21,714 | 31,164 | 9,450 |
| Other | 69,400 | 69,400 | 65,547 | (3,853) |
| Total revenues | <u>2,132,756</u> | <u>2,132,756</u> | <u>3,471,648</u> | <u>1,338,892</u> |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 3,824,628 | 3,824,628 | 3,977,481 | (152,853) |
| Total expenditures | <u>3,824,628</u> | <u>3,824,628</u> | <u>3,977,481</u> | <u>(152,853)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,691,872) | (1,691,872) | (505,833) | 1,186,039 |
| Other financing sources (uses) | | | | |
| Transfers in | 925,000 | 925,000 | 925,000 | - |
| Net change in fund balances | <u>\$ (766,872)</u> | <u>\$ (766,872)</u> | <u>\$ 419,167</u> | <u>\$ 1,186,039</u> |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Comprehensive Services to the Aged Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 7,077,353 | \$ 7,077,353 | \$ 7,806,357 | \$ 729,004 |
| Departmental | 496,384 | 496,384 | 224,099 | (272,285) |
| Other | 7,387 | 7,387 | 6,696 | (691) |
| Total revenues | 7,581,124 | 7,581,124 | 8,037,152 | 456,028 |
| Expenditures | | | | |
| Current: | | | | |
| Health, education, and welfare: | | | | |
| Office of Aging | 7,946,827 | 7,946,827 | 8,402,855 | (456,028) |
| Total expenditures | 7,946,827 | 7,946,827 | 8,402,855 | (456,028) |
| Excess (deficiency) of revenues over (under) expenditures | (365,703) | (365,703) | (365,703) | - |
| Other financing sources (uses) | | | | |
| Transfers in | 365,703 | 365,703 | 365,703 | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Human Services Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 2,732,022 | \$ 2,732,022 | \$ 2,792,520 | \$ 60,498 |
| Departmental | 114,370 | 114,370 | 71,578 | (42,792) |
| Interest | 38,235 | 38,235 | 37,521 | (714) |
| Total revenues | 2,884,627 | 2,884,627 | 2,901,619 | 16,992 |
| Expenditures | | | | |
| Current: | | | | |
| Human Services | 2,974,803 | 2,974,803 | 2,906,820 | 67,983 |
| Total expenditures | 2,974,803 | 2,974,803 | 2,906,820 | 67,983 |
| Excess (deficiency) of revenues over (under) expenditures | (90,176) | (90,176) | (5,201) | 84,975 |
| Other financing sources (uses) | | | | |
| Transfers in | 90,176 | 90,176 | 5,201 | (84,975) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Drug and Alcohol Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 2,173,889 | \$ 2,173,889 | \$ 2,866,003 | \$ 692,114 |
| Interest | 2,001 | 2,001 | 1,890 | (111) |
| Other | 39,000 | 39,000 | 125,243 | 86,243 |
| Total revenues | <u>2,214,890</u> | <u>2,214,890</u> | <u>2,993,136</u> | <u>778,246</u> |
| Expenditures | | | | |
| Current: | | | | |
| Health, education, and welfare: | | | | |
| Drug and alcohol | 2,589,452 | 2,589,452 | 2,993,136 | (403,684) |
| Total expenditures | <u>2,589,452</u> | <u>2,589,452</u> | <u>2,993,136</u> | <u>(403,684)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (374,562) | (374,562) | - | 374,562 |
| Other financing sources (uses) | | | | |
| Transfers in | 76,853 | 76,853 | - | (76,853) |
| Net change in fund balances | <u>\$ (297,709)</u> | <u>\$ (297,709)</u> | <u>\$ -</u> | <u>\$ 297,709</u> |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Affordable Housing Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|-----------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Interest | \$ 20,000 | \$ 20,000 | \$ 15,179 | \$ (4,821) |
| Departmental | 500,000 | 500,000 | 614,041 | 114,041 |
| Total revenues | 520,000 | 520,000 | 629,220 | 109,220 |
| Expenditures | | | | |
| Current: | | | | |
| Community Development | 520,000 | 520,000 | 1,242,435 | (722,435) |
| Total expenditures | 520,000 | 520,000 | 1,242,435 | (722,435) |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (613,215) | (613,215) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | \$ - | \$ - | \$ (613,215) | \$ (613,215) |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Weatherization Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 229,000 | \$ 229,000 | \$ 491,480 | \$ 262,480 |
| Interest | - | - | 347 | 347 |
| Total revenues | 229,000 | 229,000 | 491,827 | 262,827 |
| Expenditures | | | | |
| Current: | | | | |
| Community Development | 229,000 | 229,000 | 491,827 | (262,827) |
| Total expenditures | 229,000 | 229,000 | 491,827 | (262,827) |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Downtown Hanover Improvement Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 200,000 | \$ 200,000 | \$ - | \$ (200,000) |
| Total revenues | 200,000 | 200,000 | - | (200,000) |
| Expenditures | | | | |
| Current: | | | | |
| Community Development | 200,000 | 200,000 | - | 200,000 |
| Total expenditures | 200,000 | 200,000 | - | 200,000 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Community Services Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|-----------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 68,276 | \$ 68,276 | \$ 123,873 | \$ 55,597 |
| Departmental | 51,300 | 51,300 | 44,910 | (6,390) |
| Other | 131,494 | 131,494 | 127,726 | (3,768) |
| Total revenues | 251,070 | 251,070 | 296,509 | 45,439 |
| Expenditures | | | | |
| Current: | | | | |
| Human Services | 271,070 | 271,070 | 296,509 | (25,439) |
| Total expenditures | 271,070 | 271,070 | 296,509 | (25,439) |
| Excess (deficiency) of revenues over (under) expenditures | (20,000) | (20,000) | - | 20,000 |
| Other financing sources (uses) | | | | |
| Transfers in | 20,000 | 20,000 | - | (20,000) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Adams HealthChoices Management Fund

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 163,095 | \$ 163,095 | \$ 6,112,787 | \$ 5,949,692 |
| Interest | 2,420 | 2,420 | 48,668 | 46,248 |
| Total revenues | 165,515 | 165,515 | 6,161,455 | 5,995,940 |
| Expenditures | | | | |
| Current: | | | | |
| Human Services | 127,511 | 127,511 | 6,161,455 | (6,033,944) |
| Total expenditures | 127,511 | 127,511 | 6,161,455 | (6,033,944) |
| Excess (deficiency) of revenues over (under) expenditures | 38,004 | 38,004 | - | (38,004) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | \$ 38,004 | \$ 38,004 | \$ - | \$ (38,004) |

County of York, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Earn It

Year ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget – Positive (Negative) |
|---|------------------|----------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Other | \$ 3,750 | \$ 3,750 | \$ 3,368 | \$ (382) |
| Total revenues | 3,750 | 3,750 | 3,368 | (382) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 3,500 | 3,500 | 2,310 | 1,190 |
| Total expenditures | 3,500 | 3,500 | 2,310 | 1,190 |
| Excess (deficiency) of revenues over (under) expenditures | 250 | 250 | 1,058 | 808 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | \$ 250 | \$ 250 | \$ 1,058 | \$ 808 |

County of York, Pennsylvania

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Year ended December 31, 2004

| | Balance January 1, 2004 | Additions | Deletions | Balance December 31, 2004 |
|---|--|----------------------|----------------------|--|
| Tax Claim Bureau | | | | |
| Assets: | | | | |
| Investments | \$ 1,226,765 | \$ 19,064,628 | \$ 19,121,022 | \$ 1,170,371 |
| Accounts receivable | 235,768 | 134,289 | 258,433 | 111,624 |
| Delinquent taxes receivable on behalf of other governments | 10,894,617 | 15,793,259 | 15,494,426 | 11,193,450 |
| Total assets | <u>\$ 12,357,150</u> | <u>\$ 34,992,176</u> | <u>\$ 34,873,881</u> | <u>\$ 12,475,445</u> |
| Liabilities: | | | | |
| Other liabilities | \$ 11,273,980 | \$ 35,553,117 | \$ 35,338,478 | \$ 11,488,619 |
| Due to other governments | 1,083,170 | 604,845 | 701,189 | 986,826 |
| Total liabilities | <u>\$ 12,357,150</u> | <u>\$ 36,157,962</u> | <u>\$ 36,039,667</u> | <u>\$ 12,475,445</u> |
| Unclaimed Money | | | | |
| Assets: | | | | |
| Investments | \$ 190,132 | \$ 177,518 | \$ 25,792 | \$ 341,858 |
| Accounts receivable | 8,848 | 4,999 | 8,848 | 4,999 |
| Total assets | <u>\$ 198,980</u> | <u>\$ 182,517</u> | <u>\$ 34,640</u> | <u>\$ 346,857</u> |
| Liabilities: | | | | |
| Other liabilities | \$ 198,980 | \$ 198,065 | \$ 50,188 | \$ 346,857 |
| Total liabilities | <u>\$ 198,980</u> | <u>\$ 198,065</u> | <u>\$ 50,188</u> | <u>\$ 346,857</u> |
| Row Offices | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 4,934,612 | \$ 18,251,330 | \$ 16,848,739 | \$ 6,337,203 |
| Investments | 1,828,286 | 43,924,144 | 43,339,023 | 2,413,407 |
| Total assets | <u>\$ 6,762,898</u> | <u>\$ 62,175,474</u> | <u>\$ 60,187,762</u> | <u>\$ 8,750,610</u> |
| Liabilities: | | | | |
| Other liabilities | \$ 4,002,967 | \$ 10,794,164 | \$ 9,802,116 | \$ 4,995,015 |
| Due to other governments | 2,759,931 | 51,381,310 | 50,385,646 | 3,755,595 |
| Total liabilities | <u>\$ 6,762,898</u> | <u>\$ 62,175,474</u> | <u>\$ 60,187,762</u> | <u>\$ 8,750,610</u> |

County of York, Pennsylvania

Combining Statement of Changes in Assets and Liabilities – Agency Funds (continued)

Year ended December 31, 2004

| | Balance January 1, 2004 | Additions | Deletions | Balance December 31, 2004 |
|---|--|----------------------|----------------------|--|
| Landfill Escrow | | | | |
| Assets: | | | | |
| Investments | \$ 4,971,632 | \$ 69,612 | \$ - | \$ 5,041,244 |
| Total assets | <u>\$ 4,971,632</u> | <u>\$ 69,612</u> | <u>\$ -</u> | <u>\$ 5,041,244</u> |
| Liabilities: | | | | |
| Other liabilities | \$ 4,971,632 | \$ 69,612 | \$ - | \$ 5,041,244 |
| Total liabilities | <u>\$ 4,971,632</u> | <u>\$ 69,612</u> | <u>\$ -</u> | <u>\$ 5,041,244</u> |
| Total All Agency Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 4,934,612 | \$ 18,251,330 | \$ 16,848,739 | \$ 6,337,203 |
| Accounts receivable | 244,616 | 139,288 | 267,281 | 116,623 |
| Investments | 8,216,815 | 63,235,902 | 62,485,837 | 8,966,880 |
| Delinquent taxes receivable on behalf of other governments | 10,894,617 | 15,793,259 | 15,494,426 | 11,193,450 |
| Total assets | <u>\$ 24,290,660</u> | <u>\$ 97,419,779</u> | <u>\$ 95,096,283</u> | <u>\$ 26,614,156</u> |
| Liabilities: | | | | |
| Other liabilities | \$ 20,447,559 | \$ 46,614,958 | \$ 45,190,782 | \$ 21,871,735 |
| Due to other governments | 3,843,101 | 51,986,155 | 51,086,835 | 4,742,421 |
| Total liabilities | <u>\$ 24,290,660</u> | <u>\$ 98,601,113</u> | <u>\$ 96,277,617</u> | <u>\$ 26,614,156</u> |

County of York, Pennsylvania

Combining Statement of Changes in Assets and Liabilities – Row Offices

Year ended December 31, 2004

| | Balance January 1, 2004 | Additions | Deletions | Balance December 31, 2004 |
|---------------------------------|--|----------------------|----------------------|--|
| Assets: | | | | |
| Cash and cash equivalents | \$ 4,934,612 | \$ 18,251,330 | \$ 16,848,739 | \$ 6,337,203 |
| Investments | 1,828,286 | 43,924,144 | 43,339,023 | 2,413,407 |
| Total assets | \$ 6,762,898 | \$ 62,175,474 | \$ 60,187,762 | \$ 8,750,610 |
| Liabilities: | | | | |
| Other liabilities | | | | |
| Clerk of Courts | \$ 635,243 | \$ 969,773 | \$ 1,096,771 | \$ 508,245 |
| Prothonotary | 2,342,165 | 128,895 | 128,946 | 2,342,114 |
| Sheriff | 1,025,559 | 9,694,122 | 8,575,025 | 2,144,656 |
| Treasurer | - | 1,374 | 1,374 | - |
| | 4,002,967 | 10,794,164 | 9,802,116 | 4,995,015 |
| Due to other governments | | | | |
| Clerk of Courts | 7,175 | 3,710,320 | 3,711,655 | 5,840 |
| Prothonotary | 140,613 | 1,364,430 | 1,103,612 | 401,431 |
| Recorder of Deeds | 2,430,080 | 43,928,280 | 43,189,104 | 3,169,256 |
| Register of Wills | 61,447 | 711,454 | 715,909 | 56,992 |
| Sheriff | 82,740 | 1,265,790 | 1,263,641 | 84,889 |
| Treasurer | 37,876 | 401,036 | 401,725 | 37,187 |
| | 2,759,931 | 51,381,310 | 50,385,646 | 3,755,595 |
| Total liabilities | \$ 6,762,898 | \$ 62,175,474 | \$ 60,187,762 | \$ 8,750,610 |

County of York, Pennsylvania

Combining Balance Sheet – Fiduciary Funds

December 31, 2004

| | Pension Trust | Agency Funds | | | | | Total |
|---|-----------------------|----------------------|-------------------|---------------------|---------------------|----------------------|-----------------------|
| | Fund | Tax Claim | Unclaimed | Row Offices | Landfill | Total Agency | |
| | Retirement | Bureau | Money | | Escrow | Funds | Funds |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 6,762,045 | \$ - | \$ - | \$ 6,337,203 | \$ - | \$ 6,337,203 | \$ 13,099,248 |
| Investments | 140,242,090 | 1,170,371 | 341,858 | 2,413,407 | 5,041,244 | 8,966,880 | 149,208,970 |
| Receivables: | | | | | | | |
| Other | 393,735 | 111,624 | 4,999 | - | - | 116,623 | 510,358 |
| Delinquent taxes on behalf of other governments | - | 11,193,450 | - | - | - | 11,193,450 | 11,193,450 |
| Total assets | \$ 147,397,870 | \$ 12,475,445 | \$ 346,857 | \$ 8,750,610 | \$ 5,041,244 | \$ 26,614,156 | \$ 174,012,026 |
| Liabilities | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | \$ 1,445 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,445 |
| Due to other governments | - | 986,826 | - | 3,755,595 | - | 4,742,421 | 4,742,421 |
| Other liabilities | - | 11,488,619 | 346,857 | 4,995,015 | 5,041,244 | 21,871,735 | 21,871,735 |
| Total liabilities | 1,445 | 12,475,445 | 346,857 | 8,750,610 | 5,041,244 | 26,614,156 | 26,615,601 |
| Net assets held in trust for pension benefits | 147,396,425 | - | - | - | - | - | 147,396,425 |
| Total liabilities and fund balance | \$ 147,397,870 | \$ 12,475,445 | \$ 346,857 | \$ 8,750,610 | \$ 5,041,244 | \$ 26,614,156 | \$ 174,012,026 |

Statistical Section

COUNTY OF YORK, PENNSYLVANIA

General Government Expenditures by Function(1)

Last Ten Years

| FISCAL YEAR | GENERAL GOVERNMENT ADMINISTRATION | GENERAL GOVERNMENT JUDICIARY | PUBLIC SAFETY AND CORRECTIONS | COMMUNITY DEVELOPMENT | PUBLIC WORKS AND ENTERPRISES | CULTURE RECREATION & CONSERVATION | HUMAN SERVICES (4) | OTHER | DEBT SERVICE (2)(3) | CAPITAL PROJECTS | TOTALS |
|----------------|---|------------------------------------|-------------------------------------|--------------------------|------------------------------------|---|--------------------------|--------------|---------------------------|---------------------|---------------|
| 1995 | \$10,841,500 | \$11,520,970 | \$22,229,008 | \$5,574,224 | \$794,995 | \$2,396,427 | \$22,247,373 | \$8,677,464 | \$3,181,781 | \$770,982 | \$88,234,724 |
| 1996 | \$8,995,087 | \$12,533,343 | \$24,805,776 | \$4,381,606 | \$648,301 | \$2,461,083 | \$23,912,656 | \$4,678,854 | \$3,172,712 | \$332,790 | \$85,922,208 |
| 1997 | \$8,289,734 | \$13,388,709 | \$24,775,347 | \$5,506,711 | \$757,313 | \$2,111,964 | \$55,991,175 | \$9,883,498 | \$3,734,600 | \$3,655,355 | \$128,094,406 |
| 1998 | \$8,687,362 | \$15,090,224 | \$28,236,160 | \$6,826,755 | \$543,511 | \$2,736,604 | \$63,245,476 | \$10,416,026 | \$10,073,867 | \$15,092,756 | \$160,948,741 |
| 1999 | \$8,746,965 | \$17,078,875 | \$35,348,937 | \$6,583,058 | \$1,144,991 | \$3,285,312 | \$67,191,684 | \$11,309,272 | \$4,806,529 | \$1,851,542 | \$157,347,165 |
| 2000 | \$9,323,987 | \$17,964,447 | \$39,099,867 | \$4,265,455 | \$731,407 | \$4,625,632 | \$68,552,028 | \$11,932,657 | \$5,401,991 | \$3,373,979 | \$165,271,450 |
| 2001 | \$9,172,319 | \$20,024,845 | \$43,266,908 | \$7,101,865 | \$798,161 | \$3,258,393 | \$79,015,463 | \$15,828,645 | \$6,253,680 | \$16,777,153 | \$201,497,432 |
| 2002 | \$15,343,145 | \$20,485,919 | \$45,010,561 | \$4,422,325 | \$551,949 | \$5,195,785 | \$116,492,170 | \$18,649,327 | \$5,801,158 | \$16,136,136 | \$248,088,475 |
| 2003 | \$9,341,635 | \$21,324,134 | \$46,802,474 | \$4,476,961 | \$909,980 | \$3,739,480 | \$118,719,105 | \$19,638,868 | \$6,114,381 | \$39,694,855 | \$270,761,873 |
| 2004 | \$10,900,101 | \$24,258,505 | \$50,167,283 | \$8,120,947 | \$934,533 | \$3,918,275 | \$130,483,066 | \$27,124,485 | \$6,880,648 | \$19,903,581 | \$282,691,424 |

NOTES:

(1) Includes General, Special Revenue, and Capital Projects Funds

(2) Includes interest on tax anticipation debt as well as general obligation debt

(3) Does not include 911 Enterprise Fund debt

(4) York/Adams Mental Health/Mental Retardation and York/Adams Drug and Alcohol Funds were not included in the reporting entity in 1994,1995 and 1996.

SOURCE:

Annual Reports of York County Controller and annual audit reports

COUNTY OF YORK, PENNSYLVANIA

General Governmental Revenues by Source (1)

Last Ten Years

| FISCAL YEAR | REAL ESTATE PROPERTY TAXES | COURT COSTS FINES AND FORFEITURES | GRANTS AND GIFTS (2) | INTEREST AND RENTS | COUNTY CHARGES AND EARNINGS | BOND PROCEEDS & OTHER (3) | TOTALS (1) |
|-------------|----------------------------|-----------------------------------|----------------------|--------------------|-----------------------------|---------------------------|---------------|
| 1995 | \$34,876,984 | \$2,072,072 | \$35,805,479 | \$2,244,733 | \$11,614,150 | \$2,206,916 | \$88,820,334 |
| 1996 | \$32,821,761 | \$2,136,230 | \$35,581,644 | \$2,784,834 | \$13,626,669 | \$2,782,052 | \$89,733,190 |
| 1997 | \$39,522,686 | \$2,118,798 | \$67,898,743 | \$3,417,508 | \$15,229,177 | \$23,600,786 | \$151,787,698 |
| 1998 | \$40,967,489 | \$2,260,877 | \$77,080,988 | \$3,695,498 | \$16,361,248 | \$5,239,152 | \$145,605,252 |
| 1999 | \$42,613,775 | \$2,519,927 | \$79,859,803 | \$2,833,575 | \$22,415,228 | \$8,244,701 | \$158,487,009 |
| 2000 | \$43,883,138 | \$2,793,487 | \$80,813,872 | \$3,526,735 | \$26,526,399 | \$33,594,900 | \$191,138,531 |
| 2001 | \$55,508,907 | \$2,679,215 | \$94,686,886 | \$4,094,728 | \$28,682,530 | \$52,753,093 | \$238,405,359 |
| 2002 | \$56,879,136 | \$2,912,549 | \$130,241,234 | \$2,683,173 | \$29,602,142 | \$33,170,022 | \$255,488,256 |
| 2003 | \$76,389,344 | \$3,087,197 | \$133,414,027 | \$2,907,227 | \$26,872,249 | \$67,505,097 | \$310,175,141 |
| 2004 | \$78,089,574 | \$3,378,092 | \$149,520,655 | \$3,682,117 | \$25,867,845 | \$16,477,633 | \$277,015,916 |

NOTES:

- (1) Includes General, Special Revenue, and Capital Projects Funds
- (2) York/Adams Mental Health/Mental Retardation and York/Adams Drug & Alcohol were not included in the reporting entity in 1995 and 1996.
- (3) Proceeds From Bond Issues are included in the financial section as Other Financing Sources.

SOURCE:

Annual Reports of York County Controller and annual audit reports

COUNTY OF YORK, PENNSYLVANIA

Real Estate Taxes Levied and Collected

Last Ten Years (Unaudited)

| FISCAL YEAR | TOTAL TAX LEVY (1) | CURRENT TAX COLLECTED (2) | PERCENT OF LEVY COLLECTED | PRIOR YEAR TAX COLLECTED (3) | TOTAL TAX COLLECTED | TOTAL TAX COLLECTED TO LEVY | OUTSTANDING TAX-CURRENT YEAR (3) | OUTSTANDING TAX-PRIOR YEARS (3) | OUTSTANDIN TAXES TO LEVY |
|----------------|--------------------------|---------------------------------|---------------------------------|------------------------------------|---------------------------|-----------------------------------|--|---------------------------------------|--------------------------------|
| 1995 | \$32,431,728 | \$30,608,031 | 94.38% | \$2,080,052 | \$32,688,083 | 100.79% | \$1,823,697 | \$1,117,435 | 9.07% |
| 1996 | \$33,132,282 | \$31,207,742 | 94.19% | \$1,961,229 | \$33,168,971 | 100.11% | \$1,924,540 | \$1,091,815 | 9.10% |
| 1997 | \$40,195,800 | \$38,004,975 | 94.55% | \$2,057,332 | \$40,062,307 | 99.67% | \$2,190,825 | \$1,065,372 | 8.10% |
| 1998 | \$41,377,504 | \$38,483,237 | 93.01% | \$2,447,887 | \$40,931,124 | 98.92% | \$2,894,267 | \$1,232,591 | 9.97% |
| 1999 | \$42,444,031 | \$39,753,479 | 93.66% | \$3,068,043 | \$42,821,522 | 100.89% | \$2,690,552 | \$1,248,876 | 9.28% |
| 2000 | \$44,595,870 | \$41,609,880 | 93.30% | \$1,772,191 | \$43,382,071 | 97.28% | \$2,985,990 | \$2,276,902 | 11.80% |
| 2001 | \$55,923,530 | \$52,374,495 | 93.65% | \$3,134,412 | \$55,508,907 | 99.26% | \$3,549,035 | \$2,902,644 | 11.54% |
| 2002 | \$57,663,623 | \$53,845,638 | 93.38% | \$3,033,498 | \$56,879,136 | 98.64% | \$3,465,071 | \$2,842,089 | 10.94% |
| 2003 | \$79,070,273 | \$73,731,064 | 93.25% | \$2,658,280 | \$76,389,344 | 96.61% | \$4,511,481 | \$1,547,863 | 7.66% |
| 2004 | \$80,986,732 | \$74,193,793 | 91.61% | \$3,895,781 | \$78,089,574 | 96.42% | \$4,225,341 | \$3,303,720 | 9.30% |

NOTES:

- (1) Includes additions to duplicate and penalties
- (2) Includes discounts, penalties, rebates and error adjustments
- (3) Includes penalties and adjustments

SOURCE:

Annual Reports of York County Controller

COUNTY OF YORK, PENNSYLVANIA

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

| FISCAL YEAR | REAL ESTATE TOTAL ASSESSED VALUE (1) (2) | | RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE | COUNTY REAL ESTATE MILLAGE RATE |
|----------------|---|-----|--|---------------------------------------|
| 1995 | \$10,588,027,303 | | 100 | 3.00 |
| 1996 | \$10,987,002,991 | | 100 | 3.00 |
| 1997 | \$11,152,914,322 | | 100 | 3.60 |
| 1998 | \$16,059,779,150 | (1) | 100 | 2.52 |
| 1999 | \$16,365,697,470 | (1) | 100 | 2.52 |
| 2000 | \$17,039,939,630 | (1) | 100 | 2.52 |
| 2001 | \$17,476,468,240 | (1) | 100 | 3.15 |
| 2002 | \$17,857,774,890 | (1) | 100 | 3.15 |
| 2003 | \$18,317,323,221 | (1) | 100 | 4.20 |
| 2004 | \$18,811,348,625 | (1) | 100 | 4.20 |

NOTES:

(1) Beginning January 1, 1998, a County-wide reassessment took effect. All taxing authorities were required to lower their effective millage rates to reflect the increase in property values as a result of the new assessed values.

(2) Does not include Exempt and Utility assessments.

SOURCE:

Assessment Office

COUNTY OF YORK, PENNSYLVANIA

Real Estate Millage Rates - Direct and Overlapping Governments

Last Ten Years

| <u>FISCAL YEAR(1)</u> | <u>COUNTY</u> | <u>MUNICIPALITIES(3)</u> | <u>SCHOOL DISTRICTS(3)</u> | <u>TOTAL</u> |
|---------------------------|---------------|--------------------------|--------------------------------|--------------|
| 1995 | 3.00 | 1.216 | 16.588 | 20.804 |
| 1996 | 3.00 | 1.234 | 17.385 | 21.619 |
| 1997 | 3.60 | 1.316 | 17.677 | 22.593 |
| 1998 | 2.52 (2) | 0.956 | 13.148 | 16.624 |
| 1999 | 2.52 (2) | 1.050 | 13.330 | 16.900 |
| 2000 | 2.52 (2) | 1.082 | 13.367 | 16.969 |
| 2001 | 3.15 (2) | 1.160 | 13.910 | 18.220 |
| 2002 | 3.15 (2) | 1.253 | 15.473 | 19.876 |
| 2003 | 4.20 (2) | 1.380 | 16.583 | 22.163 |
| 2004 | 4.20 (2) | 1.544 | 17.725 | 23.469 |

NOTES:

- (1) The fiscal year shown represents the calendar year for County and Municipalities and the fiscal year for School Districts which begins in July of the year shown and spans six months into the next calendar year.
- (2) Beginning January 1, 1998, a County-wide reassessment took effect. All taxing authorities were required to lower their effective millage rates to reflect the increase in property values as a result of the new assessed values.
- (3) Each unit within these classes levies its own millage rate. The rates shown are an average.

SOURCE:

Assessment Office

COUNTY OF YORK, PENNSYLVANIA

Principal Taxpayers

December 31, 2004

| <u>TAXPAYER</u> | <u>TYPE OF BUSINESS</u> | <u>2004 ASSESSED VALUATION</u> | <u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u> |
|----------------------------------|-------------------------|--------------------------------|---|
| 1. Exelon Generation Co. LLC | Power Plant | \$309,214,140 | 1.64% |
| 2. West Manchester Mall LLC | Mall Owner | \$49,329,180 | 0.26% |
| 3. Harley Davidson Motor Co. | Manufacturer | \$47,202,980 | 0.25% |
| 4. York Galleria LP | Mall Owner | \$45,759,390 | 0.24% |
| 5. Kinsley Equities | Real Estate Owner | \$41,609,540 | 0.22% |
| 6. ES 3 York LLC | Warehouse | \$37,784,960 | 0.20% |
| 7. Waterford Associates | Real Estate Owner | \$31,655,350 | 0.17% |
| 8. Crown American Associates | Realty Trust | \$28,859,750 | 0.15% |
| 9. Wellspan Health Care Services | Health Care | \$24,915,590 | 0.13% |
| 10. Edens & Avant Financing | Real Estate | <u>\$22,464,120</u> | <u>0.12%</u> |
| | TOTAL | <u>\$638,795,000</u> | <u>3.40%</u> |

SOURCE:

York County Assessment Office

COUNTY OF YORK, PENNSYLVANIA

Computation of Legal Debt Margin

December 31, 2004

Borrowing Base Revenues

| | |
|------|-----------------------|
| 2002 | \$ 233,374,047 |
| 2003 | \$ 255,046,694 |
| 2004 | <u>\$ 272,355,249</u> |

Total Revenues (1) \$ 760,775,990

Debt Limit For General Obligation Bonds

| | |
|---------------------------------|-----------------------|
| Average borrowing base revenues | \$ 253,591,997 |
| Debt limit percentage | x 300% |
| Debt limit | <u>\$ 760,775,990</u> |
| Total outstanding bonded debt | <u>\$ 119,960,000</u> |

Legal debt margin \$ 640,815,990

Debt Limit For General Obligation Bonds and Lease Rental Debt

| | |
|---|------------------------|
| Average borrowing base revenues | \$ 253,591,997 |
| Debt limit percentage | x 400% |
| Debt limit | <u>\$1,014,367,988</u> |
| Total amount of debt applicable to debt limit | <u>\$ 119,960,000</u> |

Legal debt margin \$ 894,407,988

SOURCE:

Annual Reports of York County Controller

(1) Total revenue and other financing sources less debt proceeds, transfers and grants for specific projects

COUNTY OF YORK, PENNSYLVANIA

Ratio of General Obligation Debt to Assessed Value of Real Estate and General Obligation Debt Per Capita

Last Ten Years

(Dollars in Thousands)
(Except Debt Per Capita)

| FISCAL <u>YEAR</u> | (1) <u>POPULATION</u> | (2)(3)(4) <u>ASSESSED VALUE</u> | (5) <u>GENERAL OBLIGATION DEBT</u> | RATIO OF GENERAL OBLIGATION DEBT TO ASSESSED <u>VALUE</u> | GENERAL OBLIGATION DEBT PER <u>CAPITA</u> |
|-----------------------|--------------------------|--|---|--|--|
| 1995 | 362,793 | \$10,588,027 | \$30,836 | 0.29% | \$85.00 |
| 1996 | 368,332 | \$10,987,003 | \$29,435 | 0.27% | \$79.91 |
| 1997 | 370,518 | \$11,152,914 | \$46,640 | 0.42% | \$125.88 |
| 1998 | 372,704 | \$16,059,779 | \$38,945 | 0.24% | \$104.49 |
| 1999 | 376,586 | \$16,365,697 | \$36,160 | 0.22% | \$96.02 |
| 2000 | 381,751 | \$17,039,940 | \$55,265 | 0.32% | \$144.77 |
| 2001 | 386,299 | \$17,476,468 | \$85,415 | 0.49% | \$221.11 |
| 2002 | 389,209 | \$17,857,775 | \$92,495 | 0.52% | \$237.65 |
| 2003 | 394,581 | \$18,317,323 | \$126,335 | 0.69% | \$320.18 |
| 2004 | 398,788 | \$18,811,349 | \$119,960 | 0.64% | \$300.81 |

NOTES:

(1) York County Planning Commission

(2) County Board of Assessment

(3) In 1998, a County-wide reassessment took effect. Assessed values shown represent 100 % of Market Values.

(4) Does not include Exempt and Utility assessments

(5) Annual Reports of York County Controller

COUNTY OF YORK, PENNSYLVANIA

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures (1)

Last Ten Years

| FISCAL YEAR | (1) <u>PRINCIPAL</u> | <u>INTEREST</u> | (2) <u>DEBT SERVICE</u> | (3) <u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u> | <u>RATIO OF DEBT SERVICE TO TOTAL GOVERNMENTAL EXPENDITURES</u> |
|----------------|-------------------------|-----------------|--------------------------------|---|---|
| 1995 | \$1,348,399 | \$1,833,382 | \$3,181,781 | \$88,234,724 | 3.61% |
| 1996 | \$1,400,592 | \$1,772,120 | \$3,172,712 | \$85,922,208 | 3.69% |
| 1997 | \$1,615,000 | \$2,119,600 | \$3,734,600 | \$128,094,406 | 2.92% |
| 1998 | \$7,695,000 | \$2,378,867 | \$10,073,867 | \$160,948,741 | 6.26% |
| 1999 | \$2,785,000 | \$2,016,626 | \$4,801,626 | \$157,347,165 | 3.05% |
| 2000 | \$2,920,000 | \$2,477,267 | \$5,397,267 | \$165,271,450 | 3.27% |
| 2001 | \$3,600,000 | \$2,647,843 | \$6,247,843 | \$201,497,432 | 3.10% |
| 2002 | \$3,370,000 | \$2,431,158 | \$5,801,158 | \$248,088,475 | 2.34% |
| 2003 | \$3,990,000 | \$2,124,381 | \$6,114,381 | \$270,761,873 | 2.26% |
| 2004 | \$2,480,000 | \$4,400,648 | \$6,880,648 | \$282,691,424 | 2.43% |

NOTES:

(1) Includes all governmental fund types

(2) This was paid by the General Fund

(3) York/Adams Mental Health/Mental Retardation and York/Adams Drug & Alcohol Funds were not included in the reporting entity in 1995 and 1996.

COUNTY OF YORK, PENNSYLVANIA

Computation of Direct and Overlapping Debt STATEMENT OF INDEBTEDNESS Net Direct Bond and Note Indebtedness (1)

December 31, 2004

| <u>Direct Debt</u> | Gross <u>Outstanding</u> | Net <u>Outstanding</u> |
|--|-----------------------------|---------------------------|
| Series of 2003 Bonds | \$32,620,000 | \$32,620,000 |
| Series of 2003 Bonds | \$22,535,000 | \$22,535,000 |
| Series of 2002 Bonds | \$13,920,000 | \$13,920,000 |
| Series of 2001 Bonds | \$30,645,000 | \$30,645,000 |
| Series of 2000 Bonds | \$1,150,000 | \$1,150,000 |
| Series A of 2000 Bonds | <u>\$19,090,000</u> | <u>\$19,090,000</u> |
| Total Direct Debt (1) | <u>\$119,960,000</u> | <u>\$119,960,000</u> |
| <u>Overlapping Debt</u> | | |
| City Bonds, Notes and Lease Rental Debt | | \$102,280,296 |
| Borough Bonds, Notes and Lease Rental Debt | | \$27,525,239 |
| Township Bonds, Notes and Lease Rental Debt | | \$124,971,757 |
| School District Bonds, Notes and Lease Rental Debt | | <u>\$864,634,711</u> |
| Total Overlapping Debt (2) | | <u>\$1,119,412,003</u> |
| <u>Direct and Overlapping Debt</u> | | |
| Total Direct Debt and Overlapping Debt | | <u>\$1,239,372,003</u> |

Ratio of Total Direct and Overlapping Debt to:

| | |
|--|---------|
| Assessed Value of Taxable Real Property (2004) | 6.59% |
| Market Value of Taxable Real Property (2004) | 6.59% |
| Population (2004) | \$3,108 |

NOTES:

- (1) The County has guaranteed debts of the York County Solid Waste and Refuse Authority, the Redevelopment Authority of the City of York, the York County Industrial Development Corporation, and the General Authority of South Central Authority of Pennsylvania for various projects. The current outstanding balance of debt is \$83,340,000. Pursuant to provisions of the Debt Act, the debt under such guarantees has been excluded from the County's debt as self-liquidating lease rental debt.
- (2) Debt paid from taxes levied by municipal governments and school districts other than the County.

SOURCES: PA Department of Community and Economic Development
County, City, Borough, Township and School District Officials

COUNTY OF YORK, PENNSYLVANIA

Demographic Statistics

Last Ten Years

| <u>FISCAL YEAR</u> | <u>POPULATION</u> | <u>PER CAPITA INCOME</u> | <u>HIGHER EDUCATION ENROLLMENT</u> | <u>PUBLIC SCHOOL ENROLLMENT</u> | <u>UNEMPLOYMENT RATE</u> |
|------------------------|-------------------|----------------------------------|--|---|------------------------------|
| 1995 | 362,793 | \$18,819 | 7,168 | 62,056 | 5.2% |
| 1996 | 368,332 | \$19,169 | 7,119 | 64,434 | 4.3% |
| 1997 | 370,518 | \$19,469 | 7,368 | 64,198 | 4.1% |
| 1998 | 372,704 | \$20,219 | 7,246 | 65,062 | 3.7% |
| 1999 | 376,586 | \$20,619 | 7,217 | 65,220 | 2.9% |
| 2000 | 381,751 | \$21,086 | 7,193 | 67,944 | 3.5% |
| 2001 | 386,299 | \$21,571 | 7,172 | 65,526 | 4.6% |
| 2002 | 389,209 | \$22,067 | 7,465 | 65,177 | 5.6% |
| 2003 | 394,581 | \$23,186 | 7,208 | 65,821 | 4.8% |
| 2004 | 398,788 | \$23,857 | 7,140 | 66,520 | 4.6% |

SOURCES:

York County Planning Commission
PA Department of Education

COUNTY OF YORK, PENNSYLVANIA

Property Values (1)

Last Ten Years (Unaudited)

| <u>FISCAL YEAR</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>AGRICULTURAL</u> | <u>INDUSTRIAL</u> | <u>VACANT LOTS</u> | <u>TRAILERS(3)</u> | <u>MISCELLANEOUS /APARTMENTS(4)</u> | <u>UTILITY/ EXEMPT (5)</u> | <u>TOTAL</u> | |
|--------------------|--------------------|-------------------|---------------------|-------------------|--------------------|--------------------|-------------------------------------|----------------------------|------------------|-----|
| 1995 | \$6,885,696,166 | \$1,677,810,410 | \$702,796,101 | \$755,952,410 | \$262,364,436 | \$89,831,800 | \$213,575,980 | \$1,594,829,317 | \$12,182,856,620 | |
| 1996 | \$7,223,287,722 | \$1,706,814,440 | \$705,521,042 | \$740,757,210 | \$296,550,247 | \$95,254,250 | \$218,818,080 | \$1,648,464,660 | \$12,635,467,651 | |
| 1997 | \$7,342,353,991 | \$1,710,352,810 | \$708,116,212 | \$743,306,580 | \$305,523,902 | \$98,105,855 | \$245,154,972 | \$1,654,637,039 | \$12,807,551,361 | |
| 1998 | \$11,023,247,830 | \$1,867,709,620 | \$1,226,087,070 | \$1,010,510,220 | \$456,796,640 | \$89,584,170 | \$385,843,600 | \$1,634,038,660 | \$17,693,817,810 | {2} |
| 1999 | \$11,704,707,780 | \$1,978,777,170 | \$1,222,359,680 | \$1,075,011,980 | \$0 | \$0 | \$384,840,860 | \$1,975,451,070 | \$18,341,148,540 | {2} |
| 2000 | \$12,103,983,490 | \$2,395,935,030 | \$1,023,898,900 | \$1,125,112,590 | \$0 | \$0 | \$391,009,620 | \$1,683,458,830 | \$18,723,398,460 | {2} |
| 2001 | \$12,439,590,930 | \$2,479,839,480 | \$1,001,427,960 | \$1,161,856,850 | \$0 | \$0 | \$393,753,020 | \$1,843,061,750 | \$19,319,529,990 | {2} |
| 2002 | \$12,715,796,700 | \$2,550,265,270 | \$1,002,565,040 | \$1,193,356,840 | \$0 | \$0 | \$395,791,040 | \$1,862,963,660 | \$19,720,738,550 | {2} |
| 2003 | \$13,057,581,771 | \$2,581,495,372 | \$1,005,817,560 | \$1,266,176,390 | \$0 | \$0 | \$406,252,128 | \$1,897,754,020 | \$20,215,077,241 | {2} |
| 2004 | \$13,495,667,036 | \$2,560,509,677 | \$1,020,087,944 | \$1,314,345,100 | \$0 | \$0 | \$420,738,868 | \$2,032,688,828 | \$20,844,037,453 | {2} |

NOTES:

- (1) Property values are the assessed value as of the beginning of the year.
- (2) In 1998, a County-wide reassessment took effect. Assessed values shown represent 100% of market values.
- (3) Effective with 1998, the Miscellaneous category was changed to Apartments.
- (4) Effective in 1999, a new category , Utility, was added. Vacant lots and trailers are no longer reported separately.

SOURCE:

Assessment Office

COUNTY OF YORK, PENNSYLVANIA

Construction and Bank Deposits

Last Ten Years

(Dollars in Millions)

| <u>FISCAL YEAR</u> | <u>NUMBER OF SINGLE FAMILY UNITS</u> | <u>NUMBER OF MULTI-FAMILY UNITS</u> | <u>TOTAL UNITS</u> | <u>VALUE</u> | <u>BANK DEPOSITS</u> |
|--------------------------------|--|---|------------------------|--------------|--------------------------|
| ***** TOTAL CONSTRUCTION ***** | | | | | |
| 1995 | 1,546 | 393 | 1,939 | \$211.5 | \$4,695 |
| 1996 | 1,756 | 402 | 2,158 | \$182.5 | \$4,532 |
| 1997 | 1,568 | 377 | 1,945 | \$170.4 | \$4,715 |
| 1998 | 1,922 | 414 | 2,336 | \$206.6 | \$4,431 |
| 1999 | 1,793 | 99 | 1,892 | \$221.7 | \$4,808 |
| 2000 | 1,657 | 77 | 1,734 | \$206.8 | \$4,972 |
| 2001 | 1,615 | 600 | 2,215 | \$220.9 | \$5,110 |
| 2002 | 1,922 | 828 | 2,750 | \$309.5 | \$5,270 |
| 2003 | 2,017 | 900 | 2,917 | \$337.2 | \$5,540 |
| 2004 | 1,693 | 722 | 2,415 | \$316.2 | \$5,533 |

SOURCES:

York County Planning Commission
PA Department of Banking

COUNTY OF YORK, PENNSYLVANIA

Salaries and Surety Bonds of Elected Officials

December 31, 2004

| <u>OFFICIAL TITLE</u> | <u>ANNUAL SALARY</u> | <u>SURETY BOND</u> |
|-------------------------|----------------------|--------------------|
| Commissioners, Chairman | \$68,366 | \$7,500 |
| Commissioners (two) | \$65,924 | \$7,500 |
| County Controller | \$59,820 | \$20,000 |
| County Treasurer | \$57,378 | \$500,000 |
| Recorder of Deeds | \$57,378 | \$5,000 |
| Register of Wills | \$62,261 | \$25,000 |
| Prothonotary | \$57,378 | \$50,000 |
| Sheriff | \$57,378 | \$60,000 |
| District Attorney | \$123,135 | \$0 (1) |
| Clerk of Courts | \$57,378 | \$11,000 |
| Coroner | \$57,378 | \$15,000 |

PUBLIC EMPLOYEES HONESTY AND FAITHFUL PERFORMANCE BOND

All County Employees \$100,000 Per Employee

NOTES:

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

SOURCE: York County Controller

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

| | |
|----------------------------|---|
| Date Founded: | August 19, 1749 Third Class County |
| Form of Government: | Elected Board of Commissioners 3 members |
| Local Government Units: | 1 city - York 36 boroughs 35 townships |
| Elections: | Number of registered voters – 264,134 Number of votes cast in the last general election – 181,678 Percentage of registered voters voting in the last general election – 68.8% |
| Area: | 904 square miles |
| Population: | 398,788 |
| Households: | 148,219 |
| Annual rainfall: | 40.38 inches |
| Annual snowfall: | 28 inches |
| Mean Temperature averages: | High 75.0° F Low 29.0° F |
| Time Zone: | Eastern Time Zone Spring - goes to Daylight Savings Time Fall - reverts to Eastern Standard Time |
| Transportation: | Highways 1,169 miles of State roads 2,522 miles of Local roads Interstates 76, 83 and US 15 & 30 Airports Capital City York |

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

| | | |
|---------------------------------|---|--|
| Transportation – continued | Airports | 4 personal airports |
| | Rail | CSX Transportation Delaware & Hudson Railway Maryland & Pennsylvania Norfolk Southern Railway Stewartstown Railroad Company York Rail |
| | Pipelines | 1 Interstate petroleum 2 Interstate natural gas |
| Hazardous Materials Management: | 78 facilities 3 rail lines | |
| Fire Protection: | 67 paid and volunteer fire departments | |
| Police Protection: | 19 township, borough, and regional police departments 1 State Police Barracks 1 Sheriff's Department | |
| Hospitals: | York Hospital - 552 beds Memorial Hospital - 150 beds Hanover General Hospital - 182 beds Rehab Hospital - 102 beds | |
| Emergency Health Care: | Available 24 hours a day 884 emergency medical technicians 60 ambulances and 10 medic units on standby 184 paramedics | |
| Products produced: | Machinery Primary metal industries Fabricated metal products Electronic equipment Paper Printing and publishing Textile mill products | |

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

| | |
|-------------------------------|--|
| Products produced - continued | Food products |
| | Stone, clay, and glass products |
| | Furniture |
| | Lumber and wood products |
| | Plastic products |
| | Shoes |
| | Snack foods |
| | Motorcycles |
| | Barbells |
| | Insect screening |
| | Dental equipment and products |
| | Air conditioning equipment |
| Libraries: | 15 public libraries |
| | 2 college libraries open to the public: |
| | Penn State York |
| | York College |
| | 1 law library open to the public - |
| | York County Law Library |
| Colleges: | Penn State York Campus |
| | York College of Pennsylvania |
| | Yorktowne Business Institute |
| | York Technical Institute |
| | Bradley Academy for the Visual Arts |
| State Parks: | Codorus 3,326 acres including large lake |
| | Sam Lewis 71 acres |
| | Gifford Pinchot 2,678 acres including large lake |
| | State Gamelands 4,013 acres |
| County Parks: | Rocky Ridge 750 acres |
| | Nixon County Park 157 acres and nature center |
| | Apollo 149 acres (undeveloped) |
| | John M. Rudy 143 acres |

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

| | | |
|--------------------------|--|--------------------------|
| County Parks - continued | Spring Valley | 868 acres |
| | William H. Kain | 1,675 acres, 2 lakes |
| | Heritage Rail Trail | 176 acres, 21 miles long |
| | P. Joseph Raab | 73 acres (undeveloped) |
| Theaters: | Strand-Capitol Performing Arts Center | |
| | York Little Theater | |
| | Hanover Community Theater | |
| Museum/Galleries: | York County Heritage Trust | |
| | Agricultural Museum and Worker's House | |
| | Fire Museum of York County | |
| | Harley-Davidson Motorcycle Museum | |
| | Weightlifting Hall of Fame | |
| | Industrial Museum | |
| | Indian Steps Museum | |
| | Old Line Museum | |
| Historical highlights: | York County Colonial Courthouse - reconstructed meeting site of Continental Congress in 1777 | |
| | Golden Plough Tavern - York's first tavern, built in 1741 | |
| | Gates House – 1751 Georgian style home where the Marquis de Lafayette halted the attempt to overthrow General George Washington | |
| | Continental Square - Market and George Streets original site of the Colonial Courthouse | |
| | Central Market - Romanesque Revival Market hall built in 1888; open Tuesday, Thursday, and Saturday | |
| | Friends Meeting House - oldest continuously used house of worship in York, was built in 1766 and is still used by the Religious Society of Friends (Quakers) | |

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

| | |
|-----------------------------------|---|
| Historical highlights - continued | Hanover Square - Statue and Civil War relics commemorate the cavalry clash that occurred the day before Gettysburg |
| | York Interstate Fair - oldest annual fair in the nation |
| | Bonham House – 1840 Victorian era home of Horace and Rebekah Bonham family, known for genre paintings of York personalities |
| Employment: | York County Government employs 2,173 |
| | As of December 31, 2004, York County had a civilian labor force of 201,000 |
| Agriculture: | Farm Product Sales for 1997 - \$128.6 million |
| Agricultural products: | Corn Soybeans Hay Wheat |

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

York County Population, Changes, and Percentage Changes:

| <u>Year</u> | <u>Population</u> | <u>Increase</u> | <u>Percentage Increase</u> |
|-------------|-------------------|-----------------|----------------------------|
| 1940 | 178,022 | N/A | N/A |
| 1950 | 202,737 | 24,715 | 13.9% |
| 1960 | 238,336 | 35,599 | 17.6% |
| 1970 | 272,603 | 34,267 | 14.4% |
| 1980 | 312,963 | 40,360 | 14.8% |
| 1990 | 339,574 | 26,611 | 8.5% |
| 2000 | 381,751 | 42,177 | 12.4% |

COUNTY OF YORK, PENNSYLVANIA

Miscellaneous Statistics

December 31, 2004

York County Public School Enrollment by School District:

| School District | <u>Elementary</u> | <u>Middle</u> | <u>Secondary</u> | <u>Total</u> | <u>Percentage</u> |
|-------------------------------------|-------------------|---------------|------------------|---------------|-------------------|
| Central | 2,178 | 1,206 | 1,446 | 4,830 | 7.3% |
| Dallastown | 2,368 | 1,395 | 1,700 | 5,463 | 8.2% |
| Dover | 1,878 | 615 | 1,037 | 3,530 | 5.3% |
| Eastern | 1,240 | 709 | 749 | 2,698 | 4.1% |
| Hanover | 661 | 524 | 476 | 1,661 | 2.5% |
| Northeastern | 1,822 | 572 | 871 | 3,265 | 4.9% |
| Northern | 1,346 | 778 | 1,099 | 3,223 | 4.8% |
| Red Lion | 3,003 | 1,006 | 1,622 | 5,631 | 8.5% |
| Southeastern | 1,210 | 1,129 | 995 | 3,334 | 5.0% |
| Southwestern | 1,420 | 1,369 | 1,261 | 4,050 | 6.1% |
| Southern | 1,607 | 569 | 1,118 | 3,294 | 5.0% |
| Spring Grove | 1,897 | 667 | 1,299 | 3,863 | 5.8% |
| West Shore(1) | 3,459 | 2,125 | 2,690 | 8,274 | 12.4% |
| West York | 1,418 | 800 | 896 | 3,114 | 4.7% |
| York County School of Technology | 0 | 0 | 1,370 | 1,370 | 2.1% |
| York Suburban | 1,172 | 683 | 857 | 2,712 | 4.1% |
| York City | <u>2,794</u> | <u>1,851</u> | <u>1,563</u> | <u>6,208</u> | <u>9.3%</u> |
| Total | <u>29,473</u> | <u>15,998</u> | <u>21,049</u> | <u>66,520</u> | <u>100.0%</u> |

(1) Portion of district located outside of the borders of York County

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Final Page of the 2004

York County Annual CAFR Report