

COUNTY OF LACKAWANNA, PENNSYLVANIA

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
CURRENT ASSETS:				
Cash	\$ 39,126,500	\$ 758,818	\$ 39,885,318	\$ 4,868,094
Restricted cash	-	-	-	4,801,754
Investments	7,274,626	-	7,274,626	3,084,028
Restricted investments	-	-	-	33,241,754
Accounts receivable, net	-	49,010	49,010	4,055,237
Inventory	-	75,466	75,466	-
Due from other governments	9,495,892	-	9,495,892	1,388,036
Due from component units	900,000	-	900,000	-
Due from agency fund	1,812,632	-	1,812,632	-
Due from enterprise fund	1,570,979	-	1,570,979	-
Prepaid expenses	9,940	-	9,940	-
Taxes receivable	9,077,500	-	9,077,500	361,829
Other assets	-	-	-	201,952,833
Total Current Assets	<u>69,268,069</u>	<u>883,294</u>	<u>70,151,363</u>	<u>253,753,565</u>
DEFERRED CHARGES	2,167,797	400,336	2,568,133	-
CAPITAL ASSETS:				
Non-depreciable	17,466,697	1,404,000	18,870,697	50,000
Depreciable buildings, property, equipment and infrastructure, net	<u>62,230,905</u>	<u>4,539,164</u>	<u>66,770,069</u>	<u>68,393,220</u>
Total Capital Assets	<u>79,697,602</u>	<u>5,943,164</u>	<u>85,640,766</u>	<u>68,443,220</u>
	<u>\$ 151,133,468</u>	<u>\$ 7,226,794</u>	<u>\$ 158,360,262</u>	<u>\$ 322,196,785</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

STATEMENT OF NET ASSETS (CONT'D)
DECEMBER 31, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Units</u>
CURRENT LIABILITIES:				
Current portion of long-term debt:				
Bonds and notes payable	\$ 6,290,421	\$ 251,669	\$ 6,542,090	\$ 1,997,771
Capital lease obligations	100,488	106,351	206,839	-
Accounts payable	16,497,493	451,068	16,948,561	-
Accrued expenses	3,524,233	70,586	3,594,819	442,498
Due to component units	802,644	-	802,644	-
Due to primary government	-	1,570,979	-	6,647,737
Due to other governments	-	-	-	206,869
Deferred revenues	1,589,542	25,767	1,615,309	1,637,793
Funds held in escrow	-	-	-	26,811,803
Claims payable	2,016,027	-	2,016,027	-
Other liabilities	-	-	-	201,539,376
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	30,820,848	2,476,420	33,297,268	239,283,847
LONG-TERM DEBT, net of current portion:				
Bonds and notes payable	134,754,005	7,511,898	142,265,903	23,938,955
Unamortized bond premium	74,329	420,491	494,820	-
Capital lease obligations	1,057,392	2,854	1,060,246	-
OTHER LIABILITIES:				
Net pension obligation	6,705,933	-	6,705,933	-
Compensated absences	4,335,211	-	4,335,211	468,959
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	177,747,718	10,411,663	188,159,381	263,691,761
NET ASSETS (DEFICIT):				
Invested in capital assets, net of related debt	(3,628,572)	(1,529,270)	(5,157,842)	52,625,191
Restricted	32,193,785	-	32,193,785	12,284,629
Unrestricted	<u>(55,179,463)</u>	<u>(1,655,599)</u>	<u>(56,835,062)</u>	<u>(6,404,796)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets (deficit)	(26,614,250)	(3,184,869)	(29,799,119)	58,505,024
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 151,133,468	\$ 7,226,794	\$ 158,360,262	322,196,785

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

FUNCTION/PROGRAMS:	Program Revenues					Total	Business-Type Activities	Governmental Activities	Total	Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions						
Governmental Activities:										
General government - administrative	\$ 15,166,737	\$ 4,269,882	\$ -	\$ -	\$ 4,269,882	\$ -	\$ (10,896,855)	\$ (10,896,855)	\$ -	
General Government - judicial	17,376,067	4,658,576	746,566	-	5,405,142	-	(11,970,925)	(11,970,925)	-	
Public safety and corrections	28,169,537	8,587,962	366,111	-	8,954,073	-	(19,215,464)	(19,215,464)	-	
Public works and enterprises	7,207,710	582,657	1,388,229	4,733,368	6,704,254	-	(503,456)	(503,456)	-	
Health and human services	54,913,835	21,012,268	35,852,569	97,928	56,962,765	-	2,048,930	2,048,930	-	
Culture and recreation	9,099,665	1,802,748	-	-	1,802,748	-	(7,296,917)	(7,296,917)	-	
Conservation and development	3,707,776	270,920	3,269,842	-	3,540,762	-	(167,014)	(167,014)	-	
Interest on long-term debt	6,425,956	-	-	-	(6,425,956)	-	-	-	-	
Other income and expenses	5,567,406	-	155,167	-	155,167	-	(5,412,239)	(5,412,239)	-	
Total Governmental Activities	147,634,669	41,185,013	41,778,484	4,831,296	87,794,793	-	(59,839,896)	(59,839,896)	-	
Business-Type Activities:										
Enterprise Fund	4,801,567	2,904,081	-	-	2,904,081	(1,897,486)	-	(1,897,486)	-	
Total Primary Government	\$ 152,436,256	\$ 44,089,094	\$ 41,778,484	\$ 4,831,296	\$ 90,698,874	\$ (1,897,486)	\$ (59,839,896)	\$ (61,737,382)	\$ -	
Component Units:										
Scranton Lackawanna Health and Welfare Authority	\$ (28,708,086)	\$ 27,959,386	-	-	-	-	-	-	(748,700)	
Lackawanna County Library System	(4,783,699)	398,769	1,221,979	-	1,221,979	-	-	-	(3,162,951)	
Lackawanna County Redevelopment Authority	(3,785,838)	1,036,123	2,023,565	-	2,023,565	-	-	-	(726,150)	
Lackawanna County River Basin Sewer Authority	(6,319,323)	7,243,296	-	-	-	-	-	-	923,973	
County of Lackawanna Transit System Authority	(5,914,646)	5,936,397	-	-	-	-	-	-	21,751	
Lackawanna County Railroad Authority	(1,323,936)	1,592,460	-	-	-	-	-	-	268,524	
Multi-purpose Stadium Authority of Lackawanna County	(4,630,363)	3,584,904	-	-	-	-	-	-	(1,045,479)	
Lackawanna County Performing Arts Center Authority	(1,101,112)	1,165,940	-	-	-	-	-	-	64,828	
Total Component Units	\$ (56,567,023)	\$ 48,917,275	\$ 3,245,544	-	-	-	-	-	(4,404,204)	
General revenues and transfers:										
Real estate taxes							58,192,694		58,192,694	4,193,308
Interest revenue							4,393,169		4,394,925	1,029,829
Contribution and other revenue							700,748		700,748	-
Gain on sale of building							312,006		312,006	-
Transfers							(1,167,279)		1,167,279	-
Total general revenues and transfers							62,431,338		63,600,373	5,223,137
Change in net assets							2,591,442		(728,451)	818,933
Net assets (deficit), beginning as previously reported							(29,317,599)		(2,456,418)	57,613,160
Prior period adjustment							111,907		111,907	72,931
Net assets (deficit), as restated							(29,205,692)		(31,662,110)	57,686,091
Net assets (deficit), ending							\$ (26,614,250)		\$ (3,184,869)	\$ 58,505,024

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	General Fund	Health and Human Services Funds	Landfill Trust Fund	Non-Major Fund	Total
ASSETS:					
Cash	\$ 2,994,207	\$ 2,479,579	\$ -	\$ 33,651,710	\$ 39,125,496
Investments	-	-	6,459,828	-	6,459,828
Due from other funds	5,824,453	-	-	2,261,504	8,085,957
Due from other governments	5,486,885	2,920,991	-	1,088,016	9,495,892
Due from component units	-	-	-	900,000	900,000
Taxes receivable	<u>9,077,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,077,500</u>
Total Assets	<u>\$ 23,383,046</u>	<u>\$ 5,400,570</u>	<u>\$ 6,459,828</u>	<u>\$ 37,901,230</u>	<u>\$ 73,144,674</u>
LIABILITIES:					
Accounts payable	\$ 5,934,338	\$ 2,512,567	\$ -	\$ 8,050,588	\$ 16,497,493
Accrued liabilities	598,832	140,675	-	189,485	928,992
Due to other funds	-	2,216,526	-	2,485,819	4,702,345
Due to other component units	645,248	-	-	157,396	802,644
Deferred revenue	<u>8,472,318</u>	<u>305,557</u>	<u>-</u>	<u>1,283,985</u>	<u>10,061,860</u>
Total Liabilities	<u>15,650,736</u>	<u>5,175,325</u>	<u>-</u>	<u>12,167,273</u>	<u>32,993,334</u>
FUND BALANCES:					
Unreserved	7,732,310	225,245	-	-	7,957,555
Reserved for:					
Other specific purposes	<u>-</u>	<u>-</u>	<u>6,459,828</u>	<u>25,733,957</u>	<u>32,193,785</u>
Total Fund Balances	<u>7,732,310</u>	<u>225,245</u>	<u>6,459,828</u>	<u>25,733,957</u>	<u>40,151,340</u>
Total Liabilities and Fund Balances	<u>\$ 23,383,046</u>	<u>\$ 5,400,570</u>	<u>\$ 6,459,828</u>	<u>\$ 37,901,230</u>	<u>\$ 73,144,674</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
WITH THE STATEMENT OF NET ASSETS
YEAR ENDED DECEMBER 31, 2005**

Total Fund Balance		\$ 40,151,340
Amounts reported in the statement of net assets are different because:		
Net assets (deficit) of the Internal Service Fund are included in governmental activities since they primarily benefit the County's governmental activities.		(1,190,288)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	\$ 142,735,710	
Accumulated depreciation	<u>(63,038,108)</u>	
		79,697,602
Deferred revenue in the governmental fund balance sheet includes accounts receivable balances that were not considered a current resource.		8,472,318
Bond issue cost are considered a current resource use in the funds and therefore are not reported as deferred charges in the funds.		2,167,797
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Notes and bonds payable	(141,044,426)	
Net pension obligation	(6,705,933)	
Capital lease obligation	(1,157,881)	
Compensated absences	(4,335,211)	
Unamortized bond premiums	<u>(74,329)</u>	
		(153,317,780)
A reserve for legal matters is included in the statement of net assets		(400,000)
Accrued interest payable is included in the statement of net assets		<u>(2,195,239)</u>
Total Net Assets		<u>\$ (26,614,250)</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005**

	General Fund	Health and Human Services Funds	Landfill Trust Fund	Non-Major Fund	Total
REVENUES:					
Taxes	\$ 55,818,536	\$ -	\$ -	\$ 62,237	\$ 55,880,773
Payments in lieu of taxes	163,198	-	-	-	163,198
Grants	16,608,812	18,876,538	-	11,124,430	46,609,779
County charges and earnings	15,048,659	19,392,920	-	5,115,898	39,557,476
Fines and forfeits	20,386	-	-	-	20,386
Interest and rents	685,922	31,671	124,288	3,537,646	4,379,527
Miscellaneous revenues	111,045	-	-	1,474,772	1,585,817
	<u>88,456,558</u>	<u>38,301,128</u>	<u>124,288</u>	<u>21,314,983</u>	<u>148,196,957</u>
EXPENDITURES:					
Current:					
General government - administrative	13,938,202	236,619	-	82,211	14,257,033
General government - judicial	14,356,715	-	-	2,622,675	16,979,390
Public safety and corrections	23,255,471	-	-	3,611,373	26,866,844
Public works and enterprises	289,471	-	-	1,834,230	2,123,701
Health and human services	15,593,099	37,666,855	-	289,112	53,549,066
Culture and recreation	5,463,114	-	-	2,478,218	7,941,332
Conservation and development	598,171	-	-	3,133,445	3,731,616
Miscellaneous expense	891,228	-	32,927	2,930,394	3,854,549
Debt service	-	-	-	48,164,647	48,164,647
Capital outlay	-	-	-	19,861,296	19,861,296
	<u>74,385,471</u>	<u>37,903,474</u>	<u>32,927</u>	<u>85,007,601</u>	<u>197,329,473</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt	-	-	-	48,650,000	48,650,000
Operating transfers-in	428,820	170,448	-	13,030,941	13,630,209
Operating transfers-out	(11,671,249)	(369,158)	-	(2,757,080)	(14,797,487)
	<u>(11,242,429)</u>	<u>(198,710)</u>	<u>-</u>	<u>58,923,861</u>	<u>47,482,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>2,828,657</u>	<u>198,944</u>	<u>91,360</u>	<u>(4,768,757)</u>	<u>(1,649,795)</u>
FUND BALANCE - Beginning as previously reported					
	4,903,653	499,286	6,368,467	29,917,823	41,689,229
Prior-period Adjustment					
	<u>-</u>	<u>(472,985)</u>	<u>-</u>	<u>584,891</u>	<u>111,906</u>
FUND BALANCE -Beginning as restated					
	<u>4,903,653</u>	<u>26,301</u>	<u>6,368,467</u>	<u>30,502,714</u>	<u>41,801,135</u>
FUND BALANCE - Ending					
	<u>\$ 7,732,310</u>	<u>\$ 225,245</u>	<u>\$ 6,459,827</u>	<u>\$ 25,733,957</u>	<u>\$ 40,151,339</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**RECONCILIATION OF NET CHANGE IN FUND BALANCE -
GOVERNMENTAL FUNDS
WITH CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2005**

Net Change in Fund Balance	\$ (1,649,796)
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Amounts reported in the statement of activities are different because:

Net income of the Internal Service Fund is in governmental activities since it primarily benefits the County's governmental funds.	406,555
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Capital outlays to purchase or build capital assets are reported in the government funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the combined statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (4,233,609)	
Capital outlays	<u>14,792,986</u>	
		10,559,377

In the statement of net change in fund balance non-exchange revenue is only recognized when measurable and available. Therefore any non-exchange balances collected past sixty days of the balance sheet date are not recognized as revenue until the period collected. This amount is the net change in revenue accrued between the prior and the current year.	2,148,727
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Proceeds from long-term debt are considered a current financial resource and is reported in the the statement of changes in fund balance but not in the statement of activities.	(48,650,000)
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The accompanying notes are an integral part of these financial statements.

COUNTY OF LACKAWANNA, PENNSYLVANIA

**RECONCILIATION OF NET CHANGE IN FUND BALANCE -
GOVERNMENTAL FUNDS
WITH CHANGE IN NET ASSETS (CONT'D)
YEAR ENDED DECEMBER 31, 2005**

Proceeds from the sale of a building are considered a current financial resource and is reported as income in the statement of changes in fund balance but only the gain on the sale of the building is reported in the statement of activities.	(462,019)
Payments of long-term debt principal are considered a use of current financial resources and is reported in the the statement of changes in fund balance but not in the statement of activities.	40,352,283
Payments on capital lease principal are considered a use of current financial resources and is reported in the the statement of changes in fund balance but not in the statement of activities.	32,446
Payments for bond issue cost are considered a use of current financial resources and is reported in the the statement of changes in fund balance but not in the statement of activities.	2,167,797
Amortization of bond premiums received in prior years	5,309
Change in net pension obligation	(3,849,857)
Decrease in reserve for legal matters	215,500
Change in accrued interest on bonds payable	1,343,991
Change in compensated absences	<u>(28,871)</u>
Change in net assets of governmental activities	<u>\$ 2,591,442</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	Business - Type Activity Enterprise Fund	Governmental Activities Internal Service Fund	Total
CURRENT ASSETS:			
Cash	\$ 758,816	\$ 1,003	\$ 759,818
Investments	-	814,797	814,797
Accounts receivable	49,010	-	49,010
Inventory	75,466	-	75,466
Prepaid expenses	<u>-</u>	<u>9,939</u>	<u>9,939</u>
Total Current Assets	883,292	825,739	1,709,031
CAPITAL ASSETS	5,943,166	-	5,943,166
DEFERRED CHARGES	<u>400,335</u>	<u>-</u>	<u>400,335</u>
	<u>\$ 7,226,793</u>	<u>\$ 825,739</u>	<u>\$ 8,052,532</u>
CURRENT LIABILITIES:			
Current portion of:			
Bonds and notes payable	\$ 251,669	\$ -	\$ 251,669
Capital lease obligations	106,351	-	106,351
Accounts payable	451,068	-	451,068
Due to other funds	1,570,979		1,570,979
Claims payable	-	2,016,027	2,016,027
Deferred revenue	25,767	-	25,767
Accrued expenses	<u>70,586</u>	<u>-</u>	<u>70,586</u>
Total Current Liabilities	2,476,420	2,016,027	4,492,447
LONG-TERM DEBT, NET OF CURRENT PORTION			
Bonds and notes payable	7,511,898	-	7,511,898
Capital lease obligations	2,854	-	2,854
UNAMORTIZED BOND PREMIUM	<u>420,491</u>	<u>-</u>	<u>420,491</u>
Total Liabilities	<u>10,411,663</u>	<u>2,016,027</u>	<u>12,427,690</u>
FUND BALANCES:			
Invested in capital assets, net of debt	(1,529,270)	-	(1,529,270)
Unrestricted	<u>(1,655,600)</u>	<u>(1,190,288)</u>	<u>(2,845,888)</u>
Total Fund Balances	<u>(3,184,870)</u>	<u>(1,190,288)</u>	<u>(4,375,158)</u>
	<u>\$ 7,226,793</u>	<u>\$ 825,739</u>	<u>\$ 8,052,532</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET DEFICIT - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Business - Type Activity Enterprise Fund	Governmental Activities Internal Service Fund	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 2,904,081	\$ 1,496,105	\$ 4,400,186
OPERATING EXPENDITURES:			
Operating services and supplies	3,551,544	-	3,551,544
Depreciation and amortization	902,260	-	902,260
Workers' compensation claims	-	717,955	717,955
Administrative	-	385,237	385,237
Total Expenditures	<u>4,453,804</u>	<u>1,103,192</u>	<u>5,556,996</u>
OPERATING INCOME (LOSS)	<u>(1,549,723)</u>	<u>392,913</u>	<u>(1,156,810)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	1,756	13,642	15,398
Interest expense	<u>(347,763)</u>	<u>-</u>	<u>(347,763)</u>
Nonoperating revenues (expenses), net	<u>(346,007)</u>	<u>13,642</u>	<u>(332,365)</u>
INCOME (LOSS) BEFORE TRANSFERS-IN	(1,895,730)	406,555	(1,489,175)
TRANSFERS-IN	<u>1,167,279</u>	<u>-</u>	<u>1,167,279</u>
CHANGE IN NET DEFICIT	(728,451)	406,555	(321,896)
NET DEFICIT - Beginning	<u>(2,456,419)</u>	<u>(1,596,843)</u>	<u>(4,053,262)</u>
NET DEFICIT - Ending	<u>\$ (3,184,870)</u>	<u>\$ (1,190,288)</u>	<u>\$ (4,375,158)</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Business - Type Activity Enterprise <u>Fund</u>	Governmental Activities Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for lift tickets, lessons, rentals and merchandise sales	\$ 2,792,583	\$ -
Cash received for interest and rents	105,234	13,642
Cash paid for wages and related payroll taxes	(322,631)	-
Cash paid for other operating expenses	(1,900,529)	(385,236)
Cash paid for interest	(15,698)	-
Cash received to fund workers compensation claims	-	1,496,105
Cash paid for workers compensation claims	-	(980,001)
	<u>658,959</u>	<u>144,510</u>
Net Cash Provided By Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(110,596)	-
Purchase of investments	-	(214,515)
	<u>(110,596)</u>	<u>(214,515)</u>
Net Cash Used by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligation	(144,923)	-
	<u>(144,923)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	403,440	(70,005)
CASH - BEGINNING	<u>355,376</u>	<u>71,008</u>
CASH - ENDING	<u>\$ 758,816</u>	<u>\$ 1,003</u>
SUPPLEMENTAL DISCLOSURES:		
Schedule of noncash investing and financing activities:		
Capital assets acquired by the Capital Projects Fund	<u>\$ 1,167,279</u>	<u>\$ -</u>
Principal installments paid by the Debt Service Fund	<u>\$ 213,279</u>	<u>\$ -</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

STATEMENT OF CASH FLOWS - (CONT'D)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	Business - Type Activity Enterprise <u>Fund</u>	Governmental Activities Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net deficit	\$ (728,451)	\$ 406,555
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Depreciation and amortization	902,260	-
Interest expense (Increase in due to Debt Service Fund)	314,490	-
Operating transfers-in (Increase in Capital Assets)	(1,167,279)	-
Change in assets and liabilities:		
Accounts receivable	(10,567)	-
Inventories	9,429	-
Prepaid expenses	-	(40,907)
Deferred revenue	2,547	-
Accounts payable	306,237	-
Accrued expenses	(12,848)	(221,138)
Due to/from other funds	<u>1,043,141</u>	<u>-</u>
Net Cash Provided By Operating Activities	<u>\$ 658,959</u>	<u>\$ 144,510</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005**

	Pension Trust <u>Fund</u>	Agency <u>Fund</u>	<u>Total</u>
ASSETS:			
Cash and investments	\$ 428,529	\$ 4,227,396	\$ 4,655,925
Accrued interest	568,921	-	568,921
Investments, at fair value:			
U.S. treasury bills	1,221,226	-	1,221,226
Federated money market funds	649,390	-	649,390
U.S. government securities	29,438,882	-	29,438,882
Certificates of deposit	1,832,594	-	1,832,594
Corporate bonds	7,076,631	-	7,076,631
Notes and mortgages	889,415	-	889,415
Common stocks	55,928,977	-	55,928,977
Mutual funds	<u>13,298,154</u>	<u>-</u>	<u>13,298,154</u>
 Total Assets	 <u>\$ 111,332,719</u>	 <u>\$ 4,227,396</u>	 <u>\$ 115,560,115</u>
LIABILITIES:			
Due to other funds	\$ -	\$ 1,812,632	\$ 1,812,632
Other liabilities	<u>-</u>	<u>2,414,764</u>	<u>2,414,764</u>
 Total Liabilities	 -	 4,227,396	 4,227,396
NET ASSETS:			
Held in trust for pension benefits	<u>111,332,719</u>	<u>-</u>	<u>111,332,719</u>
	<u>\$ 111,332,719</u>	<u>\$ 4,227,396</u>	<u>\$ 115,560,115</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Pension Trust <u>Fund</u>	Agency Fund	<u>Total</u>
ADDITIONS:			
Contributions by members	\$ 3,580,369	\$ -	\$ 3,580,369
INVESTMENT INCOME:			
Net appreciation in fair value of investments	5,409,295	-	5,409,295
Interest	1,952,275	-	1,952,275
Dividends	1,200,736	-	1,200,736
Investment expense	<u>(55,186)</u>	<u>-</u>	<u>(55,186)</u>
Net investment income	<u>8,507,120</u>	<u>-</u>	<u>8,507,120</u>
Total additions	12,087,489	-	12,087,489
DEDUCTIONS:			
Benefits paid	<u>4,603,484</u>	<u>-</u>	<u>4,603,484</u>
NET INCREASE	7,484,005	-	7,484,005
FUND BALANCE - Beginning	<u>103,848,714</u>	<u>-</u>	<u>103,848,714</u>
FUND BALANCE - Ending	<u>\$ 111,332,719</u>	<u>\$ -</u>	<u>\$ 111,332,719</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2005

	SCRANTON HEALTH AND WELFARE AUTHORITY	LACKAWANNA COUNTY LIBRARY SYSTEM	LACKAWANNA COUNTY REDEVELOPMENT AUTHORITY	LACKAWANNA COUNTY RIVER BASIN SEWER AUTHORITY	COUNTY OF LACKAWANNA TRANSIT SYSTEM AUTHORITY *	LACKAWANNA COUNTY RAILROAD AUTHORITY	MULTI-PURPOSE STADIUM AUTHORITY OF LACKAWANNA COUNTY	LACKAWANNA COUNTY PERFORMING ARTS CENTER AUTHORITY	TOTAL
ASSETS:									
Cash	\$ 12,744	\$ 1,186,664	\$ 1,033,545	\$ 93,166	\$ 343,677	\$ 559,245	\$ 487,755	\$ 1,151,298	\$ 4,868,094
Restricted cash	27,753	3,110	-	86,214	4,566,529	-	-	118,148	4,801,754
Investments	1,380,655	157,207	-	-	642,442	-	903,724	-	3,084,028
Restricted investments	26,784,050	-	-	6,457,704	-	-	-	-	33,241,754
Real estate taxes receivable	-	361,829	-	-	-	-	-	-	361,829
Due from other governments	-	-	-	-	-	254,118	-	-	254,118
Accounts receivable	-	37,500	779,764	2,995,337	14,584	34,254	192,525	1,273	4,055,237
Grants receivable	-	-	4,005	-	1,129,913	-	-	-	1,133,918
Future rental receivable	200,147,481	-	-	-	-	-	-	-	200,147,481
Land	-	50,000	-	-	-	-	-	-	50,000
Capital assets	-	709,215	-	19,980,106	6,741,305	16,127,778	16,740,362	8,094,454	68,393,220
Other assets	16	(250)	78,670	-	146,136	68,576	1,512,204	-	1,805,352
	<u>\$ 228,352,699</u>	<u>\$ 2,505,275</u>	<u>\$ 1,895,984</u>	<u>\$ 29,612,527</u>	<u>\$ 13,584,586</u>	<u>\$ 17,043,971</u>	<u>\$ 19,836,570</u>	<u>\$ 9,365,173</u>	<u>\$ 322,196,785</u>
LIABILITIES:									
Accounts payable	\$ -	\$ 72,896	\$ 250,763	\$ 866,104	\$ 319,126	\$ 272,807	\$ 166,964	\$ 49,111	\$ 1,997,771
Accrued expenses	1,504	-	-	-	276,919	-	102,214	61,861	442,498
Due to primary government	-	-	128,094	-	-	-	6,519,643	-	6,647,737
Due to other governments	-	-	206,869	-	-	-	-	-	206,869
Deferred revenues	-	-	-	-	-	-	546,928	999,999	1,637,793
Funds held in escrow	26,811,803	-	-	-	-	-	-	-	26,811,803
Long-term debt	-	17,067	7,519,151	4,741,757	549,885	814,750	3,325,814	6,970,531	23,938,955
Other liabilities	1,391,895	-	-	115,740	306,307	46,912	-	-	1,391,895
Compensated absences	-	-	-	-	-	-	-	-	468,959
Nonrecourse debt issues	200,147,481	-	-	-	-	-	-	-	200,147,481
	<u>228,352,683</u>	<u>89,963</u>	<u>8,104,877</u>	<u>5,723,601</u>	<u>1,452,237</u>	<u>1,225,335</u>	<u>10,661,563</u>	<u>8,081,502</u>	<u>263,691,761</u>
NET ASSETS (DEFICIT):									
Invested in capital assets,	-	759,215	-	14,856,093	7,334,565	15,368,528	13,182,867	1,123,923	52,625,191
net of related debt	-	152,310	-	6,543,918	4,566,529	-	903,724	118,148	12,284,629
Restricted	-	1,503,787	(6,208,893)	2,488,915	231,255	450,108	(4,911,584)	41,600	(6,404,796)
Unrestricted	16	-	-	-	-	-	-	-	-
	<u>16</u>	<u>2,415,312</u>	<u>(6,208,893)</u>	<u>23,888,926</u>	<u>12,132,349</u>	<u>15,818,636</u>	<u>9,175,007</u>	<u>1,283,671</u>	<u>58,505,024</u>
Total net assets (deficit)	<u>\$ 228,352,699</u>	<u>\$ 2,505,275</u>	<u>\$ 1,895,984</u>	<u>\$ 29,612,527</u>	<u>\$ 13,584,586</u>	<u>\$ 17,043,971</u>	<u>\$ 19,836,570</u>	<u>\$ 9,365,173</u>	<u>\$ 322,196,785</u>

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

COUNTY OF LACKAWANNA, PENNSYLVANIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2005**

	SCRANTON LACKAWANNA HEALTH AND WELFARE AUTHORITY	LACKAWANNA COUNTY LIBRARY SYSTEM	LACKAWANNA COUNTY REDEVELOPMENT AUTHORITY	LACKAWANNA COUNTY RIVER BASIN SEWER AUTHORITY	COUNTY OF LACKAWANNA TRANSIT SYSTEM AUTHORITY *	LACKAWANNA COUNTY RAILROAD AUTHORITY	MULTI-PURPOSE STADIUM AUTHORITY OF LACKAWANNA COUNTY	LACKAWANNA COUNTY PERFORMING ARTS CENTER AUTHORITY	TOTAL
OPERATING REVENUES:									
Charges for services	\$ 73,927	\$ 250,000	\$ -	\$ 5,494,220	\$ 2,163,988	\$ 415,924	\$ 3,254,087	\$ 1,165,940	\$ 12,818,086
Real estate taxes	-	3,339,386	-	-	-	-	-	-	3,339,386
Tax incremental financing	-	-	853,922	-	-	-	-	-	853,922
Rental income	23,528,268	-	-	-	-	147,674	-	-	23,675,942
Grants	-	1,221,979	2,023,565	-	-	-	-	-	3,245,544
Other	4,357,191	148,769	1,036,123	678,647	107,662	292,051	-	-	6,620,443
Total operating revenues	27,959,386	4,960,134	3,913,610	6,172,867	2,271,650	855,649	3,254,087	1,165,940	50,553,323
OPERATING EXPENSES:									
Operating services and supplies	-	4,783,699	2,635,234	6,145,600	4,980,094	652,976	1,050,578	55,928	20,304,109
Depreciation and amortization	-	-	-	-	891,800	670,960	1,153,376	519,039	3,235,175
Administrative	1,664,876	-	426,745	-	42,752	-	2,280,490	41,144	4,456,007
Total operating expenses	1,664,876	4,783,699	3,061,979	6,145,600	5,914,646	1,323,936	4,484,444	616,111	27,995,291
OPERATING INCOME (LOSS)	26,294,510	176,435	851,631	27,267	(3,642,996)	(468,287)	(1,230,357)	549,829	22,558,032
NONOPERATING REVENUES (EXPENSES):									
Interest income	748,700	-	13,143	187,570	-	2,761	35,732	41,923	1,029,829
Interest expense	(11,283,977)	-	(453,716)	(173,723)	-	-	(145,939)	(485,001)	(12,542,356)
Loss on sale of investments	(98,517)	-	-	-	-	-	-	-	(98,517)
Other	(15,660,716)	-	(270,143)	1,070,429	3,664,747	736,811	330,817	-	(10,128,055)
Net nonoperating revenues (expenses)	(26,294,510)	-	(710,716)	1,084,276	3,664,747	739,572	220,610	(443,078)	(21,739,099)
NET INCOME (LOSS)	-	176,435	140,915	1,111,543	21,751	271,285	(1,009,747)	106,751	818,933
NET ASSETS (DEFICIT), BEGINNING, as originally stated	16	2,165,946	(6,349,808)	22,777,383	12,110,598	15,547,351	10,184,754	1,176,920	57,613,160
Prior period adjustment	-	72,931	-	-	-	-	-	-	72,931
NET ASSETS (DEFICIT), BEGINNING as reinstated	16	2,238,877	(6,349,808)	22,777,383	12,110,598	15,547,351	10,184,754	1,176,920	57,686,091
NET ASSETS (DEFICIT), ENDING	16	2,415,312	(6,208,893)	23,888,926	12,132,349	15,818,636	9,175,007	1,283,671	58,505,024

*Presented as of June 30, 2005

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