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COUNTY OF LACKAWANNA, PENNSYLVANIA

**GENERAL PURPOSE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2002
&
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

Commissioners of Lackawanna County
Scranton, Pennsylvania

We have audited the general purpose financial statements of the County of Lackawanna, Pennsylvania (the "County"), as of and for the year ended December 31, 2002, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Lackawanna County Area Agency on Aging for the year ended December 31, 2002, which represents 20% of total assets and 16% of total revenues of the Special Revenue Funds. In addition, we did not audit the financial statements of the Pension Trust Fund for the year ended December 31, 2002, which represents 97% of the total assets of the Trust and Agency funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included in these funds, is based solely upon the reports of the other auditors. Furthermore, we did not audit the financial statements of the discretely presented component units, with the exception of the Multi-Purpose Stadium Authority of Lackawanna County and the Lackawanna County Performing Arts Center Authority which represent 5% and 3% of total assets, respectively, and 15% and 4% of total revenues, respectively, of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to discretely presented component units, is based solely on the reports of the other auditors.

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

As disclosed in Note 3, the Lackawanna River Basin Sewer Authority and the Scranton Lackawanna Health and Welfare Authority, both discretely presented component units, prepare their financial statements on the cash basis of accounting. The Lackawanna County Library System, a discretely presented component unit, prepares its financial statements on a modified cash basis of accounting. The County of Lackawanna Transit System Authority, a discretely presented component unit, prepares its financial statements on the accounting practices prescribed or permitted by the United States Department of Transportation and the Commonwealth of Pennsylvania Department of Transportation. These bases of accounting are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

As disclosed in Note 4, the discretely presented component unit's financial statements do not disclose credit risk information for cash and investments, market value and carrying amount for each type of investment, and complete information on terms of debt issues. Accounting principles generally accepted in the United States of America require this information.

Because of the inadequacy of the County's fixed asset records, we were unable to form an opinion regarding the cost and related depreciation of the General Fixed Asset Account Group and Enterprise Fund.

In our opinion, based on our audit and the reports of other auditors, and except for the effect of not reporting credit risk information as discussed in the fourth paragraph, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to the General Fixed Asset Account Group and Enterprise Fund fixed assets as discussed in the fifth paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Lackawanna, Pennsylvania, at December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America except for the financial statements of the Lackawanna River Basin Sewer Authority, Lackawanna County Library System, Scranton Lackawanna Health and Welfare Authority and the County of Lackawanna Transit System Authority, discretely presented component units, which present their financial statements on other bases of accounting disclosed in Note 3.

As disclosed in Note 18, the County restated beginning fund balance in the General and Special Revenue funds. In addition, the General Long-Term Debt Account Group and the beginning fund balances for two of the discretely presented component units were restated as of January 1, 2002.

Barente Randolph, CPA

Scranton, Pennsylvania
July 14, 2004

COUNTY OF LACKAWANNA, PENNSYLVANIA
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
 AND DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2002

	Governmental Fund Types			Proprietary Fund Types			Fiduciary	Account Groups			Total	Discretely	Total
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Long-Term Debt	Government (Memorandum Only)	Component Units	Reporting Entity (Memorandum Only)	
ASSETS:													
Cash and cash equivalents	\$ 1,568,575	\$ 5,729,057	\$ 1,942,277	\$ 3,541,316	\$ 254,685	\$ 613,305	\$ 3,878,944			\$ 17,528,159	\$ 6,981,238	\$ 24,509,397	
Restricted cash and cash equivalents											3,475,428	3,475,428	
Investments							73,911,792			73,911,792	2,016,409	75,928,201	
Restricted Investments	2,009,296	41,938		800,000						2,851,234	48,614,338	48,614,338	
Due from other funds											448,799	448,799	
Due from primary government	4,476,746	2,690,556		678,109						7,845,411	7,845,411	7,845,411	
Due from other governments	237,063			246,781						483,844	483,844	483,844	
Due from component units	12,532,440									12,532,440	117,413,491	117,413,491	
Taxes receivable					80,935					80,935	2,124,871	2,124,871	
Accounts receivable										2,205,806	2,205,806	2,205,806	
Future rental receivables					6,014,242					6,014,242	273,568,701	273,568,701	
Fixed assets, net					58,427			\$ 44,253,503		58,427	67,145,746	67,145,746	
Inventories					67,402					67,402	91,010	149,437	
Bond issuance costs					147,356					147,356	67,402	67,402	
Other assets						16,977	280,574			444,907	1,860,628	2,305,535	
Amount available in Debt Service Fund									\$ 1,942,277	1,942,277	1,942,277	1,942,277	
Amounts to be provided for long-term obligations:													
General long-term debt											80,636,143	80,636,143	
Net pension obligation											1,407,078	1,407,078	
Compensated absences											5,150,380	5,150,380	
TOTAL	\$ 20,824,120	\$ 8,461,551	\$ 1,942,277	\$ 5,266,206	\$ 6,623,047	\$ 630,282	\$ 78,071,310	\$ 44,253,503	\$ 89,135,878	\$ 255,208,174	\$ 406,327,168	\$ 661,535,342	

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type		Account Groups		Total Primary Government (Memorandum Only)	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
	General		Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt			
	\$ 7,364,576	\$ 2,814,233		\$ 447,858	\$ 1,643,125	\$ 447,858					\$ 12,269,792	\$ 1,033,387	\$ 13,303,179
Accounts payable	1,082,376	522,860		102,657		102,657					3,966,392	652,409	4,618,801
Accrued expenses	841,938	1,166,351					\$ 842,945				2,851,234		2,851,234
Due to other funds												483,844	483,844
Due to primary government												250,056	250,056
Due to other governments	669,136						346,111			346,111			596,167
Due to component units	12,387,888	1,294,871								669,136			669,136
Deferred revenues				482,858		482,858				13,682,759		2,292,482	15,975,241
Capital lease payable				9,124,541		9,124,541				482,858			482,858
Long-term debt										91,702,961			127,041,543
Funds held in escrow													127,041,543
Net pension obligation											1,407,078		1,407,078
Compensated absences											1,407,078		1,407,078
Other liabilities							2,507,826			5,150,380		662,834	5,813,214
Nonrecourse debt issues										2,507,826		1,387,246	3,895,072
												273,568,701	273,568,701
Total liabilities	22,345,914	5,798,315		10,157,914	1,643,125	10,157,914	2,507,826	3,696,882	89,135,878	135,036,527	355,031,814		490,068,341
FUND EQUITY (DEFICIT):													
Investment in fixed assets													44,253,503
Contributed capital				619,570		619,570				44,253,503		33,887,366	34,506,936
Reserved retained earnings				(4,154,437)		(4,154,437)	(1,628,217)			619,570		7,213,362	7,213,362
Unreserved retained earnings													1,954,904
Specific fund balance reserve													82,603,022
Unreserved, undesignated fund balance	(1,521,794)									(1,521,794)		2,457,068	935,274
Total fund equity (deficit)	(1,521,794)	2,663,236		1,942,277	3,623,081	(3,534,867)	(1,628,217)	74,374,428		120,171,647	51,295,354		171,467,001
TOTAL	\$ 20,824,120	\$ 8,461,551		\$ 1,942,277	\$ 5,266,206	\$ 6,623,047	\$ 630,282	\$ 78,071,310	\$ 44,253,503	\$ 255,208,174	\$ 406,327,168		\$ 661,535,342

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS
DECEMBER 31, 2002

	Governmental Fund Types					Total Primary Governmental (Memorandum Only)	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects				
REVENUES:								
Taxes	\$ 36,340,859				\$ 36,340,859	\$ 2,656,279	\$ 38,997,138	
Payments in lieu of taxes	200,351				200,351		200,351	
Licenses and permits	21,052				21,052		21,052	
Grants	15,140,910	\$ 22,190,515		\$ 3,618,650	40,950,075	1,427,866	42,377,941	
County charges and earnings	12,302,619	21,894,679			34,197,298	100,235	34,297,533	
Court costs, fines and forfeitures	21,757	18,099			39,856		39,856	
Interest and rent	397,336	102,658	\$ 37,293	103,414	640,701	101,582	742,283	
Contributions and other	2,851,895	562,679	165,903		3,580,477	5,159	3,585,636	
Total revenues	67,276,779	44,768,630	203,196	3,722,064	115,970,669	4,291,121	120,261,790	
EXPENDITURES:								
Current:								
General government - administrative	10,101,287	2,760,151			12,861,438	420,740	13,282,178	
General government - judicial	9,935,950	2,308,907			12,244,857		12,244,857	
Public safety - corrections	20,102,516	2,384,950			22,487,466		22,487,466	
Public works and enterprises	4,393,156	1,551,720			5,944,876		5,944,876	
Human services	16,601,986	31,869,572			48,471,558		48,471,558	
Culture and recreation	3,006,463	1,293,431			4,299,894	3,683,110	7,983,004	
Conservation and development	697,902	2,917,275			3,615,177		3,615,177	
Other	1,759,055	783			1,759,838		1,759,838	
Debt service			15,552,539		15,552,539	5,330	15,557,869	
Capital outlay				5,798,618	5,798,618		5,798,618	
Total expenditures	66,598,316	45,086,789	15,552,539	5,798,618	133,036,262	4,109,180	137,145,442	
Excess (deficiency) of revenues over (under) expenditures	678,463	(318,159)	(15,349,343)	(2,076,554)	(17,065,593)	181,941	(16,883,652)	
Other financing sources (uses)								
Operating transfers in	1,532,122	1,445,658	5,939,045	369,743	9,286,568		9,286,568	
Bond proceeds			10,699,184	13,265,816	23,965,000		23,965,000	
Bond issue costs	(5,897,503)	(2,075,899)	(3,946,415)	(11,450,522)	(23,370,339)		(497,733)	
Operating transfers out							(23,370,339)	
Total other financing sources (uses)	(4,365,381)	(630,241)	12,194,081	2,185,037	9,383,496	-	9,383,496	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,686,918)	(948,400)	(3,155,262)	108,483	(7,682,097)	181,941	(7,500,156)	
Fund balances, beginning, as previously reported	2,663,923	3,669,017	5,097,539	3,514,598	14,945,077	3,627,422	18,572,499	
Prior period adjustments	(498,799)	(57,381)	-	-	(556,180)	(1,352,295)	(1,908,475)	
Fund balances, beginning, as restated	2,165,124	3,611,636	5,097,539	3,514,598	14,388,897	2,275,127	16,664,024	
Fund balances, ending	(1,521,794)	\$ 2,663,236	\$ 1,942,277	\$ 3,623,081	\$ 6,706,800	\$ 2,457,068	\$ 9,163,868	

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BALANCES - GENERAL FUND AND LIQUID FUELS FUND -
BUDGET AND ACTUAL (BUDGETARY CASH BASIS)
DECEMBER 31, 2002

	General Fund			Liquid Fuels Fund		
	Cash Basis - Budget	Cash Basis - Actual	Variance-Favorable (Unfavorable)	Cash Basis - Budget	Cash Basis - Actual	Variance-Favorable (Unfavorable)
RECEIPTS:						
Taxes	\$ 36,575,613	\$ 36,609,286	\$ 33,673			
Payments in lieu of taxes	280,511	241,351	(39,160)			
Licenses and permits	20,000	21,052	1,052			
Grants	16,109,029	14,665,573	(1,443,456)	\$ 2,967,000	\$ 850,034	(2,116,966)
County charges and earnings	12,083,890	13,284,434	1,200,544			
Court costs, fines and forfeitures	15,000	21,757	6,757			
Interest and rent	605,000	366,855	(238,145)	27,500	14,340	(13,160)
Contributions and other	2,291,629	2,924,665	633,036	10,000	10,443	443
Total receipts	67,980,672	68,134,973	154,301	3,004,500	874,817	(2,129,683)
DISBURSEMENTS:						
Current:						
General government - administrative	11,026,583	9,961,823	1,064,760			
General government - judicial	9,436,105	9,676,209	(240,104)			
Public safety - corrections	15,407,085	17,094,549	(1,687,464)			
Public works and enterprises	5,005,407	4,772,536	232,871	3,231,705	825,174	2,406,531
Human services	25,959,327	23,717,417	2,241,910			
Culture and recreation	3,030,968	3,916,404	(885,436)			
Conservation and development	641,478	598,461	43,017			
Other	13,595,431	13,265,495	329,936			
Gross disbursements	84,102,384	83,002,894	1,099,490	3,231,705	825,174	2,406,531
Less interfund reimbursements	(17,239,310)	(16,809,151)	430,159			
Net disbursements	66,863,074	66,193,743	1,529,649	3,231,705	825,174	2,406,531
Excess (deficiency) of receipts over (under) disbursements before transfers	1,117,598	1,941,230	1,253,791	(227,205)	49,643	276,848
Operating transfers in	3,200,000	3,110,000	(90,000)			
Operating transfers out	(4,821,323)	(4,191,733)	629,590			
Net transfers	(1,621,323)	(1,081,733)	539,590			
Excess (deficiency) of receipts over (under) disbursements	(503,725)	859,497	1,793,381	(227,205)	49,643	276,848
Cash and cash equivalents balance, beginning	1,054,420	709,078	(345,342)	692,196	861,478	169,282
Cash and cash equivalents balance, ending	\$ 550,695	\$ 1,568,575	\$ 1,448,039	\$ 464,991	\$ 911,121	\$ 446,130

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS
DECEMBER 31, 2002

	Proprietary Fund Types		Total Primary Government (Memorandum Only)	Discretely Presented Proprietary Component Units
	Enterprise	Internal Service		
OPERATING REVENUES:				
Charges for services	\$ 5,149,655	\$ 746,148	\$ 5,895,803	\$ 13,635,440
Tax incremental financing			-	2,018,159
Grants			-	9,572,330
Other			-	2,640,459
Total operating revenues	<u>5,149,655</u>	<u>746,148</u>	<u>5,895,803</u>	<u>27,866,388</u>
OPERATING EXPENSES:				
Operating services and supplies	4,275,979		4,275,979	19,123,953
Depreciation and amortization	875,994		875,994	4,485,849
Workers' compensation claims		1,334,953	1,334,953	-
Administrative		199,802	199,802	2,505,742
Total operating expenses	<u>5,151,973</u>	<u>1,534,755</u>	<u>6,686,728</u>	<u>26,115,544</u>
OPERATING INCOME (LOSS)	<u>(2,318)</u>	<u>(788,607)</u>	<u>(790,925)</u>	<u>1,750,844</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	15,070	42,458	57,528	348,558
Interest expense	(574,372)			(1,929,077)
Other				294,520
Total nonoperating revenues (expenses)	<u>(559,302)</u>	<u>42,458</u>	<u>57,528</u>	<u>(1,285,999)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(561,620)</u>	<u>(746,149)</u>	<u>(733,397)</u>	<u>464,845</u>
TRANSFERS:				
Operating transfers in	811,041		811,041	261,253
Writeoff of prior years' debt service advances	2,004,830		2,004,830	
Total transfers	<u>2,815,871</u>	<u>-</u>	<u>2,815,871</u>	<u>261,253</u>
NET INCOME (LOSS)	<u>2,254,251</u>	<u>(746,149)</u>	<u>2,082,474</u>	<u>726,098</u>
ADD BACK DEPRECIATION AND AMORTIZATION RELATED TO CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001,622</u>
RETAINED EARNINGS (DEFICIT), BEGINNING, AS PREVIOUSLY REPORTED	(6,408,688)	(882,068)	(7,290,756)	10,827,190
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,396,010</u>
RETAINED EARNINGS (DEFICIT), BEGINNING, AS RESTATED	<u>(6,408,688)</u>	<u>(882,068)</u>	<u>(7,290,756)</u>	<u>12,223,200</u>
RETAINED EARNINGS (DEFICIT), ENDING	<u>\$ (4,154,437)</u>	<u>\$ (1,628,217)</u>	<u>\$ (5,208,282)</u>	<u>\$ 14,950,920</u>

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINED STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 DECEMBER 31, 2002

	Proprietary Fund Types		Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	\$ (2,318)	\$ (788,607)	\$ (790,925)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	875,994		875,994
Changes in assets and liabilities:			
Accounts receivable	(42,656)		(42,656)
Inventories	(58,427)		(58,427)
Other assets	(147,356)	(16,977)	(164,333)
Accounts payable and accrued expenses	<u>365,489</u>	<u>805,585</u>	<u>1,171,074</u>
Net cash provided by operating activities	<u>990,726</u>	<u>1</u>	<u>990,727</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of fixed assets	(150,631)		(150,631)
Principal repayments - long-term debt	(1,000,000)		(1,000,000)
Interest paid	(574,372)		(574,372)
Payments on capital lease payable	<u>(95,646)</u>		<u>(95,646)</u>
Net cash used in capital financing activities	<u>(1,820,649)</u>	<u>-</u>	<u>(1,820,649)</u>
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES,			
Operating transfers in	<u>811,041</u>	<u>-</u>	<u>811,041</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,			
Interest income	<u>15,070</u>	<u>42,458</u>	<u>57,528</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,812)	42,459	38,647
CASH AND CASH EQUIVALENTS, BEGINNING	<u>258,497</u>	<u>570,846</u>	<u>829,343</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 254,685</u>	<u>\$ 613,305</u>	<u>\$ 867,990</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Fixed assets acquired through capital lease	<u>\$ 14,169</u>		<u>\$ 14,169</u>
Writeoff of prior years' debt service advances	<u>\$ 2,004,830</u>	<u>\$ -</u>	<u>\$ 2,004,830</u>

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND
DECEMBER 31, 2002

ASSETS:

Cash and cash equivalents	\$ 182,062
Interest receivable	280,574
Investments, at fair value:	
Federated money market funds	6,708,917
U.S. government obligations	15,702,640
Corporate bonds	8,205,207
International bonds	234,150
Notes and mortgages	5,268,881
Common stocks	29,299,036
Mutual funds	<u>8,492,961</u>
 Total investments	 <u>73,911,792</u>
 Total assets	 <u>\$ 74,374,428</u>

NET ASSETS,

Held in trust for pension benefits	<u>\$ 74,374,428</u>
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See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS -
PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

ADDITIONS:	
Contributions by members	<u>\$ 2,982,661</u>
Investment income:	
Interest	1,451,271
Dividends	881,036
Investment expense	<u>(312)</u>
Net investment income	<u>2,331,995</u>
Total additions	<u>5,314,656</u>
DEDUCTIONS:	
Benefits paid	2,974,652
Net depreciation in fair value of investments	<u>5,597,702</u>
Total deductions	<u>8,572,354</u>
NET DECREASE	(3,257,698)
NET ASSETS AVAILABLE FOR PENSION BENEFITS:	
Beginning	<u>77,632,126</u>
Ending	<u>\$ 74,374,428</u>

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINING BALANCE SHEET -
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002

	Governmental Fund Types				Proprietary Fund Types				Totals
	Scranton Lackawanna Health and Welfare Authority	Lackawanna County Library System	Lackawanna County River Basin Sewer Authority	Lackawanna County Transit System Authority *	Lackawanna County Railroad Authority	Multi-Purpose Stadium Authority of Lackawanna County	Lackawanna County Performing Arts Center Authority		
ASSETS:									
Cash and cash equivalents	\$ 22,729	\$ 870,129	\$ 114,031	\$ 796,131	\$ 420,341	\$ 86,771	\$ 1,443,649	\$ 6,981,238	
Restricted cash and cash equivalents		3,092		3,427,408			44,928	3,475,428	
Investments	1,365,846	150,563		500,000				2,016,409	
Restricted investments	39,362,273		8,347,231					48,614,338	
Taxes, grants and accounts receivable		313,598		415,658	183,573		75,000	2,124,871	
Due from primary government			916,102	448,799				448,799	
Inventories								91,010	
Future rental receivables	273,568,701		16,544,110	6,889,301	14,977,464	18,274,707	9,340,496	273,568,701	
Fixed assets, net	18	1,119,668		61,654	9,827	1,789,129		67,145,746	
Other assets								1,860,628	
TOTAL	\$ 314,319,567	\$ 2,457,050	\$ 25,005,372	\$ 12,538,951	\$ 15,591,205	\$ 21,367,391	\$ 10,904,073	\$ 406,327,168	
LIABILITIES AND FUND EQUITY									
LIABILITIES:									
Accounts payable	\$ 1,329			\$ 331,762	\$ 142,133	\$ 237,239	\$ 2,870	\$ 1,033,387	
Accrued expenses		\$ 318,054		400,761		139,365	66,790	652,409	
Due to primary government		45,493				181,108	246,781	483,844	
Due to other governments		55,955						250,056	
Deferred revenues		250,056				754,964	1,500,000	2,292,482	
Funds held in escrow	39,362,273				37,518			39,362,273	
Long-term debt			\$ 7,050,826		842,500	8,314,869	7,824,885	35,338,582	
Other liabilities	1,387,246							1,387,246	
Compensated absences				662,834				662,834	
Nonrecourse debt issues	273,568,701							273,568,701	
Total liabilities	314,319,549	11,975,060	7,050,826	1,395,357	1,022,151	9,627,545	9,641,326	355,031,814	
FUND EQUITY:									
Contributed capital								33,887,366	
Reserved retained earnings			354,619	10,939,128	13,323,018	9,270,601		7,213,362	
Unreserved retained earnings			7,008,896	204,466				7,737,558	
Unreserved, undesignated fund balance			10,591,031		1,246,036	2,469,245	1,262,747	2,457,068	
Total fund equity	18	\$ 2,457,050	17,954,546	11,143,594	14,569,054	11,739,846	1,262,747	51,295,354	
TOTAL	\$ 314,319,567	\$ 2,457,050	\$ 25,005,372	\$ 12,538,951	\$ 15,591,205	\$ 21,367,391	\$ 10,904,073	\$ 406,327,168	

* Presented as of June 30, 2002

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DISCRETELY PRESENTED
GOVERNMENTAL COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Scranton Lackawanna Health and Welfare Authority	Lackawanna County Library System	Total Discretely Presented Governmental Component Units
REVENUES:			
Real estate taxes		\$ 2,656,279	\$ 2,656,279
Grants		1,427,866	1,427,866
Charges for services	\$ 100,235		100,235
Other income	5,159		5,159
Interest	60,427	41,155	101,582
	<u>165,821</u>	<u>4,125,300</u>	<u>4,291,121</u>
EXPENDITURES:			
Administrative	165,821	254,919	420,740
Allocation to member libraries		3,683,110	3,683,110
Debt service		5,330	5,330
	<u>165,821</u>	<u>3,943,359</u>	<u>4,109,180</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>181,941</u>	<u>181,941</u>
FUND BALANCE, BEGINNING, AS PREVIOUSLY REPORTED	1,352,313	2,275,109	3,627,422
PRIOR PERIOD ADJUSTMENTS	<u>(1,352,295)</u>	<u>-</u>	<u>(1,352,295)</u>
FUND BALANCE, BEGINNING, RESTATED	<u>18</u>	<u>2,275,109</u>	<u>2,275,127</u>
FUND BALANCE, ENDING	<u>\$ 18</u>	<u>\$ 2,457,050</u>	<u>\$ 2,457,068</u>

See Notes to General Purpose Financial Statements

COUNTY OF LACKAWANNA, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2002

	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 Discretely Presented Proprietary Component Units
REVENUES:							
Charges for services	\$ 2,018,159	\$ 6,134,411	\$ 1,869,407	\$ 234,826	\$ 4,276,391	\$ 1,120,405	\$ 13,635,440
Tax incremental financing	7,801,194		1,771,136				2,018,159
Grants	1,817,426		436,656	386,377			9,572,330
Other							2,640,459
Total operating revenues	11,636,779	6,134,411	4,077,199	621,203	4,276,391	1,120,405	27,866,388
OPERATING EXPENSES:							
Operating services and supplies	9,097,666	4,245,832	4,310,402	242,406	1,202,153	25,504	19,123,953
Depreciation and amortization	547,342	1,200,353	982,460	522,414	1,214,050	566,572	4,485,849
Administrative	9,644,998	5,446,185	5,292,862	764,820	4,203,043	763,636	2,505,742
Total operating expenses	1,991,781	688,226	(1,215,663)	(143,617)	73,348	356,769	26,115,544
OPERATING INCOME (LOSS)							
NONOPERATING REVENUES (EXPENSES)							
Interest income	45,432	144,656	33,209	3,201	95,410	26,650	348,558
Interest expense	(723,545)	(196,218)	15,000		(492,632)	(516,682)	(1,929,077)
Other		279,520					294,520
Total nonoperating revenues (expenses)	(678,113)	227,958	48,209	3,201	(397,222)	(490,032)	(1,285,999)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,313,668	916,184	(1,167,454)	(140,416)	(323,874)	(133,263)	464,845
TRANSFER FROM PRIMARY GOVERNMENT					261,253		261,253
NET INCOME (LOSS)	1,313,668	916,184	(1,167,454)	(140,416)	(62,621)	(133,263)	726,098
ADD BACK DEPRECIATION AND AMORTIZATION OF CAPITAL GRANTS		11,809	982,460	464,634	542,719		2,001,622
RETAINED EARNINGS (DEFICIT), BEGINNING, AS PREVIOUSLY REPORTED	(9,145,169)	16,671,934	389,460	921,818	1,989,147		10,827,190
PRIOR PERIOD ADJUSTMENTS						1,396,010	1,396,010
RETAINED EARNINGS (DEFICIT), BEGINNING, AS RESTATED	(9,145,169)	16,671,934	389,460	921,818	1,989,147	1,396,010	12,223,200
RETAINED EARNINGS (DEFICIT), ENDING	\$ (7,831,501)	\$ 17,599,927	\$ 204,466	\$ 1,246,036	\$ 2,469,245	\$ 1,262,747	\$ 14,950,920

* Presented for the year ended June 30, 2002

See Notes to General Purpose Financial Statements