



Cumberland County

2009

Budget Briefing

Board of Commissioners:

Gary Eichelberger
Chairman

Rick Rovegno
Vice-Chairman

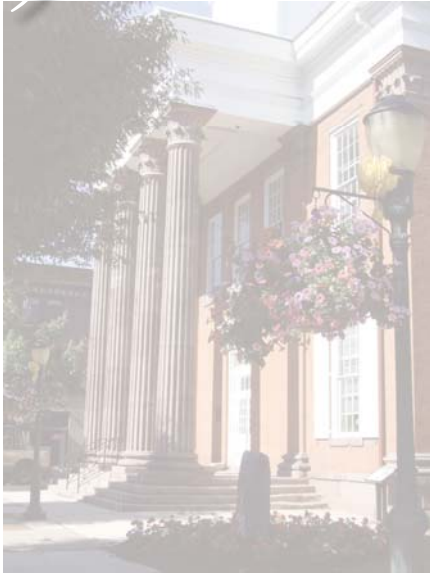
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Index:



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Introduction:



Mission:

The most livable community with the most efficient and effective public services in Pennsylvania.

Vision:

A place where family-sustaining economic opportunity is promoted, our environment is respected, public safety is ensured, and our quality of life is preserved for the future.

The Cumberland County Commissioners maintain a strategic planning process to identify service priorities in tandem with an outcome-oriented financial management system. These management tools have helped to improve core services to County residents while maintaining one of the lowest tax rates in South Central Pennsylvania.

The 2009 Budget builds upon the 2008 County Strategy and Budget that received the Government Finance Officers Association (GFOA) award for Distinguished Budget Presentation. The award reflects the County's adherence to an extensive array of budget planning and financial management principles that include:

- Ensuring that the County maintains a strong financial base to support essential services even in a changing environment;
- Directing financial resources toward achievement of the County's strategic plan;
- Maintaining sufficient liquidity to meet normal operating and contingent obligations;
- Maintaining and preserving infrastructure and capital assets;
- Implementing operating policies that minimize the cost of government and financial risks;
- Maximizing the level of public goods and services while minimizing the levels of debt and taxes.

Applying these operating principles led to a 2008 decision by Standard & Poor's to upgrade the County's bond

rating from AA+ to AAA, a rare distinction among Pennsylvania counties and a strong indicator that the County was prepared to enter 2009 in excellent financial shape.

RESPONDING TO ECONOMIC CONDITIONS

Preparations for the 2009 budget began in earnest back in the spring of 2008. By September, the Finance Office entered what is typically the final phase of the budget process for the upcoming year. Finance staff was honing in on final revenue and expense targets for each department and elected office as chaos erupted in national and worldwide financial markets. The continuing flow of bad economic news in October and November triggered a rethinking of the budget priorities that were defined before the dramatic drops in the investment markets, credit markets and the housing market.

After considerable deliberation, the Commissioners approved the 2009 Budget with a 5% increase in taxes to offset additional costs including the expansion of the County prison and building of the emergency services building. The 5% increase will generate \$1,900,000 in revenue and will cost the average homeowner approximately \$18 more per year. They also implemented a cost management strategy that targets funds toward priority services while achieving at least \$5,000,000 in cost reduction over the course of the 2009 and 2010 budget year.

Comparisons:

TAX ALLOCATION

(by level of government entity)

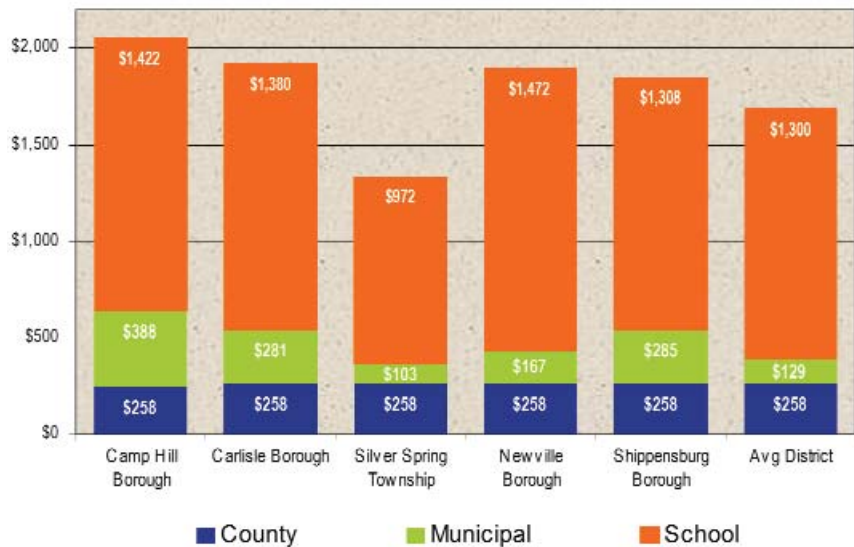
The Chart illustrates an estimate of local taxes paid on a home valued at \$100,000.

Cumberland County collected 15.28% of local tax dollars in 2008. These monies support a broad array of County services including, in part; the prison, courts, district justice, human services subsidy, and public safety. A complete list of how your tax dollars are spent is shown on the back of the tax bill and can be reviewed in the *Cumberland County Overview* at <http://www.ccpa.net>.

Townships and boroughs collected 7.66% in taxes while local school districts brought in 77.05% of the total 2008 tax revenues.

2008 Tax Allocation

(Based on a \$100,000 Home)



COUNTY COMPARISONS

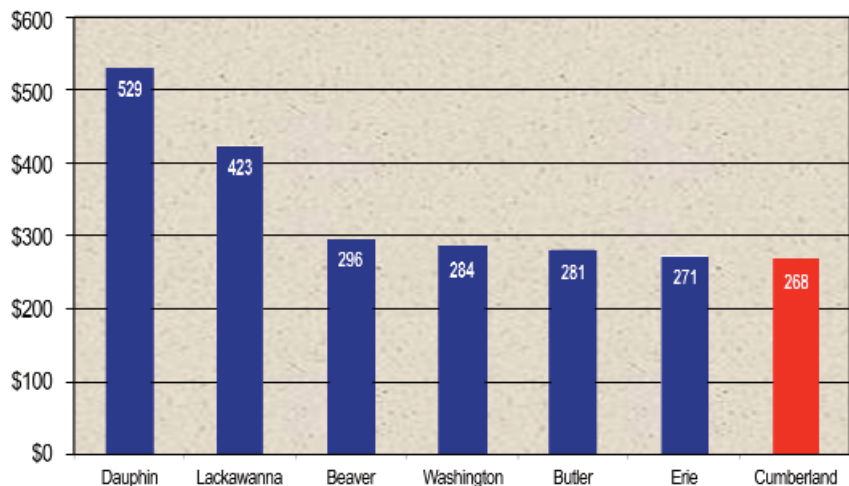
(General Fund expenditures)

Cumberland County General Fund expenditures per capita are \$268.

Based on the 2007 US Census population estimates, seven 3rd and 4th class counties were selected as benchmarks with Cumberland County. Of these counties, Cumberland County has the lowest per capita ratio at \$268.

2008 General Fund Budgeted Expenditures

(Per Capita)



Budget Summary:

TOTAL COUNTY REVENUES & EXPENDITURES

MAJOR FUTURE PROJECTS WITH LONG TERM IMPACT:

- Due to an increasing Prison population, a Prison expansion and renovation project began in 2008 which includes a 160 bed male housing unit and renovations to Central Processing.
2009 Budget Cost: Phase 1 - \$11 million
- The Prison expansion and renovation project has necessitated the relocation of the Public Safety and 911 Call Center. Construction of this new facility will begin in 2009.
2009 Budget Cost - \$7.3 million
- The 911 Infrastructure Project requires upgrading and relocating the existing emergency communications and 911 equipment and systems to accommodate the most recent developments in "next generation 911."
2009 Budget Cost - \$3 million
- A cost management strategy was implemented for the 2009 - 2010 budget years to achieve a \$5 million cost reduction. Towards that goal, some major projects were either deferred or cancelled for a cost reduction of over \$2.5 million. The Commissioners will continue to target cost reductions and improved efficiencies.

REVENUES

Tax Revenue	\$ 46,047,097
Grant Revenue	\$ 94,224,124
Interfund Revenue	\$ 18,887,087
Other Revenue	\$ 52,584,381
Total Revenue	\$211,742,689
<hr/>	
Appropriated Fund Balances	\$17,476,476
TOTAL	\$229,219,165

EXPENDITURES

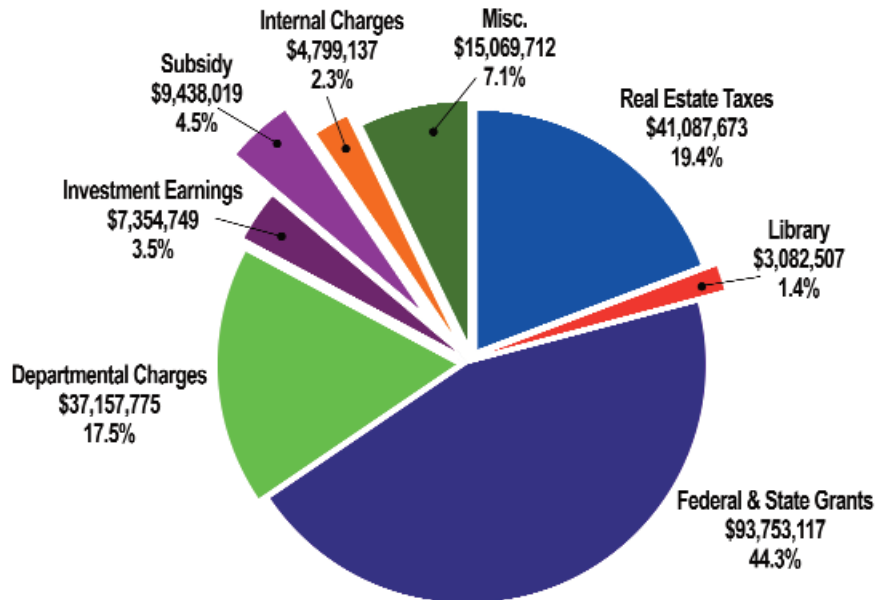
Salaries and Benefit	\$ 69,249,551
Operating Expense	\$119,235,678
Interfund Expense	\$ 19,978,058
Capital Expense	\$ 20,755,878
TOTAL	\$229,219,165

2009 Total County:

REVENUES

2009 County Revenues

(by Categories)



REAL ESTATE TAXES: 19.4% **\$41,087,673**

The County is permitted by State law to levy real estate 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 bonded debt. For 2009, County real estate taxes were levied at the rate of 2.399 mills for general County purposes. Real estate estimates are based upon assessed values, interim taxes, appeals, and delinquent tax collection estimates.

MISCELLANEOUS: 7.1% **\$15,069,712**

Receipt of revenue that is not otherwise specifically classified under any other revenue category.

INTERNAL CHARGES: 2.3% **\$4,799,137**

The County receives revenue from reimbursements from the Library System as well as maintenance for the Human Service Building and the Domestic Relations Building.

SUBSIDY: 4.5% **\$9,438,019**

Reflects the transfer of tax dollars from the General Fund to meet program match requirements or to subsidize a projected operating deficit.

INVESTMENT EARNINGS: 3.5% **\$7,354,749**

Interest is estimated by looking at the current trend of interest rates and estimated cash on hand.

DEPARTMENTAL CHARGES: 17.5% **\$37,157,775**

The majority of this category are fees charged by the County Nursing Home. The revenues are estimated based on projected bed days filled, case mix, and current rates with an estimated increase.

FEDERAL & STATE GRANTS: 44.3% **\$93,753,117**

Monies received from the federal or state government for a specified program or purpose. Revenue is estimated using allocation letters or estimates of state and federal appropriations based on trends and information from federal and state agencies.

LIBRARY TAXES: 1.4% **\$3,082,507**

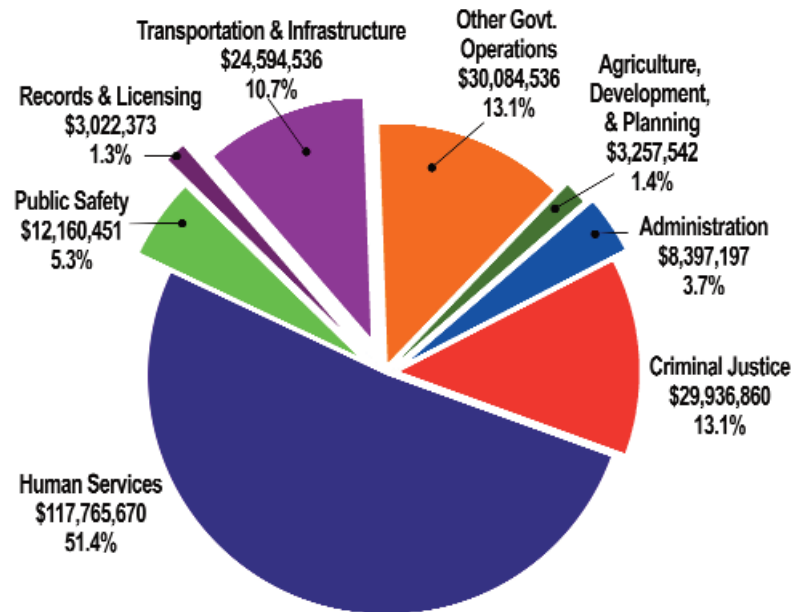
There is a levy for the County Library System at .180 mills. Library tax revenue is based on the estimated assessed values for the real estate taxes.

2009 Total County:

EXPENDITURES BY FUNCTION

2009 County Expenditures

(by Function)



Human Services: 51.4%
\$117,765,670

Services provided with the purpose of promoting the general health and well being of the community.

Criminal Justice: 13.1%
\$29,936,860

Services directed at maintaining social control, deterring and controlling crime, and sanctioning those who violate laws with criminal penalties.

Administration: 3.7%
\$8,397,197

Services provided by the County for the benefit of the public and the governmental body as a whole.

Agriculture, Development & Planning: 1.4%
\$3,257,542

Programs provided to achieve a satisfactory living environment for the community as a whole.

Other Government Operations: 13.1%
\$30,084,536

Non-departmental program innovation and contingencies.

Transportation & Infrastructure: 10.7%
\$24,594,536

Provide safe, dependable, and efficient transportation for all eligible County residents, along with the reconstruction, maintenance, and repair of County owned/shared bridges.

Records & Licensing: 1.3%
\$3,022,373

Services provided by the County row offices for the benefit of the public and the governmental body as a whole.

Public Safety: 5.3%
\$12,160,451

Services provided by the County for the safety and security of the public.

2009 Total County:

EXPENDITURES BY FUNCTION

	Budgeted Expenditures
Administration	
Commissioners	701,621
Human Resources	453,390
IMTO	2,629,563
Finance	886,732
Assessment	2,458,274
Elections	931,944
Solicitors	335,673
Total Administration	\$ 8,397,197
Criminal Justice	
District Attorney	3,381,056
Public Defender	1,043,640
Clerk of Courts	694,526
Prison	9,955,390
Criminal Justice Planning & IP Programs ..	432,204
Courts	2,921,606
Magisterial District Judges	2,831,849
Adult Probation	3,425,238
Juvenile Probation	2,281,738
Domestic Relations	2,969,613
Total Criminal Justice	\$ 29,936,860
Human Services	
Nursing Home	23,777,405
Children & Youth	14,479,683
Drug & Alcohol	2,731,854
Aging & Community Services	10,231,124
Library	3,875,907
Mental Health/Mental Retardation	35,996,482
Veterans' Affairs	224,892
Health Choices	25,905,250
Early Learning Center	543,073
Total Human Services	\$117,765,670
Public Safety	
Public Safety	8,588,947
Coroner	711,788
Sheriff	2,859,716
Total Public Safety	\$ 12,160,451

	Budgeted Expenditures
Records and Licensing	
Recorder of Deeds	651,498
Treasurer	282,086
Register of Wills/ Clerk of Orphans' Court	470,126
Controller	1,010,539
Prothonotary	502,946
Records Improvement - County	105,178
Total Records and Licensing	\$ 3,022,373
Agricultural, Development, and Planning	
Planning	1,447,798
Conservation District	958,760
Agricultural Extension	404,723
Vector Control and Weights & Measures	389,512
Historical Society	56,749
Total Agricultural, Development, and Planning	\$ 3,257,542
Transportation and Infrastructure	
Transportation	2,361,816
County Buildings	20,446,200
Recycling & Waste Authority	645,245
Bridges/Liquid Fuels	1,141,275
Total Transportation and Infrastructure	\$ 24,594,536
Other Government Operation	
Grants	2,566,304
Debt	5,964,207
Subsidies	9,438,019
Insurance	327,349
Hotel Tax	1,116,000
Workers' Compensation	420,000
Retirement	7,908,080
Administrative Services	109,167
Affordable Housing	235,410
Other Government Operations	2,000,000
Total Other Government Operations	\$30,084,536

2009 TOTAL COUNTY BUDGET . . . \$ 229,219,165

Budget Summary:

GENERAL FUND REVENUES & EXPENDITURES

MANAGING THE BUDGET:

- Uniform Parcel Identifier fee is projected to generate \$500,000 in revenue to the General Fund in 2009.
- The 5% tax increase included in the 2009 County Budget will generate \$1.9 million in revenue.
- To alleviate escalating costs in health insurance premiums, adjustments were made to the County's health insurance plan for employees which resulted in high quality coverage options with a choice of two plans, but at a reduced cost which is sustainable for the County.
- The guaranteed energy savings program has resulted in a three year savings in energy costs of \$850,000 and these savings will continue to increase as energy costs escalate over the coming years.
- A cost management strategy has been implemented that targets funds toward priority services while achieving at least \$5 million in cost reductions over the 2009 and 2010 budget years.

GENERAL FUND REVENUE

Real Estate Taxes	\$	41,087,673
Library Taxes	\$	3,082,507
Per Capita Tax	\$	665,417
Other Revenue	\$	6,730,564
Investment Earnings	\$	998,800
Federal & State Grant Revenue	\$	3,583,143
Departmental Charges	\$	5,687,560
Court Cost/Fees/Charges	\$	630,000
Total Revenue	\$	62,465,664

GENERAL FUND REVENUE

General Government	\$	14,026,872
Tax Assessment	\$	1,769,336
Grants to Agencies	\$	2,566,304
Other Services	\$	2,657,845
Debt Retirement	\$	2,979,597
Library System	\$	3,875,907
County Subsidies	\$	9,438,019
Corrections	\$	13,795,340
Judicial	\$	13,927,783
Total Expense	\$	65,037,003

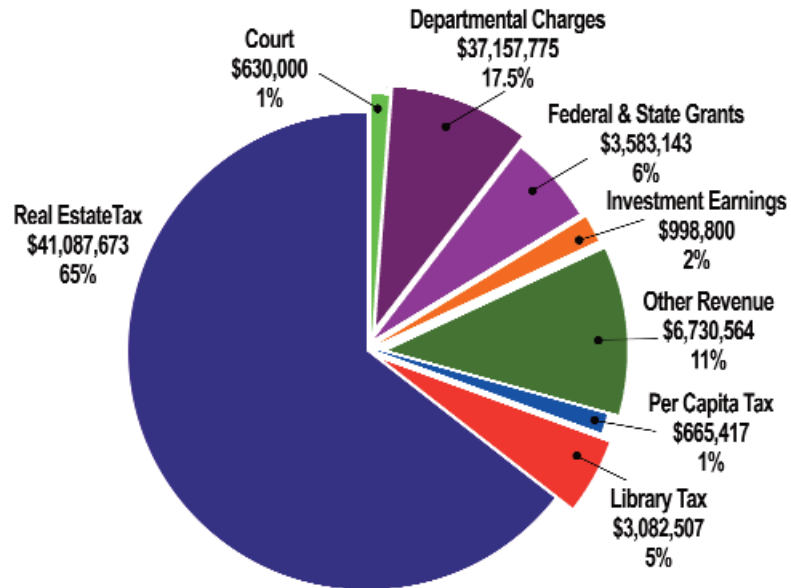
Additional Budget Cuts/Total Fund Balance Appropriations (\$ 2,571,339)

2009 General Fund:

REVENUES

2009 County Revenues

(by Source)



Real Estate Taxes: 65% \$41,087,673

The County is permitted by State law to levy real estate 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 bonded debt. For 2009, County real estate taxes were levied at the rate of 2.399 mills for general County purposes. Real estate estimates are based upon assessed values, interim taxes, appeals, and delinquent tax collection estimates.

Library Taxes: 5% \$3,082,507

There is a levy for the County Library System at .180 mills. Library tax revenue is based on the estimated assessed values for the real estate taxes.

Per Capita Tax: 1% \$665,417

Per capita tax is based on current per capita rolls maintained by the County Assessment office as of July 31st of the current year.

Other Revenue: 11% \$6,730,564

Comprises three main types: departmental charges, investment earnings, and operating fees.

Investment Earnings: 2% \$998,800

Interest is estimated by looking at the current trend of interest rates and estimated cash on hand.

Federal & State Grant Revenue: 6% \$3,583,143

Monies received from the federal or state government for a specified program or purpose. Revenue is estimated using allocation letters or estimates of state and federal appropriations based on trends and information from federal and state agencies.

Departmental Charges: 9% \$5,687,560

The majority of this category are fees charged by the County Nursing Home. The revenues are estimated based on projected bed days filled, case mix, and current rates with an estimated increase.

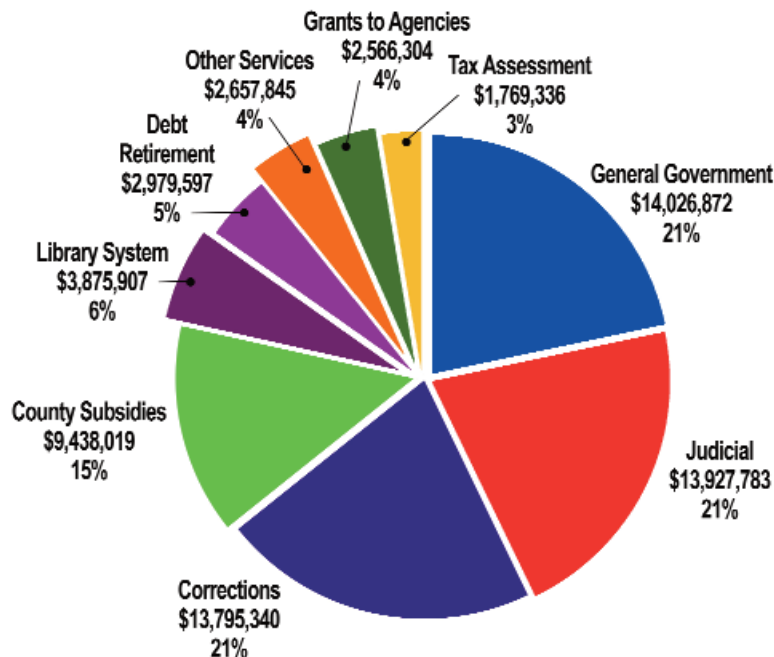
Court Costs/Fees/Charges: 1% \$630,000

Payment of Court-related fees, charges, costs, fines, and other monetary penalties.

2009 General Fund:

EXPENDITURES

2009 County Expenditures



General Government: 21%
\$14,026,872

Services provided by the County for the benefit of the public and the governmental body as a whole.

Tax Assessment: 3%
\$1,769,336

Assign fair and equitable assessments to all real property in the County for the generation of accurate tax bills. Collect and distribute tax revenues to all taxing authorities in a timely manner.

Grants to Agencies: 4%
\$2,566,304

Appropriations made to other governments or agencies that provide services to the community.

Other Services: 4%
\$2,657,845

Services not represented in any other category.

Debt Retirement: 5%
\$2,979,597

Repayment of debt.

Library System: 6%
\$3,875,907

Library services to residents of the County.

County Subsidies: 15%
\$9,438,019

Financial assistance to funds outside the general fund.

Corrections: 21%
\$13,795,340

Services provided by the Prison, Adult and Juvenile Probation, and other correctional programs.

Judicial: 21%
\$13,927,783

Services provided by the County to the Courts.

2009 General Fund:

EXPENDITURES BY FUNCTION & DEPARTMENT

	Budgeted Expenditures
Administration	
Commissioners	701,621
Human Resources	453,390
IMTO	2,629,563
Finance	886,732
Assessment	2,458,274
Elections	931,944
Solicitors	335,673
Total Administration	\$ 8,397,197
Criminal Justice	
District Attorney	2,510,612
Public Defender	1,043,640
Clerk of Courts	694,526
Prison	9,023,419
Criminal Justice Planning & IP Programs ..	432,204
Courts	2,921,606
Magisterial District Judges	2,831,849
Adult Probation	2,490,183
Juvenile Probation	2,281,738
Domestic Relations	2,969,613
Total Criminal Justice	\$ 23,797,573
Human Services	
Library	3,875,907
Veterans' Affairs	224,892
Total Human Services	\$4,100,799
Public Safety	
Public Safety	713,192
Coroner	711,788
Sheriff	2,859,716
Total Public Safety	\$ 4,284,696

	Budgeted Expenditures
Records and Licensing	
Recorder of Deeds	524,076
Treasurer	282,086
Register of Wills/ Clerk of Orphans' Court	470,126
Controller	1,010,539
Prothonotary	502,946
Total Records and Licensing	\$ 2,789,773
Agricultural, Development, and Planning	
Planning	1,447,798
Agricultural Extension	404,723
Vector Control and Weights & Measures	389,512
Historical Society	56,749
Total Agricultural, Development, and Planning	\$ 2,298,782
Transportation and Infrastructure	
County Buildings	1,947,747
Total Transportation and Infrastructure	\$ 1,947,747
Other Government Operation	
General Fund Revenue	-
Grants	2,566,304
Debt	2,979,597
Subsidies	9,438,019
Insurance	327,349
Administrative Services	109,167
Economic Development	-
Other Government Operations	2,000,000
Total Other Government Operations	\$17,420,436

2009 TOTAL GF BUDGET **\$ 65,037,003**

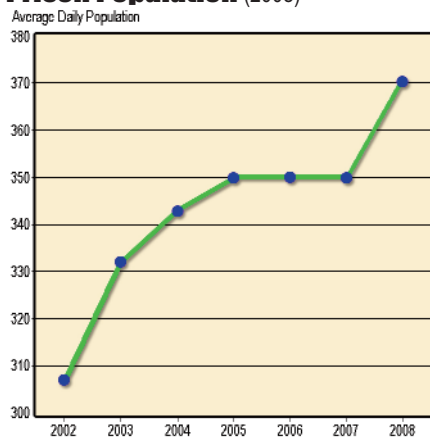
Items of Note:

PRISON EXPANSION PROJECT:

When Cumberland County Prison was built in 1985, it was projected to serve the needs of the County for 15 years. Due to exceptional management of the Prison by the Warden and staff and initiatives by the Criminal Justice Policy Team, the County has extended that timeframe by nine years. The Policy Team has focused its efforts on a long-range strategic planning process to manage criminal justice resources through the renovation of the Prison. The Team identified critical areas of need and implemented three Intermediate Punishment strategies to assist in managing the ever increasing Prison population.

- Accelerated Rehabilitative Disposition (ARD): available to first-time offenders and includes community service and other requirements
- Electronic Monitoring: saved 13,462 County prison bed-days in 2008 or 37 beds each day.
- Day Reporting Center: offenders check in daily for classes or training; saved 10,315 bed-days or 28 beds per day.

Prison Population (2008)

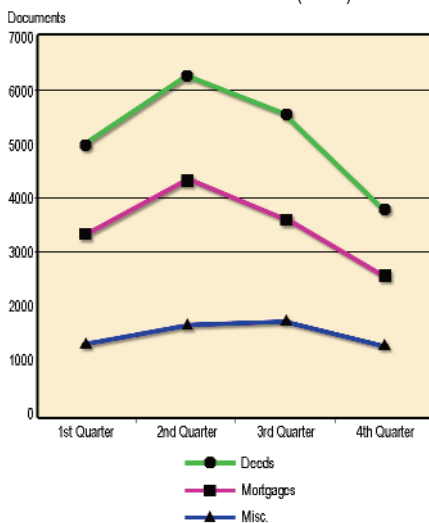


ECONOMIC CONDITIONS:

The economic downturn in October and November triggered a rethinking of the budget priorities that were defined before the dramatic disruption in the investment markets, credit markets, and the housing market.

The Recorder of Deeds maintains a permanent public record of deeds and documents related to the development, transfer, and encumbrance of real estate in Cumberland County. The number of deeds filed each year is an indicator of market conditions. 40,372 documents were recorded in 2008, a 9% drop from 44,463 in 2007 and a 14% drop from 2006.

Documents Recorded (2008)



GUARANTEED ENERGY SAVINGS PROGRAM:

In 2005, Cumberland County entered into a guaranteed energy savings program agreement with Constellation Energy. The effort involved the replacement of electrical, plumbing, laundry, boiler and chiller equipment in County buildings with more energy efficient models. This energy conservation project has far exceeded savings expectations.

Year	Savings by %	\$ Savings
1	11% savings above guaranteed amount	\$271,554
2	9% savings above guaranteed amount	\$275,932
3	15% savings above guaranteed amount	\$296,012

The three year savings in energy costs for Cumberland County is approximately \$850,000. The value of this program will grow significantly in the coming years as energy prices continue to escalate. This is one of the hallmark initiatives which placed Cumberland County at the forefront of Pennsylvania counties.

MAJOR INITIATIVES:

- Prison Expansion and Renovation Project**
- Construction of Public Safety and 911 Call Center**
- Upgrade and relocation of 911 Infrastructure**

** Details on page 3

FUTURE INITIATIVES:

- The County is beginning the planning process for a 6th judge in 2012. Space allocation is a challenge in a 1960's courthouse for a courtroom, chambers and support staff. Preparations for this major renovation will continue during 2009.

REGIONAL TAX COMPARISONS:

Cumberland County gets 78% of the money it needs to operate its programs and activities from sources other than real estate taxes. Other sources are federal and State grants, fees and interest earnings.

In the south central Pennsylvania region, only Lebanon County relies less on local taxes to fund its programs and activities.*

* Comparisons compiled from 2006 DCED data

County Taxes: % of Total Revenues (2006)

