

Cumberland County

Pennsylvania



Annual Report Summary

December 31, 2004

Prepared by the Office of the Controller
Alfred L. Whitcomb, Controller
www.ccpa.net



Controller of Cumberland County

ALFRED L. WHITCOMB, CONTROLLER
ONE COURTHOUSE SQUARE ♦ CARLISLE, PA 17013

To the residents of Cumberland County:

I am pleased to provide you with Cumberland County, Pennsylvania's Annual Report Summary for 2004.

The information contained in this Annual Report Summary was derived from Cumberland County's audited 2004 Comprehensive Annual Financial Report (CAFR). We encourage you to read the CAFR, which is comprised of 158 pages of detailed financial statements, notes, schedules and reports. The CAFR is available at the Controller's Office at 1 Courthouse Square, Carlisle, PA 17013, on the County's website at www.ccpa.net under "Controller/Financial Reports" or call (717) 240-6185.

The Annual Report Summary presents the financial information of all County government operations including human services, dependent care services, public safety, judicial services, administrative services, economic development and others. Since the Annual Report Summary is presented in a simple and easy to understand format, it does not conform to Generally Accepted Accounting Principles. For example, the Cumberland County Industrial Development Authority and Cumberland County Conservation District, which are discretely presented component units, are excluded from our financial information. The Annual Report Summary is unaudited and excludes many material disclosures, financial statements, schedules and notes to the financial statements found in the County's CAFR. Responsibility for the accuracy of these financial reports rests with me, as I fulfill the responsibilities of the Controller of Cumberland County.

I hope that you find this report interesting and informative.

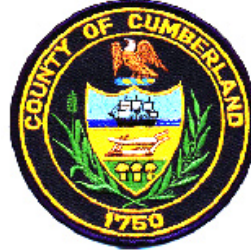
Sincerely,

Alfred L. Whitcomb
Controller of Cumberland County

* The photos on the front cover (except for Laughlin Mill) were taken by Bill Smith are provided courtesy of Atlantic Communications Groups, Inc. The Laughlin Mill photo was provided by Mary Jane Spencer. The photo of the Appalachian Trail on page 4 is provided courtesy of photographer Frank Logue and the Appalachian Trail Conference.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Cumberland County for its Popular Annual Financial Report for the fiscal year ended December 31, 2003. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**COUNTY OF CUMBERLAND,
PENNSYLVANIA**

**For the fiscal year ending
December 31, 2003**

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



Nancy L. Ziegler
President

Jeffrey L. Evers
Executive Director

About Cumberland County!



Cumberland County is located in the scenic Cumberland Valley across the Susquehanna River from the State Capital of Harrisburg.

The County is within an easy drive of the region's best cultural, historical and tourist attractions.

Six colleges and universities call Cumberland County home, as well as historic sites that trace Cumberland County's role through the Revolutionary and Civil Wars to the present.

Within the County, recreational opportunities include some of the best trout fishing on the east coast.

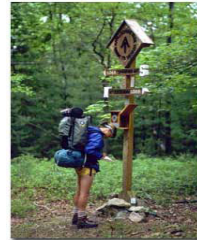


Photo © Frank Logue

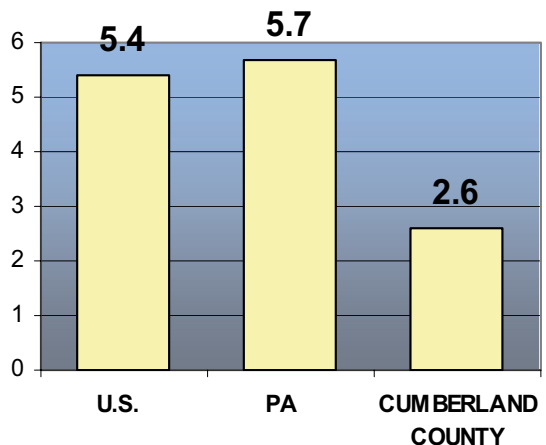
Take a hike! Trail markers highlight that Cumberland County is the mid-point of the Appalachian Trail.

Cumberland County has a healthy business climate, as its low 2.6% unemployment rate at the end of 2004 shows - the lowest in the state for the second year in a row.

Cumberland County is an important east coast transportation hub, where many interstate routes intersect the County.

The County continues to experience significant growth in the distribution and retail industries. The service industry is the County's largest employer.

Unemployment Rates



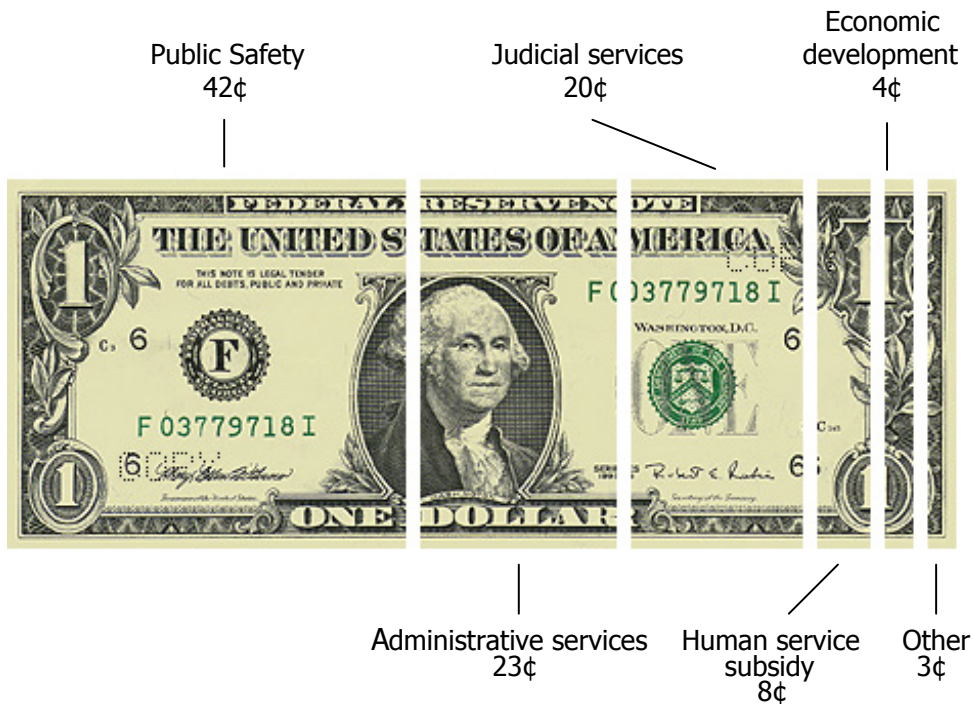
Cumberland County's population (217,000) grew 9.4% from 1990 to 2000 - 6% faster than the statewide average.

Your County Real Estate Taxes and Where it Goes

What are County real estate taxes on a \$100,000 home and how did the County spend that money in 2004? The illustrations below answer these questions.

Cumberland County residents paid County real estate taxes of \$214.90 on \$100,000 of assessed value in 2004.

The majority (80% or \$101 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$26 million) must be paid for primarily with your County real estate taxes. The illustration below shows how each dollar of your County real estate tax bill is spent.



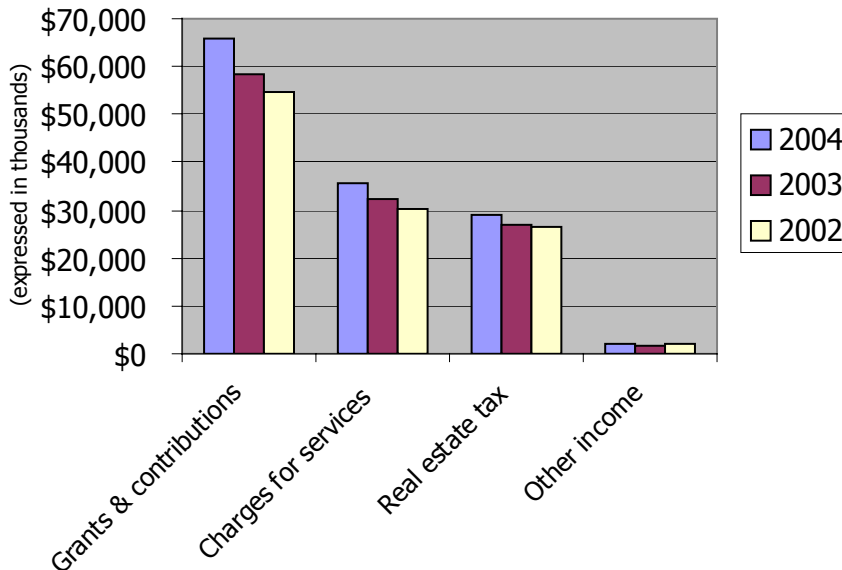
Financial Activity Summary

The following statement represents all the money received by the County for the year.

Revenues Taken In (expressed in thousands)

| | 2004 | 2003 | 2002 |
|------------------------|----------------|----------------|----------------|
| Grants & contributions | \$ 65,651 | \$ 58,447 | \$ 54,616 |
| Charges for services | 35,520 | 32,285 | 30,169 |
| Real estate tax | 28,799 | 27,013 | 26,315 |
| Hotel tax | 845 | 833 | 804 |
| Per capita tax | 674 | 657 | 646 |
| Investment income | 549 | 269 | 453 |
| Total revenues | <u>132,038</u> | <u>119,504</u> | <u>113,003</u> |

Trends of revenue by source



Did you know?

Beginning in 2003, the County included new government-wide financial statements in its audited Comprehensive Annual Financial Report (CAFR). These will help taxpayers see the County's cost of providing services and see how the County finances its programs.

Citizens will be able to see which programs/activities "pay their own way" and which are funded in part, or in full, by County resources – primarily real estate taxes.

To obtain a copy of the County's CAFR, visit the County's website at www.ccpa.net under "Controller/Financial Reports" or call the Controller at 240-6185.



**COUNTY OF
CUMBERLAND,
PENNSYLVANIA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2004

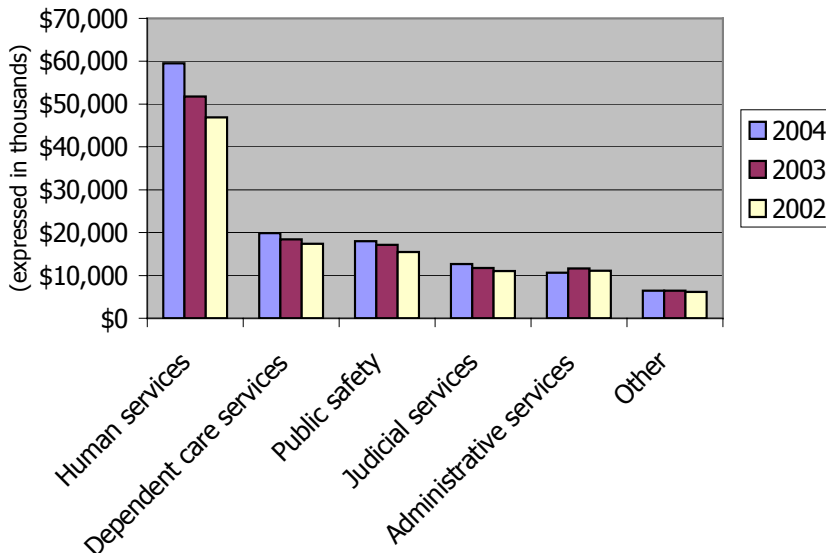
PREPARED BY THE OFFICE OF THE CONTROLLER
ALFRED L. WHITCOMB, CONTROLLER

Financial Activity Summary

The following statement represents all the money spent by the County for each of the major service it provides. Explanations of specific services are shown in the following pages.

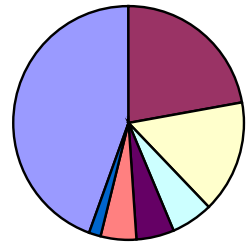
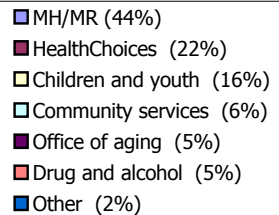
| Services Provided (expressed in thousands) | 2004 | 2003 | 2002 |
|---|----------------|----------------|----------------|
| Human services | \$ 59,476 | \$ 51,749 | \$ 46,937 |
| Dependent care services | 19,854 | 18,452 | 17,410 |
| Public safety | 17,988 | 17,144 | 15,515 |
| Judicial services | 12,647 | 11,731 | 11,050 |
| Administrative services | 10,598 | 11,591 | 11,079 |
| Economic development | 2,244 | - | - |
| Transportation services | 1,647 | 1,531 | 1,262 |
| Roads & bridge maintenance | 651 | 861 | 839 |
| Solid waste management | 562 | 541 | 532 |
| Community redevelopment | 387 | - | - |
| Conservation | 382 | 1,856 | 1,487 |
| Culture & recreation | 90 | 535 | 1,134 |
| Interest on long-term debt | 483 | 1,115 | 888 |
| Total service expense | <u>127,009</u> | <u>117,106</u> | <u>108,133</u> |

Trends of expenses by activity



Did you know?

In 2004, **human services** made up **47%** of Cumberland County's total expenditures. This graph shows the percentage breakdown of that service.



Services Provided

Below are the service provided to County citizens.

Human services- These expenses relate to the cost to provide Federal and State mandated social service programs to County residents in need. The majority of the \$7.73 million increase was due to additional funding in the MH/MR program (\$4.93 million) with allowed for additional services to be provided. Furthermore, increased utilization of the HealthChoices program (\$1.59 million) which provides managed care for Medical Assistance consumers accounted of the increase.

Dependent care services- These expenses relate to the costs of operating the Claremont Nursing and Rehabilitation Center (CNRC) and the Early Learning Center. The CNRC experienced increases in therapy service costs and employee salaries, retirement, health insurance.

Public safety- These are the expenses to run the emergency telephone, hazardous materials and public safety departments at the County. Expenses increased due the payment of prior year interest expense on outstanding general obligation bonds at the emergency telephone center. Increases were also experienced in salaries, retirement and worker's compensation expenses and the expense of a murder investigation.

Judicial services- These are the costs related to the judicial services performed in the County court system.

Administrative services- This represents the cost to provide administrative and support functions to County programs and various services to the constituents of Cumberland County.

Did You Know?



More than \$19 million has been spent to preserve 9,000 acres of County farmland since 1992. In this voluntary program, farmers are paid for their development rights. Although the state has paid the majority share, the County has paid \$2.9 million to farmers for such rights.

Did You Know?

In 2004, the County implemented a Wellness Program, as many businesses have, to help contain its rising healthcare costs. This preventative program encourages smoking cessation, weight management and healthy, active lifestyles for all employees.

Services Provided (continued)

Economic development- These are costs associated with the new economic development office which hope to attract and retain local employers as well and promote local destinations for potential visitors.

Transportation services- This represents the cost to provide high-quality transportation services to our citizens in need.

Roads & bridge maintenance- These expenses are for the inspection, maintenance and reconstruction of County owned bridges.

Solid waste management- These expenses provide for the disposal of municipal waste in an environmentally sound and cost effective manner, reduce waste generation, and increase recycling.

Community redevelopment- These are services to implement community redevelopment and assist potential home owner realize their goals.

Conservation- These are the expenses to study, plan and implement environmental and economic policies at the County level.

Culture & recreation- Expenses declined due to the completion in 2002 of site preparation work at the Army Heritage and Education Center's new Military History Institute in Carlisle.

Interest on long-term debt - Interest reflects the cost of borrowing funds to implement previous and on-going long-term capital projects.

Did you know?

Cumberland County is business friendly.



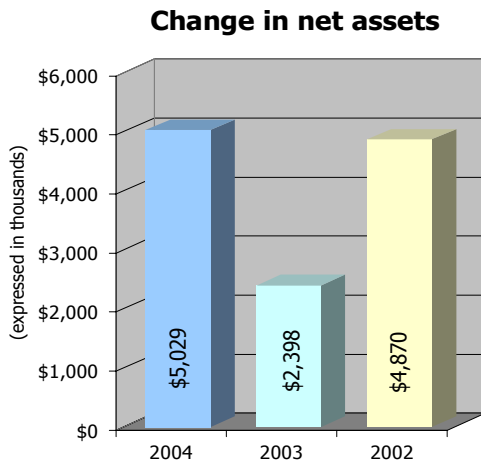
Companies wishing to start up or expand in Cumberland County can contact the County's Economic Development Office for help in finding assistance from many programs such as site location, financing strategies and resource assistance through their provider network. Call Douglas Wendt, Director at 717-240-5353 or dwendt@edccpa.net.

Financial Position Summary

The Financial Position Statement, known in accounting terms as the "Statement of Net Assets", is designed to provide a picture of the County's Financial Position as of the end of the year. The net assets figure represents the amount which the County owns versus the amount owed. Explanations of specific accounts are as follows by where they appear in the financial position statement.

| Assets (expressed in thousands) | 2004 | 2003 | 2002 |
|---|------------------|------------------|------------------|
| Cash | \$ 20,982 | \$ 15,812 | \$ 16,106 |
| Investments | 9,319 | 4,605 | 7,570 |
| Accounts receivable | 11,549 | 13,526 | 11,392 |
| Capital assets | 63,542 | 63,532 | 62,416 |
| Other assets | 642 | 639 | 710 |
| Total assets | 106,034 | 98,114 | 98,194 |
| Liabilities | | | |
| Amount owed to vendors & employees | 8,399 | 6,863 | 7,634 |
| Deferred revenue | 808 | 1,080 | 3,393 |
| Funds held as fiduciary | 868 | 735 | 528 |
| Long-term debt | 41,947 | 40,453 | 40,054 |
| Total liabilities | 52,022 | 49,131 | 51,609 |
| Net Assets | \$ 54,012 | \$ 48,983 | \$ 46,585 |

The following **change in net assets** each year represents the excess of revenues over expenses. The following graph illustrates this trend.



County Assets:

Cash is the amount of cash held by the County in checking, savings and cash on demand certificates with maturity terms less than 90 days.

Of the 2004 cash balance, \$145,412 is restricted for the use towards specific projects or programs.

Investments are made up of funds not needed to pay for current liabilities, and are invested to earn interest. The County's investment diversity is shown graphically on the next page.

Of the 2004 investment balance, \$6,853,836 is restricted.

Accounts receivable represents the amounts which are owed to the County and which are expected to be paid over the course of the next twelve months.

Capital assets represents the net book value of the assets owned by the County. That balance includes land and land improvements, buildings and systems, machinery and equipment, bridges, agricultural easements and construction projects in progress.

County Liabilities:

Amount owed to vendors and employees are those items which the County owes to individuals and companies who supply a service or good, and the expected payment is to be made within twelve months.

Deferred revenue is monies received by the County for a service yet to be rendered. As the service is rendered this balance will be reduced or recognized as revenue.

Funds held as fiduciary represent restricted cash held by the County for residents at its nursing care center.

Long-term debt is the balance owed by the County on borrowings. A breakdown of long term debt can be seen on the following pages.

Is the County Maintaining Adequate Financial Resources?

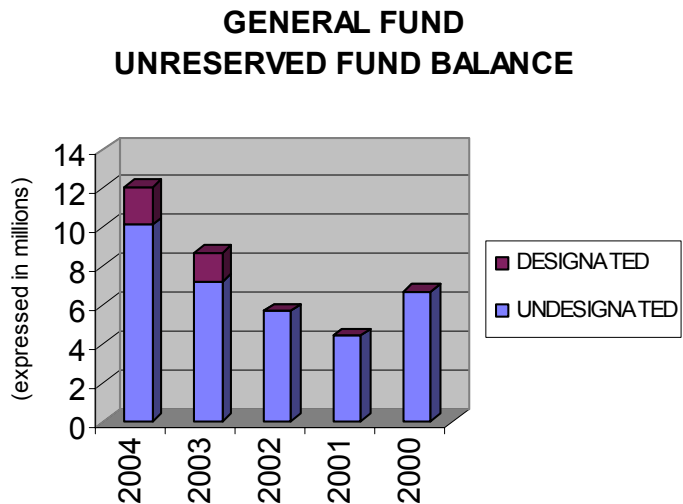
It is important that the County maintain adequate net financial resources to protect against revenue shortfalls, unanticipated expenditures and to ensure a stable tax rate.

The following shows the levels of the County's designated and undesignated net financial resources at the end of each of the last five years, as measured by the amount of unreserved fund balance in the County's general fund.

Designations represent current net financial resources earmarked to fund the Commissioners' future plans.

It is recommended that governments maintain unreserved fund balance in the general fund of no less than 5-15% of general fund revenues or no less than one to two months of general fund expenditures.

The County's unreserved fund balance of \$12.1 million at December 31, 2004 represents approximately 28% of general fund revenues and 3½ months of expenditures.



General Obligation Debt

At December 31, 2004, the County had \$37,160,000 of general obligation debt outstanding. General obligation debt per capita (per County resident) at December 31, 2004 is approximately \$168.99.

Subsequent event- In May, 2005 the County approved issuance of \$15,650,000 of general obligation bonds. This debt was issued to convert the County's existing variable bonds to fixed rate and to smooth out future debt payments. In addition, approximately \$2 million of new borrowing is available for future capital improvement projects

Cumberland County Elected Officials

| <u>Official</u> | <u>Phone</u> | <u>Email</u> |
|--|----------------------------------|---------------------------|
| Clerk of Court Dennis Lebo | 240-7748 | clerkofcourts@ccpa.net |
| Commissioners Bruce Barclay, Chairman Gary Eichelberger Rick Rovegno | 240-6150 240-6150 240-6150 | commissioners@ccpa.net |
| Controller Al Whitcomb | 240-6192 | controller@ccpa.net |
| Coroner Mike Norris | 766-6418 | coroner@ccpa.net |
| District Attorney Merle (Skip) Ebert | 240-6221 | districtattorney@ccpa.net |
| Prothonotary Curt Long | 240-6199 | prothonotary@ccpa.net |
| Recorder of Deeds Bob Zeigler | 240-6376 | recorderofdeeds@ccpa.net |
| Register of Wills Glenda Farner Strasbaugh | 240-6345 | regofwills@ccpa.net |
| Sheriff Tom Kline | 240-6394 | sheriff@ccpa.net |
| Treasurer John Gross | 240-6383 | treasurer@ccpa.net |
| Jury Commissioners Ralph Viehman | 240-6455 | courtadmin@ccpa.net |

FRAUD HOTLINE



Did you know that Cumberland County government has a fraud hotline? To report suspected Fraud and Abuse in Cumberland County government,

- **Click** on the **Fraud & Abuse Hotline** link at www.ccpa.net
- **Email** the Controller at controller@ccpa.net
- **Call** (717) 240-6192
- **Mail** your tip to:
Cumberland County Controller
P.O. Box 1079
Carlisle, PA 17013