

Cumberland County Pennsylvania

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Annual Report Summary

December 31, 2005

Prepared by the Office of the Controller

Alfred L. Whitcomb, Controller



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 2005.

The information contained in this Annual Report Summary was derived from Cumberland County's audited 2005 Comprehensive Annual Financial Report (CAFR). Information presented is based on the full accrual government-wide basis, except for the general fund's fund balance presented on page 9. We encourage you to read the CAFR, which is comprised of detailed financial statements, notes, schedules and reports. The CAFR is available at the Controller's Office at One Courthouse Square, Carlisle, PA 17013, on the County's website at www.ccpa.net under "Controller/Financial Reports" or by calling (717) 240-6185.

The Annual Report Summary presents the financial information of all County government operations including human services, administration and courts, nursing home, public safety, emergency telephone 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 the Annual Report Summary.

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 encourage you to share your thoughts with me on the information presented in this report and hope you find it informative.

Sincerely,

Alfred L. Whitcomb
Controller of Cumberland County

About Cumberland County!



Cumberland County is located in the scenic Cumberland Valley across the Susquehanna River from Harrisburg – Pennsylvania’s capital.

Cumberland County’s own rich history, scenery, arts, abundant recreational opportunities, dining, and healthy business climate make Cumberland a great place to both visit and call home. The County is also within an easy drive of the region’s premier cultural, historical and tourist attractions.

Six colleges and universities reside in Cumberland County, as well as many 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 3% unemployment rate at the end of 2005 shows - the third lowest of the state’s 67 counties.

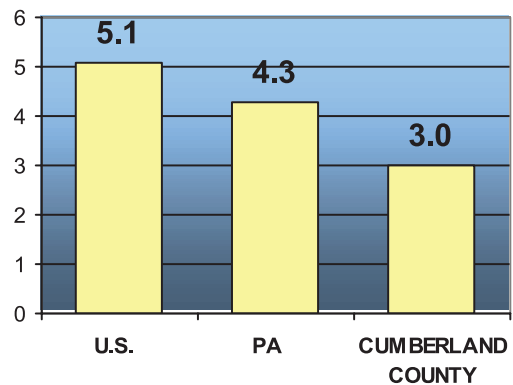
Cumberland County is an important east coast transportation hub, where many interstate routes intersect in the heart of the County.



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

Cumberland County’s population (estimated at 223,089 in 2005) grew 9.4% from 1990 to 2000 - 6% faster than the statewide average.

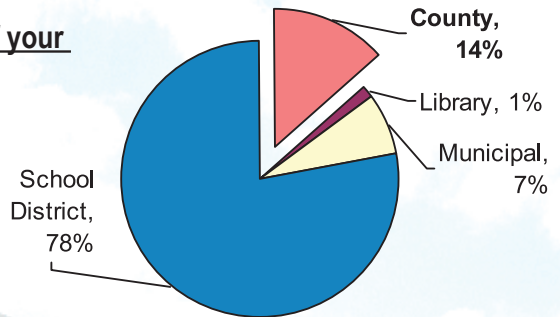
Unemployment Rates



Your Real Estate Taxes – The County's Portion and How it is Spent

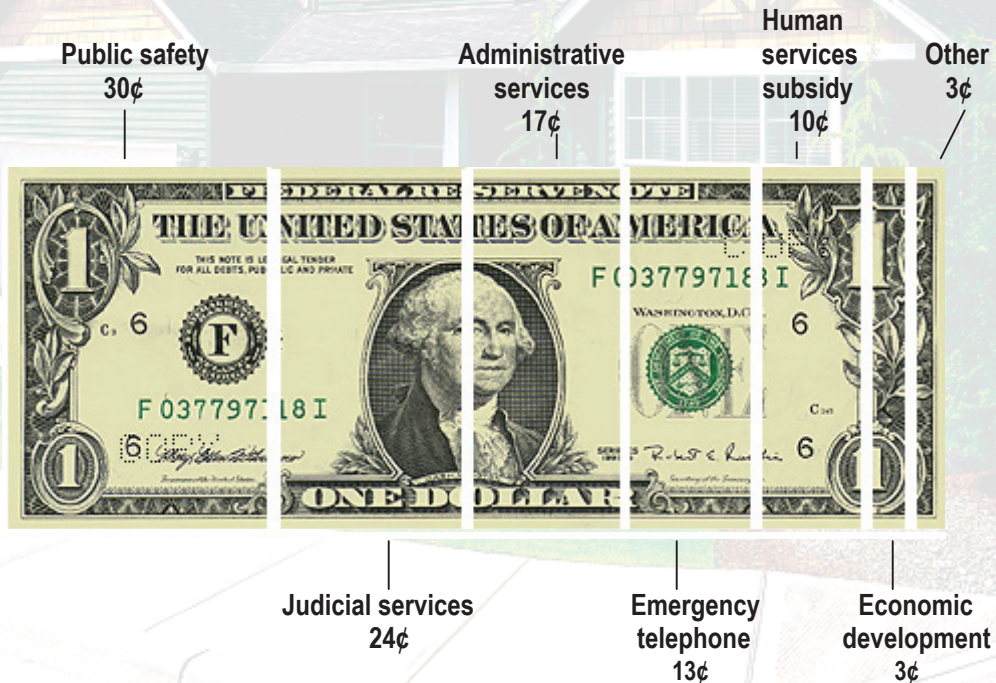
This pie chart illustrates that an **average of 14% of your local real estate taxes** is paid to the County.

On average, Cumberland County residents paid a total of \$1,468.44 in local real estate taxes on \$100,000 of assessed value in 2005 of which \$200.60 (14%) was paid to the County.



Below is an illustration of how the County's portion of your real estate taxes is spent.

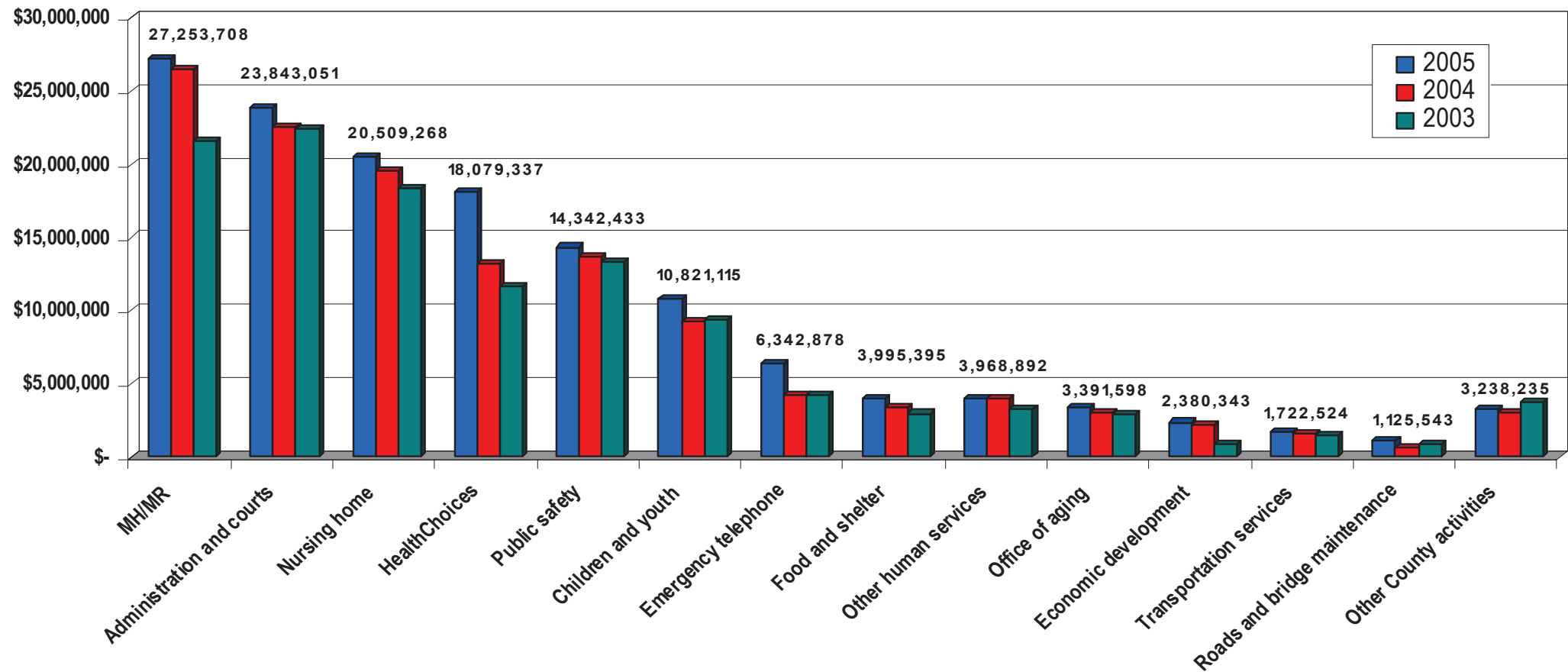
The majority (77% or \$108 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$33 million) must be paid primarily with your County real estate taxes.



Expense Summary, Trends and Highlights

EXPENSE SUMMARY: The following graph provides a picture of the trends in County expenses by its major activities. In 2005, County expenses totaled \$141,014,320, an 11% increase over the prior year. In 2004, County expenses totaled \$127,008,864, an 8.5% increase over 2003's total expenses of \$117,105,973. The source of funding for this spending is illustrated on page 4.

Expense Trends



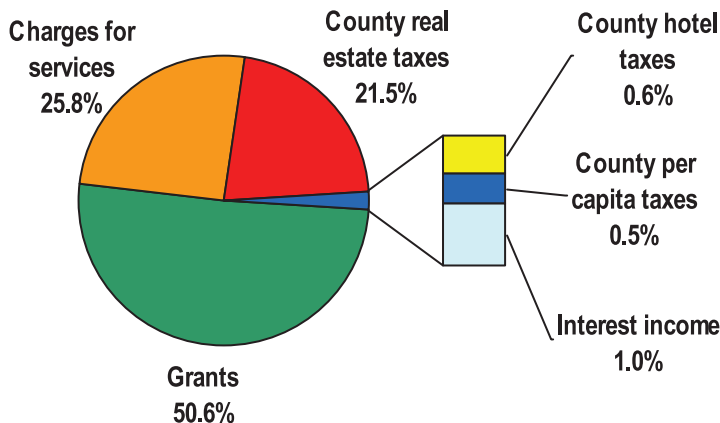
EXPENSE HIGHLIGHTS: Although human services (MH/MR, HealthChoices, children and youth, food and shelter, office of aging and other human services) represent 48%, or \$67.5 million of the County's 2005 spending, the vast majority is funded by Federal and state grants leaving only approximately \$2.5 million to be funded primarily by County real estate taxes. Administration and courts expenses increased due primarily to higher personnel costs which rose 14% or \$3.1 million from 2003 to 2005 in the County's general fund. Although

HealthChoices expenses increased significantly due to increases in both costs of services and demand for services for Medical Assistance eligible clients, the program is 100% funded by the state – requiring no County funding. Children and youth expenses increased due to demand for mandated services that are only partially funded by the state. Public safety expenses increased due, in part, to a \$1.7 million increase in 2005 in payments to reimburse municipalities for the cost of upgrading their emergency communications equipment.

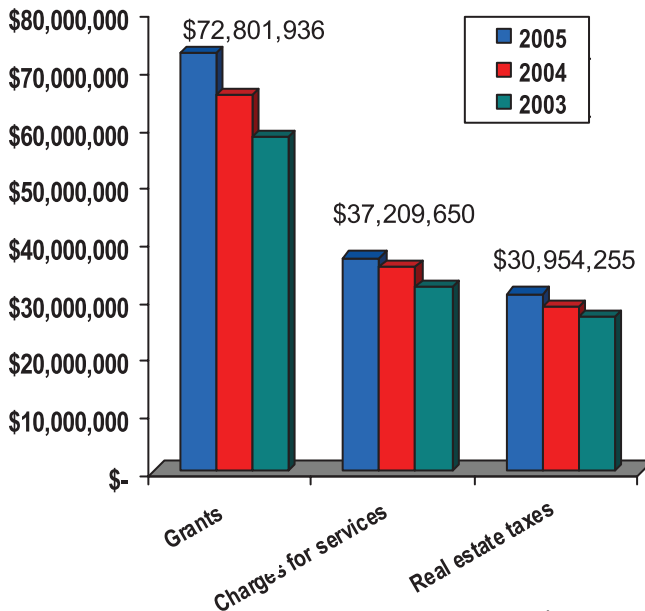
Revenue Summary, Trend and Highlights

REVENUE SUMMARY: County revenues totaled \$143,955,649 in 2005, a 9% increase over the prior year. In 2004 County revenues totaled \$132,037,986, a 10.5% increase over 2003 revenues of \$119,503,931.

2005 Revenues



Revenue Trends



REVENUE HIGHLIGHTS:

Grant revenue increased due, in part, to a \$4.8 million increase in Medical Assistance funding in the HealthChoices program.

Charges for services increased despite a three year decline in 9-1-1 fees as cell and Internet phone service replaces traditional land lines.

Real estate taxes increased \$2.2 million due to a 5% millage increase, renovations and new County construction.

Services Provided

Below are the services provided to County citizens.

Mental Health / Mental Retardation

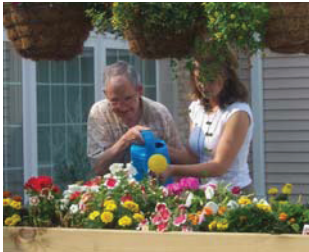
- Develops, implements, funds, and administers a full range of services to persons with mental disabilities
- Provides information and referral services to the general public

Administration and courts

- Administration – includes services provided by the Commissioners, Controller, Recorder of Deeds, Treasurer, Finance, Bureau of Elections, Domestic Relations, and internal County departments
- Courts – includes services provide by District Attorney, Public Defender, Clerk of Court, Prothonotary, Sheriff, Magisterial District Judges, Coroner, and Register of Wills

Nursing home

- Provides licensed nursing, rehabilitation, and physician care to residents of Claremont Nursing and Rehabilitation Center
- Plans and coordinates programs to meet residents' physical, emotional and social needs



HealthChoices

- Accounts for the County's participation in PA's innovative mandatory managed care program for Medical Assistance consumers

Public safety

- Operates Cumberland County Prison
- Includes services provided by Central Booking, Victim Witness, the ARD Program, and the Office of Emergency Preparedness
- Includes District Attorney's Criminal Investigation and Justice Services

Children and youth

- Provides professional social services to protect the safety and welfare of children
- Preserves, supports and strengthens families
- Identifies alternative care, a safe environment and a permanent home for those children unable to remain in their home

Emergency telephone

- Operates and maintains the County's 9-1-1 emergency response communications system



Food and shelter

- Coordinates with local food banks, agencies, and organizations to provide food and shelter to those County residents in need

Other human services

- Includes Drug and Alcohol, Veteran's affairs, adult daycare, and administration of grants from PA Commission on Crime and Delinquency

Office of aging

- Provides a comprehensive and coordinated system of services to County residents age 60 and older
- Supports each older adult in their efforts to maintain their health, welfare and independence

Economic development

- Responsible for the execution of an integrated economic development and tourism marketing strategy on behalf of the citizens and businesses of Cumberland County

Transportation services

- Provides safe, dependable and efficient transportation for all eligible County residents

Roads and bridge maintenance

- Uses state aid revenues to build and improve roads and bridges

Other County activities

- Includes services provided by solid waste management, culture and recreation, conservation, community redevelopment and housing, Early Learning Center, and hazardous materials protection



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 listed to the right by where they appear in the financial position statement.

	2005	2004	2003
	(in thousands)		
Assets			
Cash	\$ 30,161	\$ 20,982	\$ 15,812
Investments	7,897	9,319	4,605
Accounts receivable	12,536	11,549	13,526
Capital assets	46,512	63,542	63,532
Other assets	880	642	639
Total assets	97,986	106,034	98,114
Liabilities			
Amount owed to vendors and employees	9,883	8,399	6,863
Deferred revenue	4,511	808	1,080
Funds held as fiduciary	1,158	868	735
Long-term debt	42,952	41,947	40,453
Total liabilities	58,504	52,022	49,131
Net Assets	\$ 39,482	\$ 54,012	\$ 48,983

County Assets:

Cash is the checking, savings and time deposits with maturity terms less than 90 days.

Of the 2005 cash balance, \$115,195 is held in a fiduciary capacity and is not available for operations.

Investments are funds not needed within 90 days, and are invested to earn interest in accordance with the County’s investment policy.

Of the 2005 investment balance, \$4,409,101 is restricted primarily for capital expenditure.

Accounts receivable represents amounts which are due the County and which are expected to be collected in the next twelve months.

Capital assets includes land and land improvements, buildings and systems, machinery and equipment, bridges, agricultural easements and construction projects in progress. In 2005 the County discontinued reporting the portion of County agricultural easements purchased with Commonwealth funding.

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 and recognized as revenue.

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

Long-term debt represents County borrowings and other long-term obligations. (See following page.)

Cash has increased each of the past three years as illustrated by the graph to the right.

Of the \$30.16 million of cash at December 31, 2005, the following amounts are set-aside for programs and are not available for general appropriation:



- **\$6.6 million** - human services
- **\$1.8 million** - workers’ compensation
- **\$115,195** - fiduciary funds
- **\$3.2 million** - other programs

Cash Balances (in thousands)



How Strong is the County's Financial Position?

In a phrase...the County's financial position is very strong.

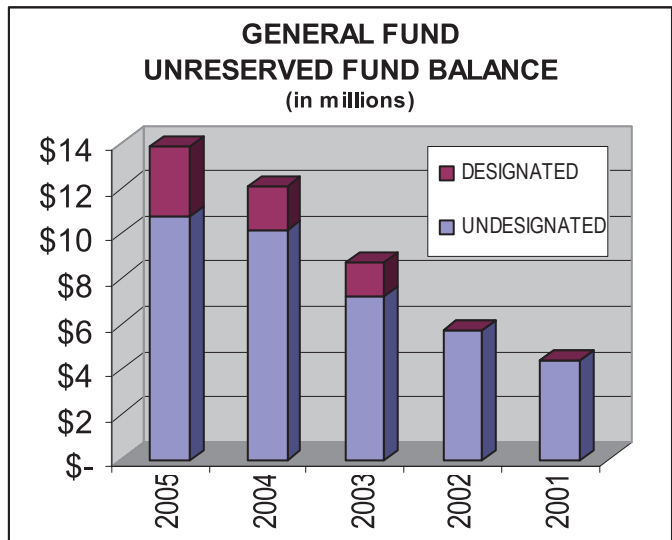
It's important that the County maintain ample net financial resources to protect against revenue shortfalls, unanticipated expenditures and to ensure a stable tax rate.

This graph 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 \$13.9 million at December 31, 2005, represents approximately 31% of general fund revenues and more than 3½ months of expenditures and transfers to other County funds.

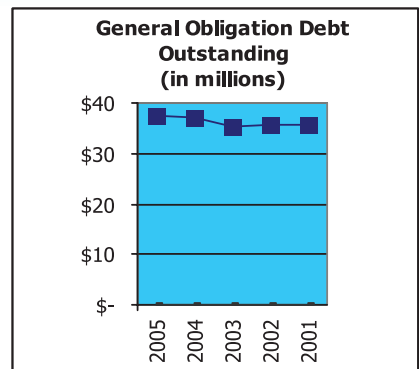


General Obligation Debt

At December 31, 2005, the County had \$37,595,000 of general obligation debt outstanding. General obligation debt per capita (per County resident) at December 31, 2005, is approximately \$168.52.

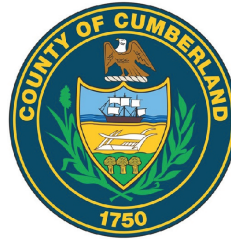
In June 2006, Standard & Poor's upgraded Cumberland County's bond rating to "AA+" due to the County's trend of strong financials and evidencing that the County's capacity to meet its financial commitments is very strong. This improved bond rating allows the County to borrow at lower interest rates.

In May 2005, the County issued \$15,650,000 of general obligation bonds which replaced \$13,465,000 of existing variable rate debt and provided approximately \$2 million for future capital projects. The new bonds smooth out future principal payments and are expected to save interest over the bonds that they replaced.



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, 2004. This was the second consecutive year that the County has received this award.



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.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**COUNTY OF CUMBERLAND,
PENNSYLVANIA**

**for the Fiscal Year Ended
December 31, 2004**



Carol E. Prange

President

Jeffrey L. Esser

Executive Director

Cumberland County Elected Officials

Official	Phone	Email
Commissioners		
Bruce Barclay, Chairman	240-6150	commissioners@ccpa.net
Gary Eichelberger	240-6150	
Rick Rovegno	240-6150	
Controller		
Al Whitcomb	240-6185	controller@ccpa.net
Clerk of Court		
Dennis Lebo	240-7748	clerkofcourts@ccpa.net
Coroner		
Mike Norris	766-6418	coroner@ccpa.net
District Attorney		
David Freed	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
Larry Babitts	240-6455	courtadmin@ccpa.net

FRAUD HOTLINE



Did you know that Cumberland County government encourages confidential reporting of suspected fraud and abuse? To report suspected Fraud and Abuse in Cumberland County government,

- **Click** on the **Fraud & Abuse Hotline** link at www.ccpa.net to report suspected fraud confidentially (**New** for 2005)
- **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

