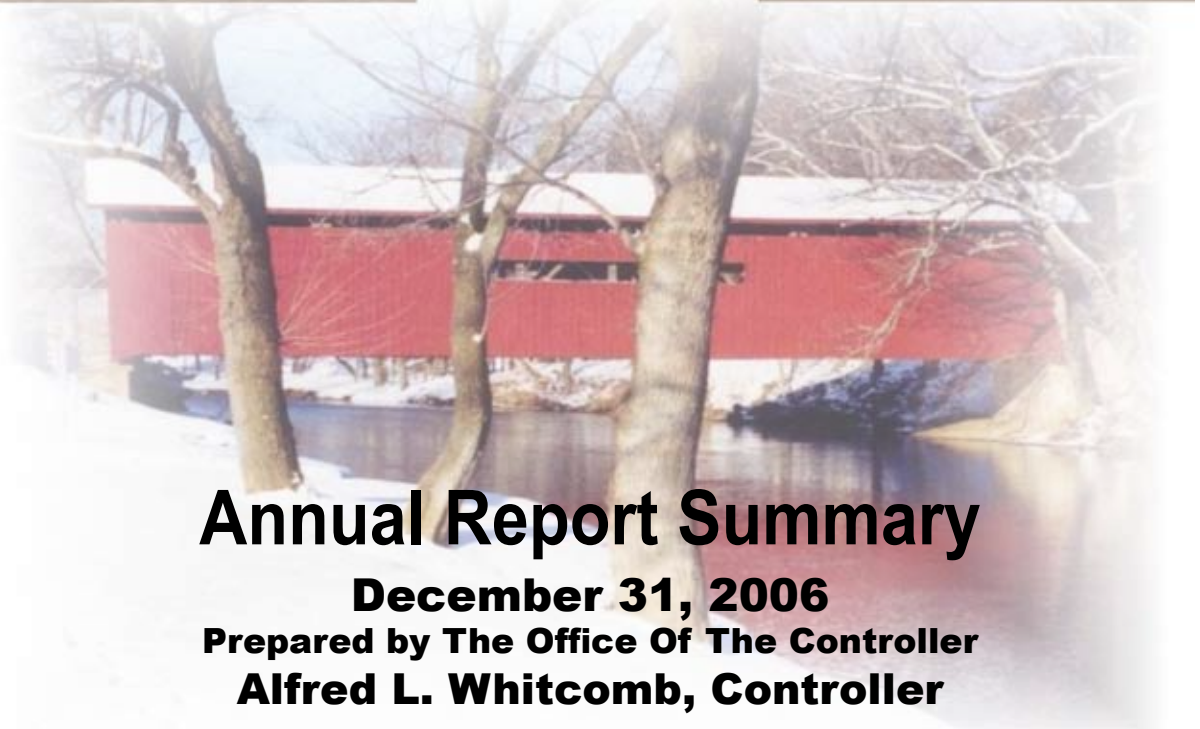


CUMBERLAND COUNTY Pennsylvania

ccpa.net



Annual Report Summary

December 31, 2006

**Prepared by The Office Of The Controller
Alfred L. Whitcomb, Controller**



Citizens of Cumberland County:

I am pleased to provide you with Cumberland County, Pennsylvania's Annual Report Summary for 2006.

The information contained in this Annual Report Summary was derived from Cumberland County's audited 2006 Comprehensive Annual Financial Report (CAFR). Except for the general fund information, information is presented on the government-wide full accrual basis of accounting. This basis, used by business, presents all revenues when earned and expenses when incurred.

In contrast, the general fund information reflects only those revenues that are received in the period or that will be received shortly after year-end. Expenditures are reported when incurred, except for debt service which is reported when paid.

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, 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, judicial, 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 hope you find this report informative.



Sincerely,

Alfred L. Whitcomb
Controller of Cumberland County
Email: Awhitcomb@ccpa.net

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 within an easy drive of the region's premier cultural, historical and tourist attractions.



Cumberland County is home to several prominent colleges and universities.

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

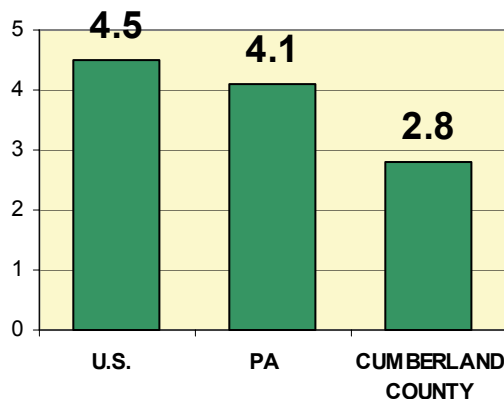
Cumberland County is the midpoint of the Appalachian Trail. State parks, mountain lakes and many miles of hiking and biking trails provide enjoyment to outdoor enthusiasts.

Unemployment Rates

Cumberland County has a healthy business climate, as its low 2.8% unemployment rate at the end of 2006 shows. No Pennsylvania county ended 2006 with a lower unemployment rate.

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

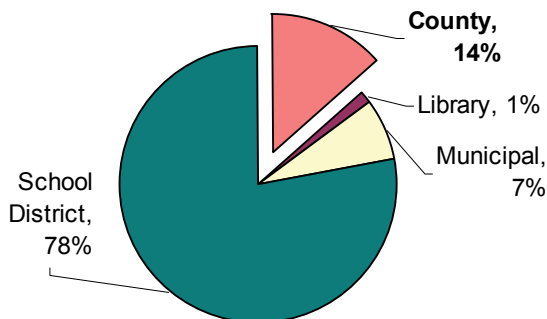
The County continues to experience significant growth in the distribution and retail industries. The service industry is the County's largest employer.



Cumberland County's population (est. at 226,117 in 2006) grew 9.4% from 1990 to 2000 - 6% faster than the statewide average.

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 \$1,542.63 in local real estate taxes on \$100,000 of assessed value in 2006 of which \$219.70 (14%) was paid to the County.

The right hand column depicts how much, on average, a resident in Cumberland County pays for each General Fund department's service, net of revenue earned by that department. This calculation is based on a population of 226,117 in 2006.

County Department	Per capita cost
Information management and technology	\$ 5.46
County buildings and grounds	6.44
Finance	3.22
Conservation and planning	3.72
Bureau of elections	3.29
Tax administration	5.77
Debt service	8.39
Commissioners Office	2.86
Controller	3.80
Recorder of Deeds	(4.11)
District Attorney	8.57
Coroner	1.75
Clerk of Courts	0.46
Prothonotary	0.88
Sheriff	7.83
Security	1.47
Register of Wills	(0.65)
Human resources	1.81
Administrative services	3.43
District justices	5.44
Criminal courts system	9.37
Public defender	3.87
County prison	27.59
Adult and juvenile probation	14.36
Public safety administration	2.14
Veteran affairs	0.81
Urban redevelopment	2.23
Other departments	
Subsidy to county programs:	
Emergency telephone/911	14.39
Human services	12.62
Domestic relations	3.28
Public safety	3.26
Early learning center	0.34
Transportation	0.39

Revenue Summary, Trends and Highlights

Statement of Activity Summary

	2004	2005	2006
Resources taken in	\$ 132,037,986	143,955,649	164,096,353
Resources used	127,008,864	141,014,320	158,562,990
Increase in net assets	\$ <u>5,029,122</u>	<u>2,941,329</u>	<u>5,533,363</u>

REVENUE SUMMARY: County revenues totaled \$164,096,353 in 2006, which was a 9% and 14% increase over the prior years of 2005 and 2004, respectively. Of the 2006 total County revenue, 76%, or \$124,577,405, was received to directly offset the expense of the particular service provided. Program revenue is made up of fees charged for service and grant revenue. The next page graphically depicts each County program's direct expense and offsetting revenues. Any shortfall must be made up by general revenues primarily made up of taxes and interest earnings.

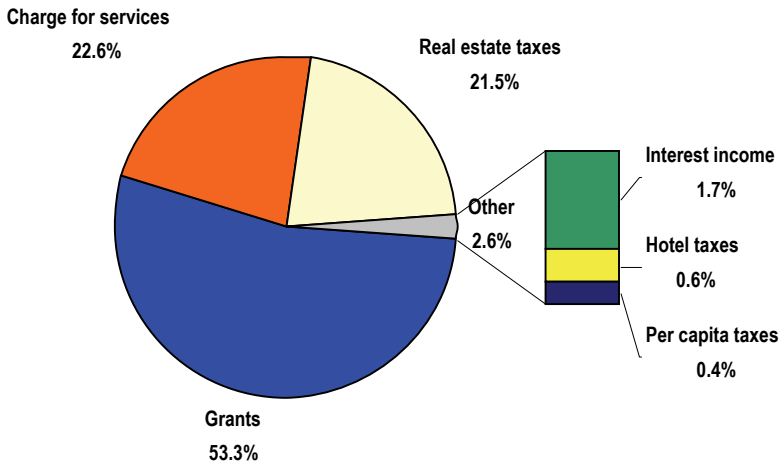
REVENUE HIGHLIGHTS:

Grant revenue increased \$14.7 million due, in part, to a \$10.2 million increase in Federal and state funding to the HealthChoices, MH/MR and Children and Youth programs.

Charges for services decreased \$98,203 despite a \$1 million increase in discretionary payments to the Office of Aging.

Real estate taxes increased \$4.2 million due to a 9.5% millage increase, renovations and new County construction.

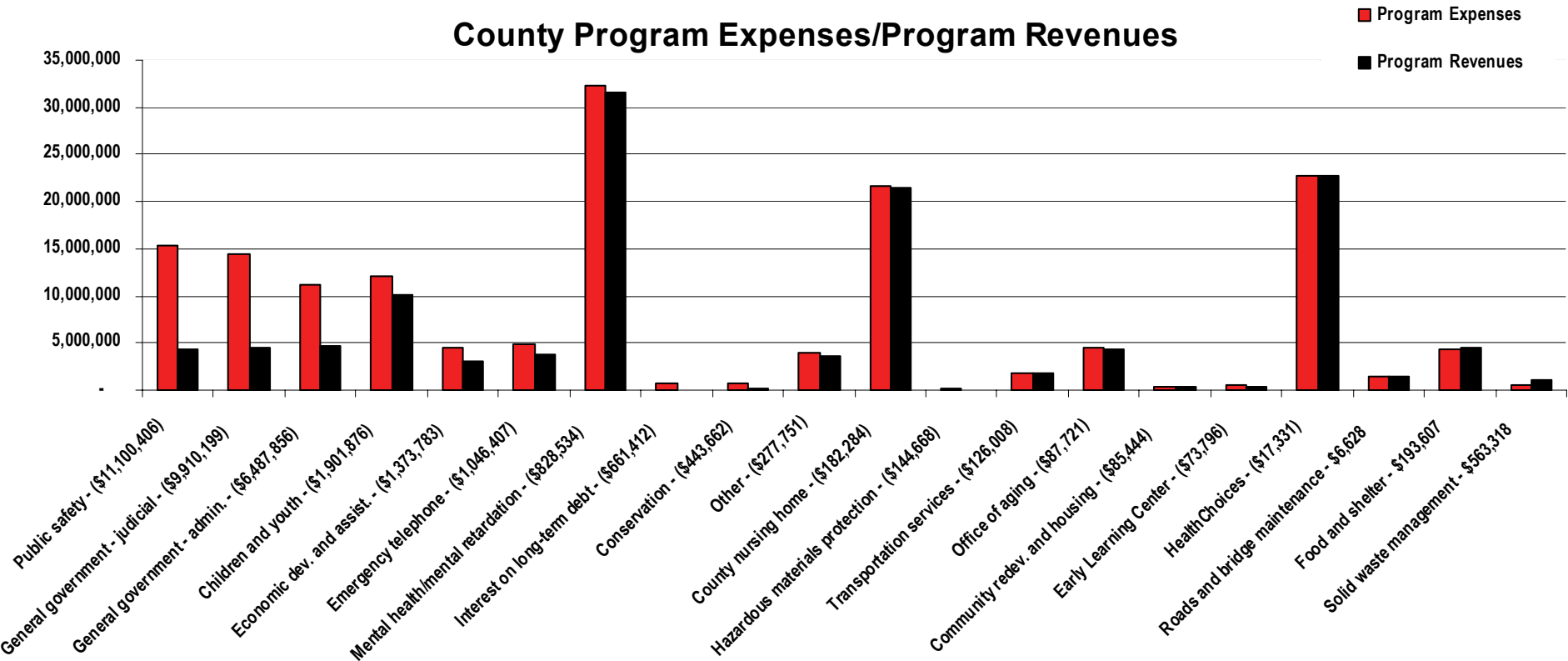
2006 Revenue Sources



Program Expenses and Revenues - Summary and Highlights

PROGRAM SUMMARY: The following graph provides a picture of the County’s expenses and revenues, (represented by the red and black bars) by its major activities. In 2006, County program expenses totaled \$158,562,990 with offsetting program revenues of \$124,577,405. The short fall between program

revenues and expenses of \$33,985,585 is displayed numerically with each activity label below. The total short fall is funded by general revenues such as taxes and interest earnings which amounted to \$39,518,948 resulting in an overall increase in net assets of \$5,533,363.



ACTIVITY HIGHLIGHTS: The top three categories left to right, **public safety, general government – judicial and administrative**, resulted in a shortfall of \$27.5 million dollars. These are mandated County functions which are primarily unfunded by external sources. A list of these services can be found on page 7. **Judicial program activities** net shortfall increased \$2.2 million between 2005 and 2006 due primarily to higher personnel costs of \$800 thousand along with a decrease of cost and fines revenue of \$1.046 million the County estimates it will not

collect in future years. **Public safety** activity cost increased due, in part, to a \$646,360 increase in 2006 salaries. Although **Children and Youth, MH/MR and HealthChoices** represent 43% of the County’s 2006 spending, the vast majority is funded by Federal and state grants leaving only a \$2.7 million shortfall to be funded by general revenues.. **Solid waste management** had a windfall of \$563,318 due to the settlement of a lawsuit affecting the recognition of collected monies from prior years.

Cumberland County Services

Below are the services provided to County citizens.

Public safety

- Cumberland County Prison, Central Booking, Victim Witness, the ARD Program, Office of Emergency Preparedness, District Attorney's Criminal Investigation and others

General government – judicial

- Includes Courts, services provide by the District Attorney, Public Defender, Clerk of Court, Prothonotary, Sheriff, Magisterial District Judges, Coroner, Register of Wills and others

General government – administrative

- Includes services provided by the Commissioners, Controller, Recorder of Deeds, Treasurer, Finance, Bureau of Elections, Domestic Relations, and others

Children and youth

- Provides professional social services to protect the safety and welfare of children
- Preserves, supports and strengthens families

Economic development and assistance

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

Emergency telephone

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

Mental Health / Mental Retardation

- Develops, implements, funds, and administers a full range of services to persons with mental disabilities

Conservation

- Works to maintains the County's quality of life through land and greenway preservation while recognizing that growth will occur

Food and shelter

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

Transportation services

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

Office of aging

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

Community redevelopment and housing

- Works to expand housing opportunities for households with incomes under 100% of the area median income

Claremont Nursing and Rehabilitation Center

- Provides licensed nursing, rehabilitation, and physician care to the 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

Roads and bridge maintenance

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

Solid waste authority

- Provides for the disposal of County municipal waste in an environmentally safe and cost effective manner, reduce overall waste generation, increase recycling, and provide residents with disposal options

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 at year-end. The net assets figure represents the amount which the County owns versus the amount owed. Explanations of specific accounts are listed to the right.

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(in thousands)		
Assets			
Cash & investments	\$ 30,301	\$ 38,058	\$ 45,684
Accounts receivable	11,549	12,536	15,621
Capital assets	46,071	46,512	50,300
Other assets	642	880	882
Total assets	88,563	97,986	112,487
Liabilities			
Amount owed to vendors and employees	8,399	9,883	12,087
Unearned revenue	808	4,511	4,069
Funds held as fiduciary	868	1,158	875
Long-term debt	41,947	42,952	50,446
Total liabilities	52,022	58,504	67,477
Net Assets	\$ 36,541	\$ 39,482	\$ 45,010

County Assets:

Cash and investments consist of cash, savings, money market and time deposits. Cash and investments are subject to the County's investment policy (see also discussion at bottom of adjacent column).

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

Capital assets include 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 due to suppliers of goods and services, and the expected payment is to be made within twelve months.

Unearned revenue is money received 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 primarily restricted cash held by the County for residents at its nursing home and taxes under appeal.

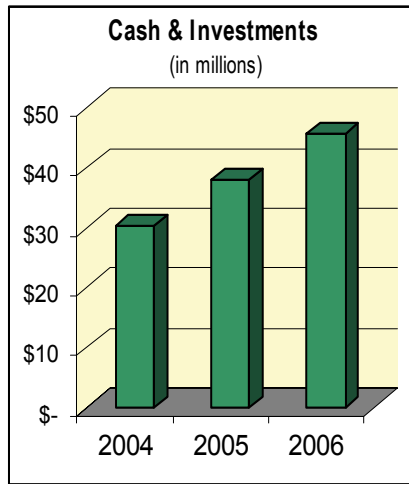
Long-term debt represents County general obligation bonds and notes outstanding (\$44.7 million at December 31, 2006) and other long-term obligations.



Cash and investments have increased 26% and 20% in 2005 and 2006, respectively.

Of the approximately \$46 million of cash and investments at December 31, 2006, the following are *not* available for discretionary spending:

- **\$13.9** million legally restricted for human service programs.
- **\$8.9** million of bond proceeds restricted for capital spending.



How Strong is the County's Financial Position?

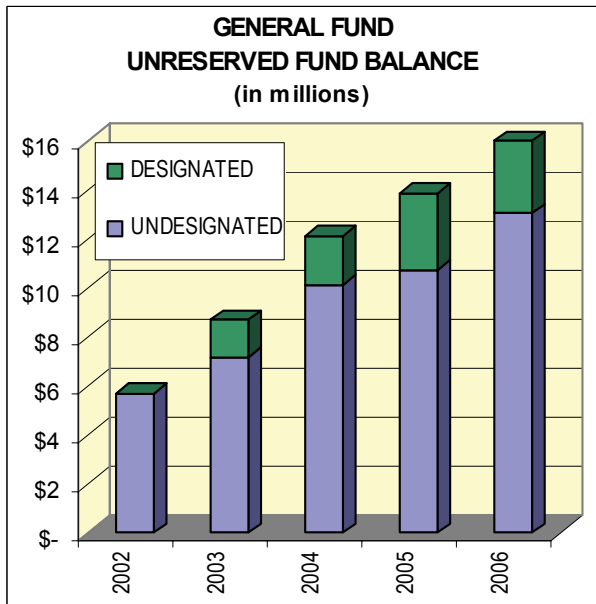
In a phrase...the County's financial position is very strong.

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 \$16.2 million at December 31, 2006, represents approximately 31% of general fund revenues and more than 3½ months of expenditures and transfers to other County funds.



Omar Shute, Interim Executive Director
Email: omar@cumberlandbusiness.com
Phone: 717-240-5353
Web: www.cumberlandbusiness.com

Cumberland County wants to help you grow and expand your business. Finding money for growth and expansion is among the chief pursuits of business owners everywhere. In Cumberland County, the search is made easier thanks to the work of the Cumberland Area Economic Development Corporation. They can tap a wide range of local, state, and federal programs offering low-interest loans.

The Cumberland County Economic Development staff visits County businesses offering solutions to issues ranging from financing to workforce and giving them a say in government policy. Let them help your business.



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, 2005. This was the third 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, 2005



Thomas J. Blum
President

Jeffrey L. Easer
Executive Director

Cumberland County Elected Officials

<u>Official</u>	<u>Phone</u>	<u>Email</u>
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 Ziegler	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



Cumberland County encourages confidential reporting of suspected fraud and abuse in Cumberland County government. To report suspected fraud and abuse

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



Photo credits: (cover) Winding Hill Corp. Center courtesy of Crabtree, Rohrbaugh & Associates Architects, Ag Science Day courtesy of County cooperative extension office, covered bridge at Messiah College courtesy of Pat Cook; flag, residential development and farm courtesy of Tina Pool; (top border) Still House Lodge at Allenberry courtesy of Allenberry Resort Inn & Playhouse; (pg. 2) lane at Allenberry courtesy of Allenberry Resort Inn & Playhouse; photo of fisherman at Boiling Springs "A Peaceful Day" courtesy of Steve Darchicourt.