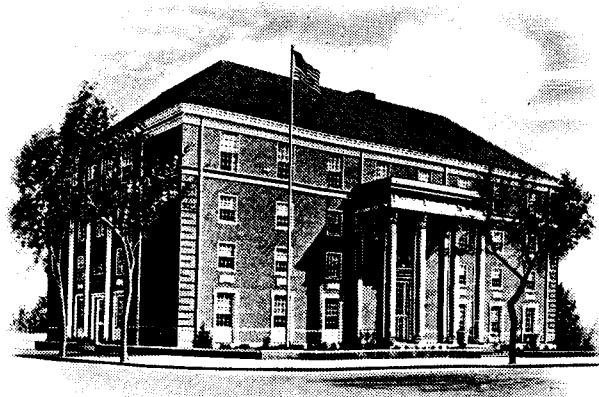


ALFRED L. WHITCOMB  
CONTROLLER

TINA L. POOL  
ADMINISTRATIVE ASSISTANT

ROBERT J. DAGROSA  
DEPUTY CONTROLLER

JAMES D. BOGAR  
SOLICITOR



## Controller of Cumberland County

COURT HOUSE, CARLISLE, PA. 17013

May 25, 2000

TO: THE COMMISSIONERS OF CUMBERLAND COUNTY

The Comprehensive Annual Financial Report (CAFR) of the County of Cumberland for the fiscal year ended December 31, 1999, is submitted herewith. The Controller issues an annual report on the County's financial position and activity and has that report audited by an independent firm of Certified Public Accountants.

This CAFR was prepared by the County Controller's Office and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, account groups and component units; and that all disclosures necessary to enable the reader to gain a clear understanding of the County's financial affairs have been included.

The organization, form, and the contents of this CAFR and the accompanying financial statements and statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants (AICPA), and the County Code of the Commonwealth of Pennsylvania.

This CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section, which is unaudited, includes this transmittal letter, a copy of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, the County's organizational chart, a list of elected County officials, and a map of the County. The Financial Section

statements, notes to the general purpose financial statements, the combining and individual fund financial statements and the schedules with comparative budgetary information. The Statistical Section, which is unaudited, includes historical financial information, selected demographic and other miscellaneous statistics generally presented on a ten (10) year basis.

In order to comply with the Single Audit Act of 1996 and the United States Office of Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, Cumberland County is required to have an annual single audit. A schedule of expenditures of federal awards, the independent auditors' report on internal controls and compliance with applicable laws and regulations and a schedule of findings and questioned costs are included in a separate Single Audit report. The Single Audit report is not a part of this CAFR.

#### FINANCIAL REPORTING ENTITY

This CAFR includes all funds and account groups of the County as well as all of its component units. Component units are legally separate entities for which Cumberland County is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements in order to emphasize that they are legally separate from Cumberland County and to show their financial position, results of operation and cash flows. The County provides a full range of services including the court system, prison, nursing home and human service programs. In addition to general governmental activities, the governing body appoints voting board members and has other financial accountability for the Cumberland County Municipal Authority; the Conservation District; and the Cumberland County Industrial Development Authority. The Conservation District and Cumberland County Industrial Development Authority are reported as discretely presented component units. Additionally, the County is a participant with other municipalities in joint ventures that provide services to the constituents of all the participants including the Cumberland, Dauphin, and Harrisburg Transit Authority; Cumberland/Perry Mental Health/Mental Retardation Program; and Cumberland/Perry Drug and Alcohol Commission.

#### ECONOMIC CONDITION AND OUTLOOK

Cumberland County is a fourth class county founded January 27, 1750. It is governed by an elected Board of Commissioners consisting of three (3) members. The County is located in the south central part of the state, between two (2) Appalachian Mountain Ranges. Generally, the County's boundaries follow definite physical features. It is bounded on the North by the Blue Mountain Range, on the East by the west bank of the Susquehanna River, on the South its southeastern boundary follows the Yellow Breeches Creek from the Susquehanna River to Williams Grove with the remainder of its southeastern and southern boundary following Mains Run, Gum Run, Middle Spring Creek and Laughlin Run. There are eleven (11) boroughs and twenty-two (22) townships in the County. Harrisburg, the State Capital of Pennsylvania, is located in the county adjacent to Cumberland County. The County has a land area of 555 square miles and an estimated population of 211,000. Twenty-nine percent of the land is in forest and fifty-four percent is in crop and pasture land. It is the 18th most populous county in the state and ranks 40th out of 67 counties in size.

The Pennsylvania Turnpike, a major east-west highway, and Interstate 81, a major north-south highway, intersect in Cumberland County creating one of the major crossroads of the nation. Another major north-south artery is U.S. Route 11. Interstate 83 provides quick access to Baltimore and

Washington, D.C. The completion of the 581 connector to Route 81 has provided a beltway around Harrisburg connecting I-81, I-83 and Route 11. This network of highways has caused the County to become a hub for trucking terminals and distribution centers. Bus service is available to County residents through Capital Area Transit System, Capitol Bus Company and Greyhound. Taxi service is provided by various companies. Train service is available from Amtrak in nearby Harrisburg. Airline service is available from nearby Harrisburg International Airport.

Every part of the County is in close proximity to many cultural, historical and tourist attractions - Harrisburg, the State Capital; Washington, D.C., the Nation's Capital; Gettysburg, the Civil War Battlefield; Inner Harbor in Baltimore, Maryland; and Hershey, with its well-known Hershey Park.

When compared with the economic condition nationwide, Cumberland County continues to show growth and is in good financial condition. The County's population has increased 7.4% since 1989. Per capita income went from \$16,354 in 1989 to \$27,296 in 1999. The costs for housing and consumer goods and services are reasonable when compared to other regions. Higher education enrollment and new construction have remained steady. Over half of the area's students go on to higher education. The County's unemployment rate, which was 2.8% at the end of 1999, is well below both the state and national unemployment rate. Regional salaries for various occupations are comparable to wages paid in other parts of the State for the same occupations. Employers are diversified and include government, manufacturing, distribution/warehouse complexes, printing, electronics, retailers (grocery/drugs) and trucking. The outlook is for continued stable growth within the County.

## MAJOR INITIATIVES

### County Planning/Reorganization

In 1999, the County further developed its overall Management Plan. The Management Plan provides direction to departmental activities and aids in the development of benchmarks to gauge progress in achieving goals and fulfilling the mission of the County to serve its residents. Specifically, the Management Plan defines core activities and establishes goals in the areas of comprehensive planning, information management and technology, facilities utilization and maintenance, budget and finance, human resources, community services and program management, and governmental relations. The results of a 16-month study conducted by a citizens' task force appointed by the Commissioners were also incorporated into the Management Plan.

On March 26, 1998, the County issued \$10,000,000 in General Obligation Bonds. This bond issue began the process of long-term financing of several extensive projects. The planning for the projects began in 1997, and at that time, legal and financing professionals, along with County personnel planned for the possible issuance of \$30,000,000 in long-term General Obligations Bonds in subsequent years. These funds are being used to finance a county-wide property reassessment project, the development of a Geographic Information System, the reconstruction and modernization of Claremont Nursing and Rehabilitation Center, the implementation of an 800 megahertz emergency dispatch radio system in cooperation with the municipalities of the County, and the retirement of debt incurred for the County's telephone system and enhanced 911 capabilities at the Emergency Communications Center. This financing is permitting County officials to move forward with their commitment to long-term objectives. The County is currently planning to issue an additional \$10,000,000 in General Obligation Bonds in 2000. This planned issue will continue the financing for the Claremont Nursing and Rehabilitation Center and the 800-megahertz emergency dispatch radio system projects.

In 1998, the County began a property reassessment of all tax parcels within the County. This project is a cooperative effort between the County's assessment department and 21<sup>st</sup> Century Appraisal. The initial planning phase started in April 1998. Field visitations started in June 1998 with smaller boroughs being the initial priority. Larger boroughs were next for data collection, followed by more rural and outlying areas of the County. Data collection includes recording a digital image of each property with the use of digital cameras. The digital images are stored on a capture station. In addition, the County is using the Computer Assisted Mass Appraisal System (CAMA) that was developed by 21<sup>st</sup> Century, which will use the digital images as an integral part of the reassessment evaluation. The timeline for the reassessment project includes completion of data collection and image capturing by February 2000. By June 2000, value will be established and quality control completed. On July 1, 2000, notices of revised values will be sent to property owners. Appeals of these notices must be heard and finalized by October 31, 2000. The project will culminate with 2001 County and Municipal tax bills. This reassessment project is unique in that it is a cooperative effort. 21<sup>st</sup> Century Appraisal, Inc. the reassessment company, is responsible for collecting and entering the data for the agriculture, income producing and exempt properties. The County assessment staff is responsible for collecting and entering the data for the residential, mobile home and cabin properties. Both 21<sup>st</sup> Century Appraisal, Inc. and the County assessment department are responsible for the valuation of the project, as well as the defense of values at the appeal hearings. The last countywide property reassessment was accomplished in 1974 and the values have deteriorated so that a lack of uniformity of taxes is evident. The appraisal methodology in 1974 was based on cost, whereas the new reassessment system will be market-driven. The primary goal of the current reassessment is to insure equitable taxation on all County properties.

#### County Management

In 1999, the County further developed its performance measurement program, the objective of which is to establish performance standards for each of the County's organizational units. The program identifies the resources in and demands on each unit, the services provided by the unit, how effectively the services are provided, and what the impact is to the County for providing the services. The County's goals are to provide key management information for decision making, provide tools for goal setting and measuring goal attainment, promote effectiveness and innovation, provide more services with limited resources, and become more responsive to taxpayer needs.

The County's Grants Management Team facilitates a team-oriented approach to needs assessment and performance-based planning in the area of criminal justice. The team prepares grant applications, provides program and fiscal management of grant awards and monitors progress with implementation. In 2000, grant-funded initiatives included: Remote Video Arraignment, Criminal Justice Automation, County Criminal Justice Information Systems Integration Project, School-based Probation Programs, Juvenile Justice Information and Technology Project, Restrictive Intermediate Punishment Program and Court-Mandated Treatment Program.

#### Technology

During 1999, the County completed the initial phase of network segmentation by converting to the transmission control protocol/internet networking protocol and installing routers at each station on the fiber optic ring. Microsoft Office 97 was established as the only standard office productivity and word processing package supported for County departments as well as Microsoft Exchange being selected as the County email system. Internet connection was established through the Bosler Library with the County shielded by a PIX firewall. Plans were established to complete segmentation in 2000, while converting the County to a switched 100Mbs standardized service to the desktop. These infrastructure improvements are necessary to support the County's anticipated move towards digitization of records in 2000.

In 1999, the County established a Geographic Information System (GIS) department, and also began a Local Research Supportive Initiative (data sharing partnership) with Shippensburg University. As part of this department's functions, the County's tax parcel conversion and soils digitization projects were completed, and the County's orthophotography was converted to a portable format for usability and distribution. Also in 1999, a Farmland Preservation GIS database was initiated, services to the private sector began, and the department continued with needs assessments of county and municipal agencies. Toward the end of the year, the department processed the county's soils, parcels, and woodlands GIS coverages into a composite coverage, then analyzed the result to extract specific 'Clean and Green' value information listed by parcel number and soil type with associated acreage. The Clean and Green program presents tax reduction opportunities through preferential assessment on farmland.

The Office of Emergency Preparedness is implementing the Computer-Aided-Dispatch (CAD) system in conjunction with the applied technology to be available from the GIS. This implementation of technology will be a continuing project throughout the foreseeable future. The CAD system is being implemented as part of the continued application of technology to improve the operations of its 911 Public Safety Communications System. The functional design of CAD will be to automate and integrate the following six major performance objectives: 1) to automate, store and retrieve critical data that is initiated with the receipt of an enhanced 911 telephone call for emergency service; 2) to provide location assistance that will identify calls to specific locations utilizing the digitized mapping program of the County's Geographic Information system (GIS) that is being integrated as a core database to the CAD system; 3) to provide user management with the data to utilize and allocate both personnel and equipment on a timely and effective basis; 4) to enhance the call management control within the 911 Center so that each operator will have access to all pending, in-progress and completed calls with a defined time frame for permanent record of activity; 5) to service the Communications Center by providing a recommended response to a given call based on the priority, type and location of a given incident; and 6) to provide for the full integration of the emergency operations of the 911 Center to include the telephone call processing, the selection and management emergency response. The system will also provide statistical analysis of all field unit activity on various report formats and provide programs that will be shared with the 33 municipal governments and the other providers of emergency services for effective management of emergency operations on a countywide basis.

The County is in the process of building a new 800 MHz digital radio communications system in partnership with the Commonwealth of PA. This partnership provides numerous cost and operational advantages. This 800 MHz Communications system project is designed to provide a state-of-art trunked radio system for countywide public safety and administrative use. All local government entities that are currently reviewing emergency communications services from the Emergency Operations Center will be integrated into this radio system. The design criteria of the system will provide the radio frequency infrastructure with the necessary features to implement the following: 1) digital and/or analog voice communications; 2) digitally encrypted communications; 3) digital wireless communications to include mobile data terminals and other data applications; and 4) radio identification and location. The system control will utilize an upgraded digital microwave system and T-1 telephone transmission site infrastructure that is currently in operation, connecting both the primary and alternate communications centers. Two additional tower sites will be added to the existing four sites to provide all users access to the system by mobile and portable communications devices. The goal of this project is to create a public safety radio system that will eliminate the known shortcomings of the obsolete multi-channel, multi-user radio system.

The Office of Emergency Preparedness staff designed and implemented a mobile unit to function as an alternate 911 public safety Communications Center. This unit, while operating at its fixed location, will provide a fully functioning 911 Center with telephone and radio interconnects to insure continuity of vital emergency services anytime the primary center would become disabled or otherwise would not be

able to function at capacity. The secondary function of this critical project was to provide a Mobile Command and Operations Center to support the emergency operations of Fire, Police, EMS and other emergency management officials at major events and incidents in Cumberland County. This customized 40-foot truck will serve both functions. When a major incident or event would require the unit to respond and support operations for the incident management team at the scene, the specialized unit will provide working areas for eight (8) 911 operators to conduct radio and telephone communications and a conference area to bring key emergency incident personnel to a single location for emergency planning and operations and to provide highly sophisticated facsimile, computer and cellular telephone facilities and equipment to support the management at the scene of major events.

### Economic Development

Cumberland County was a leader in implementing the Corridor One Study that emphasizes light rail transportation in the region as the future alternative to vehicular traffic. This project received partial funding during 1998 and Phase One of the Study has been completed. The Cumberland County Transportation Authority continues to identify and evaluate transportation needs. The County is actively pursuing regional solutions to transportation issues in conjunction with adjoining counties. The County is also committed to promoting and maintaining the Capitol Area Transit System, recognizing the need for convenient and fast bus service.

Cumberland County continues to expand its effort to address planning needs that affect each municipality, the county, and the region. These planning needs include land use, subdivision and development controls, farmland preservation, transportation and economic development. A greater emphasis is being placed on regional planning efforts, comprised of smaller planning groups. One of these groups in central Cumberland County is active in developing plans for six municipalities to share code enforcement, regional zoning, joint land use and transportation planning, a regional industrial park and a regional growth management plan. The group has grown to eight (8) municipalities during 1999 and has completed a regional growth management plan for the Exit 12 area of I-81. Steps to implement this plan are being developed.

Cumberland County works very closely with the Capital Region Economic Development Corporation. County investments in program projects create, as well as retain jobs and provide low interest loans and job creation assistance to new and existing businesses. The Murata small business incubator system has been instituted for the County. Facilities to house this incubator are located in Carlisle and are near capacity.

In 1981, the Pennsylvania Legislature passed Act 43, which provides for the establishment of a program to protect Pennsylvania's prime farmland through the purchase of "development rights." The Pennsylvania Farmland Preservation Program gives farmers the opportunity to sell their development rights for the farmland on the condition that the land be kept available for agricultural purposes in perpetuity. Under the program, an agricultural conservation easement transfers the development rights from the farmer to the State or County, which then has the right to prevent development or modification of the land for any purpose in perpetuity. Under the program, an agricultural conservation easement transfers the development rights from the farmer to the State or County, which then has the right to prevent development or modification of the land for any purpose other than agricultural production. The landowner continues to own the farmland and is free to sell the land to a new owner with the provision that the new owner is also bound by the agreement that requires the land be kept available for farming and cannot be developed. Cumberland County now ranks eighth in the State with 53 farms protected totaling 6,883 acres.

Cumberland County, through the Solid Waste Authority of Cumberland County and the Department of Solid Waste Management, continued to implement the PA Department of Environmental Protection (PADEP) approved Cumberland County Municipal Waste Management Plan and initiated new or expanded programs to reduce waste generation and increase recycling. Plan implementation included the Solid Waste Authority's continued administration of contracts with eleven (11) disposal facilities for disposal of Cumberland County generated municipal waste and enforcing a waste and recycling ordinance and hauler regulations. Solid Waste Authority negotiated waste disposal contracts continue to accomplish the following: provide for long-term disposal capacity for County generated municipal waste, reduce unnecessary and restrictive administrative oversight and increase the opportunity for trash disposal service competition and disposal cost reduction. The Solid Waste Authority plan received Commissioner and PADEP approval to add waste transfer station locations/operators. The Solid Waste Authority also continued to review proposals from six (6) additional disposal facilities requesting to be designated in the County Plan and initiated a special handling waste study and analysis to update data.

In 1999, the County Department of Solid Waste Management expanded a Household Hazardous Waste (HHW) Disposal Program to two events – one in the spring in the eastern end of the County and one in the fall in the western end of the County. These events served over 1,200 participants and were at no cost to the County residents/participants. The Yard Waste Equipment Program was expanded through the Solid Waste Authority's competitive bid purchase of a trommel screen to screen municipal processed compost. School waste and recycling education programs and technical assistance to municipalities were also expanded. All Authority activities, Department operations, overhead costs, Plan Implementation and initiatives and capital equipment purchases are funded directly by a County system fee imposed on each ton of disposed County-generated municipal waste.

#### Public Service

The County Prison's Work Release Management Unit and the County's Sheriff's Department continue to participate in a coordinated effort to provide community service work crew projects. The Community Work Crew (CWC) is a supervised unit of eligible inmate trustees selected to perform work for interested county agencies, municipalities (boroughs, cities, towns and townships) and local non-profit organizations within the County of Cumberland by allowing them to contract for work crew services. Of the projects completed by the CWC program in 1999, three (3) were for County departments, thirty-two (32) for local municipalities, and three (3) for non-profit organizations. Most of the projects consisted of painting, general cleaning and manual labor.

#### ACCOUNTING SYSTEM AND BUDGETARY CONTROL

All governmental and agency funds utilize the modified accrual basis of accounting, with revenue being recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for: (1) principal and interest on general long-term debt, which is recognized when due, and (2) compensated absences and certain self-insurance costs, which are recognized when the obligations are expected to be liquidated with expendable, available financial resources. Financial statements for the Proprietary Funds and Employees Retirement Trust Fund are maintained on the accrual basis, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal controls (1) adequately safeguard assets, (2) provide reasonable assurance of proper recording of financial transactions, and (3) maintain accountability for assets.

The County maintains budgetary controls which ensure compliance with legal provisions embodied in the annual appropriated budget that is adopted by the County Commissioners by December 31 of each year. Although the legal level of control is the individual fund level, budgetary control is maintained at the major expenditure classification within each fund by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of major expenditure classification balances are not released until additional appropriations are made available. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

#### EXPLANATION OF FUND STRUCTURE

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Additional information regarding the various fund types and account groups utilized by the County is available in Note 2 of the Financial Statements.

#### GENERAL GOVERNMENTAL FUNCTIONS

The following schedule details the composition of 1999 revenue by service and presents the amount and percentage of increases and decreases in relation to all governmental fund types prior year revenues.

COMPOSITION OF 1999 REVENUE

<u>Revenues</u>	<u>1999*</u>	<u>Percent of Total</u>	<u>1998*</u>	<u>Increase (Decrease) From 1998</u>	<u>Percent of Increase (Decrease)</u>
Real Estate Taxes					
w/o library	\$20,425,966	45.3%	\$19,901,753	\$524,213	2.6%
Per Capita Taxes	617,613	1.4	641,192	(23,579)	(3.7)
Licenses and Permits	50,364	0.1	35,458	14,906	42.0
Grants	15,187,817	33.7	13,831,311	1,356,506	9.8
County Charges	5,821,741	12.9	5,377,915	443,826	8.3
Court Costs, Fines and Forfeits	1,114,735	2.5	890,962	223,773	25.1
Interest	1,185,108	2.6	1,634,351	(449,243)	(27.5)
Contributions and Other	<u>707,238</u>	<u>1.5</u>	<u>851,958</u>	<u>(144,720)</u>	<u>(17.0)</u>
<b>TOTAL</b>	<b><u>\$45,110,582</u></b>	<b>100.0%</b>	<b><u>\$43,164,900</u></b>	<b><u>\$1,945,682</u></b>	<b>4.5%</b>

\*Includes Component Units

Revenues for general governmental functions (all governmental fund types and component units) totaled \$45,110,582 in 1999, a 4.5% increase from 1998.

The County continues to collect the 1.5 mills library tax in an agent capacity for the Cumberland County Library Board. This tax was approved by the electorate in 1986 and amounted to \$1,185,303 in 1999 and is not reflected in real estate taxes in the schedule above.

Real estate tax revenues increased \$524,213, which is a 2.6% increase over 1998 tax revenue. The increase is due to an addition of new lots and new construction to the real estate property values for the County.

Grant revenues increased \$1,356,506, which is an increase of 9.8% over 1998. The increase is attributable primarily to the following grants:

- a) District Attorney's office grants increased by \$247,000 due to a new one time technology grant received in 1999.
- b) Redevelopment Authority's grant revenue decreased \$114,000 in 1999. Grant cash flow is dependent on the progress of redevelopment projects. Therefore, this grant's revenue can vary year to year.
- c) Children and Youth grants increased by \$282,000 due to an increase in Federal Title IV-E revenue due to an increase in reimbursable expenditures.
- d) Food and Shelter grants increased by \$470,000 due to an increase in Attendant Care grant revenue. Food and Shelter also received more revenue from the State Food Program.
- e) The County also received a one time grant for \$150,000 restricted to specific study of the feasibility of a War Museum located in Carlisle.

County charge revenues increased by \$443,826, which is an 8.3% increase over 1998. The reasons for the increase are as follows:

- a) County charge revenues increased due to the new special revenue fund named Record Improvement. The year 1999 was the first year the county received a complete year of revenue. Beginning in April 1, 1998, the Recorder of Deeds office was authorized to collect \$1.00 per deed transaction that would be used in the future toward record improvements.
- b) Cumberland County Prison revenue increased \$148,000 since 1998. The increased participation of prisoners in the Work Release program (the County receives 23% reimbursement for room and board from participating prisoners) accounted for this increase in revenue. Commissions from vendors that have machines located at the prison also increased revenue.
- c) County charge revenue in the Solid Waste department increased \$60,000 due to an increase of waste disposal tonage at County landfills.

Interest decreased \$449,243 or 27.5%, from 1998 due principally to the following:

- a) General Fund interest decreased \$97,000, due to a reduction of investable balances.
- b) Debt Service interest decreased \$288,000, due to unrealized losses on fixed income securities that will be held to maturity, and the refunding of bond escrow accounts.
- c) Capital Projects decreased \$106,000, due to the expenditure of the proceeds of bond issues.

The following schedule details the composition of 1999 expenditures by source and presents the amount and percentage of increases and decreases in relation to all governmental fund types prior year expenditures.

#### COMPOSITION OF 1999 EXPENDITURES

<u>Expenditures</u>	<u>1999*</u>	<u>Percent of Total</u>	<u>1998*</u>	<u>Increase (Decrease) From 1998</u>	<u>Percent Of Increase (Decrease)</u>
<b>Current:</b>					
General Government					
-Administrative	\$7,282,419	14.3%	\$7,070,396	\$212,023	3.0%
General Government					
-Judicial	12,312,237	24.2	10,727,091	1,585,146	14.8
Public Safety	7,186,286	14.1	6,850,672	335,614	4.9
Public Works and Enterprises	636,057	1.3	639,247	(3,190)	(0.5)
Human Services	12,383,364	24.3	12,041,599	341,765	2.8
Culture and Recreation	707,579	1.4	579,416	128,163	22.1
Conservation and Development	1,630,519	3.2	1,569,392	61,127	3.9
Other	6,438	0.0	64,710	(58,272)	(90.1)
Debt Service	8,354,908	16.4	3,084,555	5,270,353	170.9
Capital Outlay	<u>369,821</u>	<u>0.8</u>	<u>168,783</u>	<u>201,038</u>	<u>119.1</u>
<b>TOTAL</b>	<b><u>\$50,869,628</u></b>	<b><u>100.0%</u></b>	<b><u>\$42,795,861</u></b>	<b><u>\$8,073,767</u></b>	<b><u>18.9%</u></b>

\*Includes Component Units

Expenditures for general governmental functions (all governmental fund types and component units) totaled \$50,869,628 in 1999, an increase of 18.9%.

General Government - Administrative expenditures increased \$212,023, an increase of 3.0%, which is attributable to the following:

- a) Tax assessment's expenditures increased by \$90,000 attributable to two reasons. The first reason is that tax reassessment's costs decreased \$214,000 in 1999. The other reason is that engineering costs increased \$310,000 for the new Geographical Information System being established for County use.
- b) Data processing expenditures increased \$240,000 due to new software and hardware being purchased centrally. Computer support expense increased due the hiring of consultants to perform work for vacant positions.

General Government - Judicial expenditures increased \$1,585,146, an increase of 14.8%, which is attributable primarily to the following:

- a) District Attorney's office expenditures increased \$275,000 due to a technology grant to improve communications within the County.
- b) Central Booking's expenditures increased \$349,000 because of the hiring of ten additional processing agents.
- c) Grants and Administration expenses increased \$226,000 due to two additional state justice grants and their related expenditures.
- d) Overall operating expenditures for the County's District Justices increased by \$85,000 from 1998.

Public Safety expenditures increased \$335,614, or 4.9%, from 1998 due primarily to the following:

- a) County Prison expenditures increased \$176,000 due to costs associated with year 2000 preparations to upgrade computer equipment along with purchases of necessities such as water and diesel fuel. Also, the prison population has increased and has required the fabrication and installation of additional bunks. Additional capital purchases such as trays, bowls and drying racks were incurred so meals could be delivered to inmates in their cells.
- b) Costs related to Probation and Parole increased \$120,000 which was due to increased salary costs and general operating expenditures.

Human Services expenditures increased by \$341,765, an increase of 2.8% due mostly to the increase in Food and Shelter's expenditures. This is directly related to the increase of grant revenue in the State Food Program.

Debt Service increased \$5,270,353 from 1998 as result of the defeasance of the 1985 bond issue for \$3.99 million from using certain of the County's tax and other revenues. The remainder was a result of increase debt service on other outstanding debt.

Capital outlay expenditures increased \$201,038 (119.1%) due to completion of the renovations to Courtroom number five. Also, Central Booking completed retention cells constructed on the third floor of the new courthouse.

### GENERAL FUND BALANCE

The fund balance of the general fund decreased from \$8.7 million to \$8.3 million. The County considers the fund balance to be adequate and is taking precautions to ensure that the County maintains a sound financial position. The County's fund balance represents approximately 92 days of General Fund operating expenditures and transfers for 1999.

### ENTERPRISE FUNDS

The Enterprise Funds account for the financial operations of the County Nursing Home, the 911 Communications Center and the Hazardous Materials Program. The operations of the County Nursing Home are to provide a service to those in need of long-term residential nursing care. The County Nursing Home is funded through patient charges to medical assistance and insurance companies. The County Nursing Home charges to medical assistance are based on peer group average costs among similar facilities. The 911 center is funded with a \$1.25 per phone line per month charge to county residents. The Hazardous Materials Program is funded with registration and response user charges. The funds sustained a loss before operating transfers of \$108,874, \$541,804 and \$50,502, respectively. The General Fund finances any losses and manages the use of income.

### INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financial operations of the Cumberland County Transportation Department, Cumberland County Municipal Authority, and the Workers' Compensation Trust. The Transportation Department provides transportation services to clients of various County agencies and is reimbursed by those agencies for the services provided. It also provides transportation to its own clients. The Transportation Department operated on a break-even basis before depreciation and operating transfers. The Municipal Authority owns and leases real estate to various County departments. The Municipal Authority had retained earnings at December 31, 1999, in the amount of \$291,322. The lease with the County has been established to enable the Authority to meet all cash flow requirements. The Workers' Compensation Trust is being funded through charges to participating county funds. The Trust pays all claims and administrative costs. The County is operating the fund on a break-even basis.

### EMPLOYEES RETIREMENT TRUST FUND

The operations of the Cumberland County Employees Retirement Trust Fund continued to grow in 1999. The County did not contribute to the plan in accordance with an annual actuarial valuation. Net assets available for benefits at fair value increased by \$6.1 million in 1999 to \$79.9 million. The increase in net assets continues to keep the plan fully funded in accordance with the annual actuarial valuation.

## DEBT ADMINISTRATION

The ratio of net general obligation debt to real estate assessed and market valuations and the amount of bonded debt per capita are useful indicators of the County's debt position to municipal management, citizens and investors. This data for the County as of December 31, 1999, is as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Ratio of Debt to Current Market Value</u>	<u>Debt Per Capita</u>
General obligation debt - December 31, 1999	\$19,704,899	2.5%	.17%	\$128.04

The County has maintained an AA rating from both Moody's Investors Service and Standard and Poor's Corporation on general obligation bond issues. Under current state statutes, the County's general obligation bond debt issuances are subject to a legal limitation based on 300% of a three-year average of unrestricted general governmental revenues. As of December 31, 1999, the County's general obligation bonded debt of \$19.7 million was well below the legal limit of \$176.7 million.

Long-term debt payable of the County is supported by the general taxing authority of the County and is recorded in the General Long-Term Debt Account Group and the Nursing Home and 911 Enterprise Funds. More detailed information about the debt position of the County can be found in both the Financial and Statistical sections of the CAFR.

## CAPITAL PROJECTS

The Capital Projects Fund accounts for the financial resources used for the acquisition, construction and/or reconstruction of County facilities. The corresponding debt is recorded in the General Long-Term Debt Account Group. These projects are funded through general obligation issues, operating transfers from the General Fund and interest income. Completed projects have been capitalized in the General Fixed Assets Account Group. In the current year, Capital Projects Fund expenditures totaled \$370,275 for courtroom expansion and the addition of retention cells for Central Booking's Courthouse Processing Center. The Capital Projects Fund balance at December 31, 1999, was \$1,378,947, primarily a result of funding future renovations for the County Courthouse, upgrades to the County Prison's public address system, the Tax Reassessment Project and machinery and equipment purchases at the Nursing Home.

## GENERAL FIXED ASSETS

Acquisition of general fixed assets are recorded as expenditures in the General, Special Revenue and Capital Projects Funds. All fixed assets are recorded at cost, with donated fixed assets recorded at fair value. All fixed assets are capitalized in the General Fixed Assets Account Group, except for public domain general fixed assets which include County bridges which are not capitalized. At December 31, 1999, General Fixed Assets net of accumulated depreciation and amortization totaled \$15,357,889.

## CASH MANAGEMENT

The County invests temporary excess cash in certificates of deposit and repurchase agreements. The average yield on maturing investments in the general governmental fund types during 1999 was 4.97%. Interest earnings of the general governmental fund types and component units were \$1,185,108 in 1999.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with Commonwealth of Pennsylvania Act 72, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. Additionally, investments of the Employees Retirement Trust Fund were held by a financial institution's trust department in the institution's name.

## RISK MANAGEMENT

During 1999, Cumberland County was self-insured for workers' compensation and unemployment compensation. In addition, various risk control techniques, including employee accident prevention training, have been used during the year to minimize accident-related losses. Third party coverage is provided by a commercial insurance carrier for workers' compensation claims in excess of \$300,000 per occurrence, property and casualty claims and professional liability.

## INDEPENDENT AUDIT

The County had an independent audit of all its funds and account groups performed for the year ended December 31, 1999. The report of our independent certified public accountants, KPMG LLP, appears in the Financial Section of this CAFR.

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County of Cumberland has received a Certificate of Achievement for the last eleven (11) consecutive years (years ended 1988-1998.)

We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGEMENTS

The preparation of this CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Controller's Office. I would like to express my appreciation to all members of the Office who assisted in and contributed to its preparation. I would also like to thank the County Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

*Alfred L. Whitcomb*  
ALFRED L. WHITCOMB  
Controller

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cumberland,  
Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1998

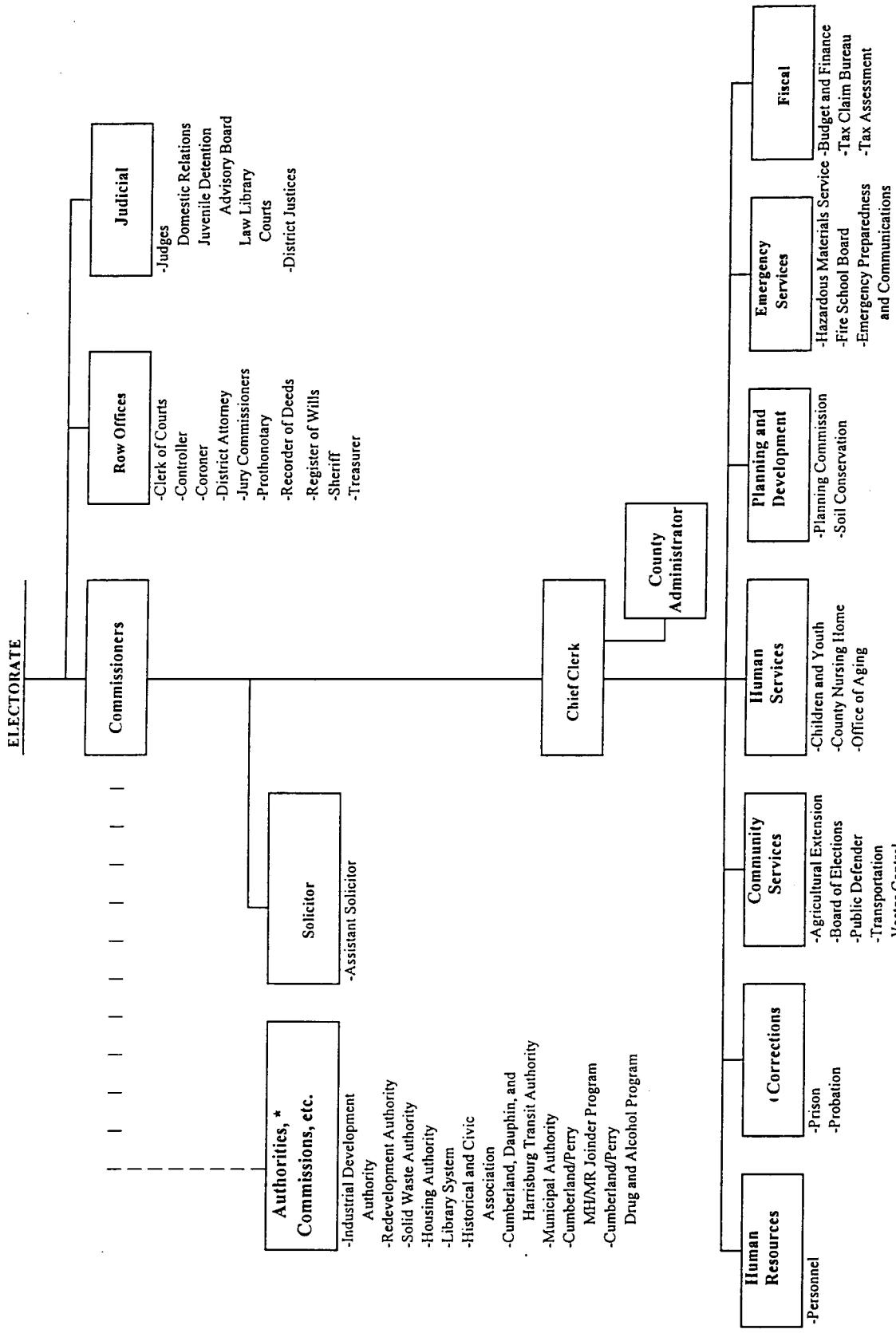
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



CC *Bruebach*  
President

*Jeffrey L. Eiser*  
Executive Director

# COUNTY OF CUMBERLAND, PENNSYLVANIA ORGANIZATIONAL CHART



\*\* The Board of directors for the authorities, commissions, etc., indicated by the broken lines are appointed by the Cumberland County Board of Commissioners.  
See the reporting entity disclosures in Footnote 1 for information on these organizations.

COUNTY OF CUMBERLAND  
LIST OF ELECTED OFFICIALS

DECEMBER 31, 1999

COMMISSIONERS

Nancy A. Besch, Chairwoman  
Earl R. Keller  
Marcia L. Myers

PROTHONOTARY

Curtis R. Long

CLERK OF COURTS

Dennis E. Lebo

JUDGES OF COURT

Honorable George E. Hoffer, President Judge  
Honorable Edgar B. Bayley  
Honorable Kevin A. Hess  
Honorable J. Wesley Oler  
Honorable Edward E. Guido

TREASURER

John C. Gross, II

SHERIFF

R. Thomas Kline

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Mary C. Lewis

CORONER

Michael L. Norris

RECORDER OF DEEDS

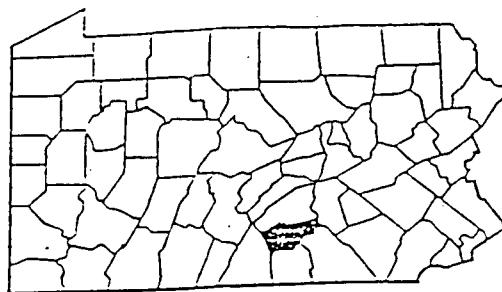
Robert P. Ziegler

JURY COMMISSIONERS

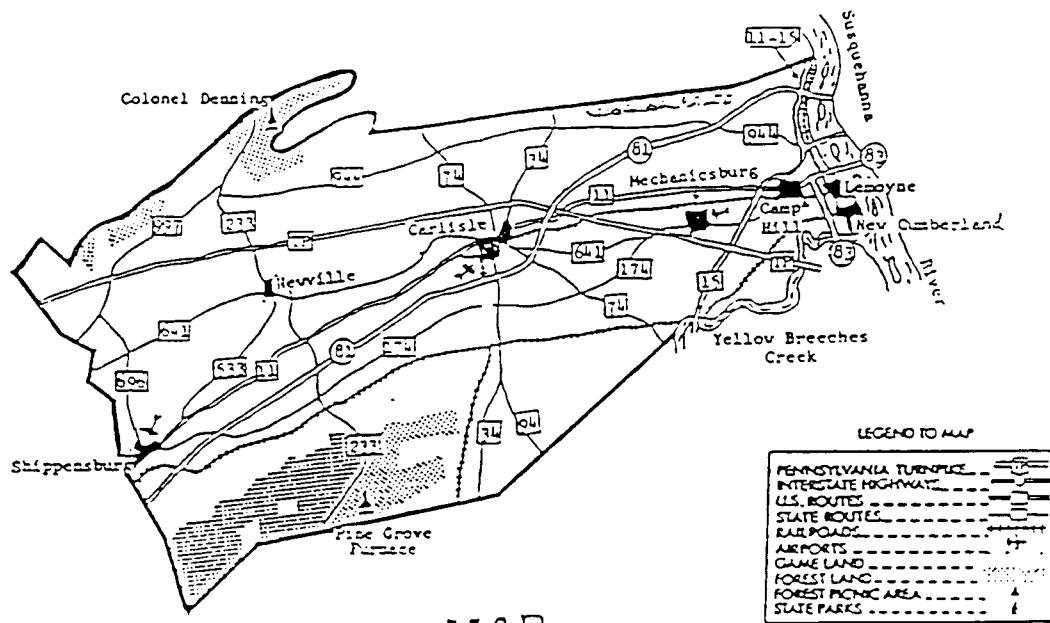
Ralph G. Viehman, Jr.  
Winifred M. Williams

DISTRICT ATTORNEY

Merle L. Ebert, Jr.



*Cumberland County*



— MAP —  
County of Cumberland  
Townships and Boroughs

Boroughs

1. Newburg
2. Newville
3. Shippensburg (part)
4. Mt. Holly Springs
5. Carlisle
6. Mechanicsburg

Boroughs, cont.

7. Shiremanstown
8. Camp Hill
9. New Cumberland
10. Lemoyne
11. Wormleysburg
12. West Fairview

