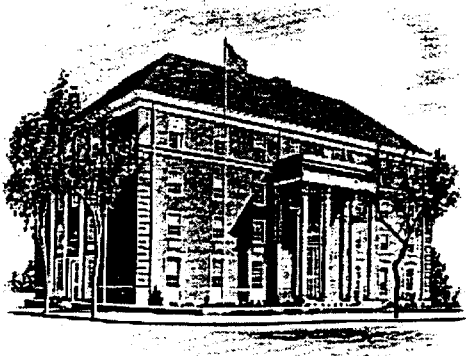


# Controller of Cumberland County

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May 25, 2001

TO: THE COMMISSIONERS OF CUMBERLAND COUNTY

The Comprehensive Annual Financial Report (CAFR) of the County of Cumberland as of, and for the year ended December 31, 2000, 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 includes a report by the independent accounting firm of KPMG LLP, the general purpose financial statements, notes to the general purpose financial statements, the combining and individual fund financial statements and the schedules with detailed 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

a population of 213,674. 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 9.4% since 1990. Per capita income went from \$17,873 in 1990 to \$29,218 in 2000. 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 3.0% at the end of 2000, 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 1998 and 2000 General Obligation Bonds were issued by the County for \$10,000,000 and \$10,940,000 respectively. These two bond issues represent phase one and two for 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 Obligation Bonds in subsequent years. These 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 permits County officials to move forward with their commitment to long-term objectives. The County is currently planning to issue the final portion of the \$30,000,000 in 2001. This planned issue will finalize the financing for the Claremont Nursing and Rehabilitation Center and the 800-megahertz emergency dispatch radio system projects.

## Reassessment/Geographic Information System

In 2001, the County will finalize the property reassessment of all tax parcels within the County by preparing 2001 tax bills using the new market value property assessments. This project is a cooperative effort between the County's Assessment Office and 21<sup>st</sup> Century Appraisal, Inc. The initial planning phase started in April 1998. Field visitations to each property to collect the necessary data started in June 1998 and were completed in early 2000. Data collection included 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 that was developed by 21<sup>st</sup> Century Appraisals, Inc. which used the digital images as an integral part of the reassessment evaluation. By June 2000, value was established and quality control completed. On July 1, 2000, appeals were heard and finalized by October 31, 2000. The project culminates with the 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 Office were responsible for the valuation of the project, as well as the defense values of 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.

## Technology

In 2000, the County improved its ability to share data from one County office to another, and from County offices to outside users. The County completed conversion to an improved email system and extended full email and network services to the prison, emergency operations center, and Claremont Nursing and Rehabilitation Center. County offices were also provided connections to the Internet via a shared Internet connection through the County library system. The County established a high speed, direct computer connection with Pennsylvania State agencies by partnering with the Pennsylvania Justice Network. In addition, County vendors and business partners were provided access to County data resources by way of a secure virtual private network. Such networks are expected to eventually eliminate the need for telephone modems in the County and the associated long distance telephone charges.

In preparation for digitizing County records to make them available on-line, equipment was purchased and the County's network structure and architecture were extensively improved. With such improvements, the digitization of County records began in earnest in 2000. The Recorder of Deeds office was selected as the first office to have their records made available through the computer. The Recorder of Deeds office is to have their records digitized in 2001. The County plans to have the records of the Prothonotary and Register of Wills offices digitized in late 2001.

In 2000, much of the County's computer hardware was upgraded. All personal computers in the new courthouse were upgraded to a minimum Pentium II configuration. Antivirus software was standardized on all County personal computers with funding provided by criminal justice grants and County funds. All servers in the New Courthouse, with the exception of the AS/400 system, were relocated to a secure, climate controlled server room in the basement. Department servers were consolidated to large, powerful, and centrally managed machines providing better, faster, and more dependable service. Server backups were consolidated under the County's information technology office for consistency.

New software was deployed, allowing the help desk and technical support personnel to remotely troubleshoot and often fix personal computers and software problems without having to make a physical visit. The result is faster customer response without an increase in support personnel.

Software and personal computer user classes were taught using training facilities in the Bosler Library. Over 3,200 student-hours of instruction were provided to County employees in 2000. With the construction of larger training facilities in the old prison, training hours are expected to increase fifty percent in 2001.

The County's website ([www.ccpa.net](http://www.ccpa.net)) was loaded with departmental data and went live early in 2000. Website visitors can look up tax assessments on all 90,000 County tax parcels from the convenience of their home computer. The County's Information Management and Technology Office is currently in the process of reengineering the County's website to better serve the public. The County sees tremendous potential to use the Internet to provide services in the coming years. The reengineered website will be "citizen centered" by incorporating a portal design, similar to the Commonwealth of Pennsylvania's website. The County anticipates adding many new features to its website, such as the ability to purchase fishing and hunting licenses on-line, increased access to public information and access to many downloadable County forms. The County anticipates launching the new website in 2001.

#### Office of Emergency Preparedness

The County's Office of Emergency Preparedness is implementing the Computer-Aided-Dispatch (CAD) system in conjunction with the applied technology to be available from the County's Geographic Information System (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 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 telephone call processing and the selection and management of the emergency response. The system will also provide statistical analysis of all field unit activity in various report formats and provide programs that will be shared with the thirty three 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 Pennsylvania. This partnership provides numerous cost and operational advantages. This 800 MHz communications system project is designed to provide a state-of-the-art trunked radio system for countywide public safety and administrative use. All local government entities that are currently receiving 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 T1 telephone transmission site infrastructure that is currently in operation, connecting both the primary and alternate communication 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 becomes 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 the County. This customized forty 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 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 is a leader in implementing the Corridor One Study that emphasizes light rail transportation in the region as the future alternative to vehicular traffic. The County will commit additional funds to the Corridor One Study to move it to the next phase during 2001. 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 Capital 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 municipalities and has completed a regional growth management plan for the Exit 12 area of I-81.

Steps to implement this plan were developed and implementation is expected during 2001. Cumberland County was a leader in the creation of the western Cumberland County Council of Governments which was formally organized in January 2001. This group will act in a similar manner as the West Shore Council of Governments at looking at regional issues of land use, regional growth and other cooperative efforts.

Cumberland County created its own Office of Economic Development in early 2001. This office will work closely with Capital Region Economic Development Council to promote economic development throughout the three county area. The County's Economic Development Office will work closely with a number of organizations to expand and diversify the economy of Cumberland County as well as to retain existing businesses. They will also provide the leadership needed to develop and implement a short and long-term economic strategy. The economic development strategy will include a strong business retention program and the creation of a business development program.

The Murata Business Center in Carlisle, which acts as an incubator for small businesses, has grown to the point that they will need to expand their facilities during 2001.

#### Solid Waste Management

Cumberland County, through the Solid Waste Authority of Cumberland County and the County Department of Solid Waste Management, has continued to implement the Department of Environmental Protection 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 of Cumberland County negotiating contracts with four disposal facilities to accept Cumberland County generated municipal waste, initiating a nonsubstantial change to the Waste Management Plan to add the four disposal facilities and updating the County Waste Hauler Regulations. The plan change and negotiated contracts continue the administration of contracts with fifteen disposal facilities 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 Authority also completed a special handling waste study and analysis that will be used to update the plan and be made available to the County Planning Commission.

In 2000, the Solid Waste Authority developed and implemented the Back-Yard Composting Program to reduce waste generation and encourage beneficial use. Six hundred back-yard composters were sold to Cumberland County citizens at a greatly reduced cost. The Solid Waste Authority continued the Household Hazardous Waste Drop-off Disposal Program, holding one event in the spring in the eastern end of the County and one event in the fall in the western end of the County. The Yard Waste Equipment Program continued to grow. Eight municipalities now use County owned yard waste processing equipment. 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 Sheriff's Department continue to participate in a coordinated effort to provide community service work crews 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. The CWC logged 7,158 hours of service on a total of forty-five community projects. Of the projects completed by the CWC in 2000, seventeen were for County departments, twenty three for local municipalities, and five benefited non-profit organizations. Most 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 2000 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 2000 REVENUE

<u>Revenues</u>	<u>2000**</u>	<u>Percent of Total</u>	<u>1999*</u>	<u>Increase (Decrease) From 1999</u>	<u>Percent of Increase (Decrease)</u>
Real Estate Taxes					
w/o library	\$20,766,017	44.5%	\$20,425,966	\$340,051	1.7%
Per Capita Taxes	641,091	1.4	617,613	23,478	3.8
Licenses and Permits	54,337	0.1	50,364	3,973	7.9
Grants	16,111,291	34.5	15,187,817	923,474	6.1
County Charges	5,808,717	12.5	5,821,741	(13,024)	(0.2)
Court Costs, Fines and Forfeits	1,152,934	2.5	1,114,735	38,199	3.4
Interest	1,227,890	2.6	1,185,108	42,782	3.6
Contributions and Other	<u>879,354</u>	<u>1.9</u>	<u>707,238</u>	<u>172,116</u>	24.3
TOTAL	<u>\$46,641,631</u>	100.0%	<u>\$45,110,582</u>	<u>\$1,531,049</u>	3.4%

\* Includes Component Units

\*\* Includes Expendable Trust Fund and Component Unit

Revenues for general governmental functions (all governmental fund types and component units) totaled \$46,641,631 in 2000, a 3.4% increase from 1999.

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 \$1,197,320 in 2000 and is not reflected in real estate taxes in the schedule above.

Real estate tax revenue increased \$340,051, which is an 1.7% increase over 1999 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 \$923,474, which is an increase of 6.1% over 1999. The increase is attributable primarily to the following grants:

- a) The Department of Children and Youth's Federal Title IV-E reimbursement grant revenue increased by \$738,000 due to a growth in the number of clients and an increase in counseling and placement costs.
- b) The Redevelopment Authority's grant revenue increased \$339,500 in 2000. Grant cash flow is dependent on the progress of redevelopment projects. Therefore, this grant's revenue can vary year to year.

- c) The County's Department of Aging grant revenue increased by \$291,000. The grant revenue can vary from year to year depending on the block grant funding of various aging programs specified by the Pennsylvania Department of Aging.
- d) In the year of 2000, the Department of Solid Waste received a yard waste equipment grant in the amount of \$122,000.
- e) The District Attorney's Office grants decreased by \$247,000 due to a single year technology grant received in 1999.
- f) In 1999, the County also received a single year grant for \$150,000 restricted to specific study of the feasibility of a war museum located in Carlisle. Therefore, grant revenue declined in 2000 by this amount.
- g) Payment in lieu of taxes decreased by \$134,000 in 2000 due to a change in legislation regarding public utility real estate values.

County contributions and other increased by \$172,116, which is an 24.3% increase over 1999. The reasons for the increase are as follows:

- a) There was an increase of \$67,500 attributable to a change in accounting for telephone expense fixed cost reimbursement.
- b) Due to a higher inmate population level at the County's Prison, commission revenue associated with telephone, laundry and vending machine increased \$34,000.
- c) Administrative fee revenue associated with intergovernment transfers increased \$31,000 in 2000.

The following schedule details the composition of 2000 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 2000 EXPENDITURES

<u>Expenditures</u>	<u>2000**</u>	<u>Percent of Total</u>	<u>1999*</u>	<u>Increase (Decrease) From 1999</u>	<u>Percent Of Increase (Decrease)</u>
Current:					
General Government					
-Administrative	\$ 7,837,321	16.1%	\$ 7,282,419	\$ 554,902	7.6%
-Judicial	12,657,566	26.1	12,312,237	345,329	2.8
Public Safety	7,730,701	15.9	7,186,286	544,415	7.6
Public Works and Enterprises	1,019,596	2.1	636,057	383,539	60.3
Human Services	13,796,289	28.4	12,383,364	1,412,925	11.4
Culture and Recreation	578,646	1.2	707,579	(128,933)	(18.2)
Conservation and Development	1,932,605	4.0	1,630,519	302,086	18.5
Other	63,621	0.1	6,438	57,183	888.2
Debt Service	2,794,767	5.8	8,354,908	(5,560,141)	(66.5)
Capital Outlay	<u>125,438</u>	<u>0.3</u>	<u>369,821</u>	<u>(244,383)</u>	<u>(66.1)</u>
TOTAL	<u>\$48,536,550</u>	100.0%	<u>\$50,869,628</u>	<u>\$(2,333,078)</u>	<u>(4.6%)</u>

\* Includes Component Units

\*\* Includes Expendable Trust Fund and Component Unit

Expenditures for general governmental functions (all governmental fund types and component units) totaled \$48,536,550 in 2000, a decrease of 4.6%.

General Government - Administrative expenditures increased \$554,902, an increase of 7.6%, which is attributable to the following:

- a) Insurance expense increased \$134,000 in 2000 over the prior year.
- b) Administrative expenditures in the Records Retention Improvement Funds increased by \$113,000. The increase is due to equipment and management services expenditures to facilitate the process of providing information to the public in a more efficient manner in the Recorder of Deeds and the Prothonotary Offices.
- c) Expenditures in the Budgeting Office increased by \$94,000 over last year due to professional services related to the closing processes of \$59,000 and a new accounting position of \$35,000.
- d) Tax assessment expenditures increased by \$81,000. The completion of the County's real estate reassessment project resulted in a decrease of \$138,000 for temporary personnel and outside assessors. This offset increases of \$107,000 in salaries and fringe benefits for board of appeals members, supervisors, an additional assessor and the transfer of the tax coordinator into the department. An increase of \$12,000 for printing and \$69,000 for postage were for notices sent to each property owner indicating the new assessments. A \$121,000 increase in management services and office furniture expenditures was partially offset by a \$90,000 decrease in engineering costs for the geographical information systems project completed in 1999.
- e) In 2000, Human Services Fiscal Operations, a new department, was established to capture the fiscal costs of the Department of Aging and MH/MR programs. It incurred expenditures of \$73,000 in 2000.
- f) The Commissioners' Office expenditures increased over \$50,000. Annual step and cost of living increases increased salary expenditures by \$18,000. Additionally, \$13,000 more was donated to the Energy Consortium in 2000, than in 1999, due to a reduction in State funding. Equipment rental increased by \$2,000 due to the purchase of a new copier. Conference/association membership expenditures increased \$8,000. Additionally, \$5,000 was expended on advertising for the County's 250<sup>th</sup> Anniversary celebration in 2000.
- g) Data processing expenditures decreased by \$94,000. In 1999, nonrecurring expenditures of \$293,000 were expended on engineering costs for the development of a geographical information system. Additionally, computer support expenditures decreased by \$73,000 and salary expenditures increased by \$158,000. The data processing department's growth is attributable to the ongoing expansion of technology within the County. The salary expense increases were due to several position upgrades, one newly created position, one position transferred to the office and overtime costs. Hardware/software purchase acquisitions increased by \$104,000. Additionally, \$10,000 was expended on a new technology initiative.

General Government - Judicial expenditures increased \$345,329, an increase of 2.8%, which is attributable primarily to the following:

- a) District Justice expenditures increased by \$144,000. The Court Administrator's Office expenditures increased by \$30,000 from the prior year. The increase the District Justices' expenditures was due to position upgrades and new telephone systems. Additionally, postage expense increased, due to higher caseloads, and rent increased because of office expansion. The increase in Court Administrator expenditures was due in part to a \$20,000 payout of leave time when several employees were transferred to the State payroll. The

remaining \$10,000 was due to a District Justice floating secretarial position that was created in 2000 due to a need for more staff assistance.

- b) The Sheriff's Office expenditures increased \$149,000 due to salary increases of \$97,000, technology upgrades of \$16,000 and the inception of a three year vehicle lease. The vehicle lease payments increased expenditures by \$36,000. The salary increases included annual step increases, cost of living increases and an increase in salaries for deputies because several transferred into the office at a higher step than the entry-level step. The technology upgrades included improvements to existing computers and a new printer.
- c) Offender Supervision expenditures increased \$120,000 in 2000. New probation officers were added in 2000 at a cost of \$91,000. The officers were added to handle existing and expanding pre-sentencing duties due to increasing office caseload. Related expenditures increased \$29,000 for security equipment purchases, weapons training, and supplies for the new positions.
- d) Expenditures in two special revenue funds, Domestic Relations and Central Booking, increased by \$70,000 and \$57,000 respectively. Domestic Relations had an increase of \$56,000 for security equipment and personnel at the DRO building. An increase of \$38,000 was due to three promotions reflecting new responsibilities. The increases in overall operating expenditures were offset by a decrease of \$24,000 in data processing costs because the office is now connected to the State computer system. Central Booking had an increase of \$147,000 in personnel costs attributable to the department beginning twenty-four hour operations, and large staff turnover. Decreases of \$134,000 in computer hardware and \$22,000 in equipment purchased by a video arraignment grant in 1999 offset increases of \$25,000 for equipment maintenance agreements and \$41,000 for telephone-line fees.
- e) Clerk of Courts expenditures increased \$87,000 due to \$27,000 in salary increases and a \$60,000 software purchase. The software was purchased with state grant money for participation in a statewide Clerk of Courts software program.
- f) Grants and Administration expenditures decreased by \$60,000 due to less grant funding in 2000. Several County grant programs with the Pennsylvania Commission for Crime and Delinquency ended in 1999.
- g) District Attorney expenditures decreased by \$275,000, due to the termination of a one-time grant for communications equipment in 1999.

Public Safety expenditures increased \$544,415 or 7.6%, from 1999. The majority of this increase can be attributed to an increase in payroll expense related to new positions and normal annual salary increases in the following departments: Juvenile and Adult Probation Offices, County Prison and Emergency Management. The County Prison hired six new correction officers and one corporal position. Additionally, juvenile probation's staff increased in 2000.

Public Works and Enterprises expenditures increased \$383,539 over 1999 due to the following reasons:

- a) The expenditure of Liquid Fuel funds increased \$227,000 due to costs associated with a several large bridge maintenance projects.
- b) The Department of Solid Waste expenditures increased \$157,000 due to the purchase of landfill waste equipment funded through a state grant.

Human Services expenditures increased by \$1,412,925, an increase of 11.4%. The increase can be attributed to the following departments.

- a) The Department of Children and Youth's expenditures increased \$1,134,000 in 2000 due to the growth in the number of clients and an increase in counseling and placement costs.
- b) The Department of Aging's expenditures increased \$334,000 due to increased usage of several of the program's services.

In 2000, Conservation and Development expenditures increased \$302,086 from 1999. Directly related to this increase, expenditures related to small community development increased \$132,000 due to the completion of proposals managed by the Cumberland County Redevelopment Authority. Additionally in 2000, a new initiative by the Affordable Housing program, which assists home purchasers with closing costs, started in 2000 and increased expenditures by \$205,000.

Debt Service expenditures decreased \$5,560,141 in 2000 because in 1999 the 1985 general obligation bond issue was defeased. The County completed the prefunding of the 1985 bond issue in 1999.

Capital outlay expenditures decreased \$244,383 (66.1%) 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 \$8.3 million to \$7.6 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 82 days of General Fund operating expenditures and transfers for 2000.

#### 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 produced income (loss) before operating transfers of \$1,074,749, (\$509,431) and (\$53,711), 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 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 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 Employee's Retirement Trust Fund showed a loss in 2000. The County did not contribute to the plan, in accordance with an annual actuarial valuation. Net assets available for benefits at fair value decreased by \$1.5 million in 2000 to \$78.4 million. Despite the decrease in net assets for the year, the plan remains fully funded in accordance with the annual actuarial valuation.

## LANDFILL POST-CLOSURE TRUST FUND

Cumberland County established and manages a Site-specific Post-Closure Trust Fund for the operating municipal waste landfill in the County in accordance with the Municipal Waste Planning, Recycling and Waste Reduction Act, Act 101 of 1988, Section 1108. This Post-Closure Trust Fund may be used only for remedial measures and emergency actions that are necessary to prevent or abate adverse effects upon the environment after landfill closure. The Funds may also be used for purposes authorized by the Environmental Stewardship and Watershed Protection Act ( Act 68 of 1999).

## 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, 2000, 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, 2000	\$28,215,909	3.5%	.22%	\$132.05

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, 2000, the County's general obligation bonded debt of \$28.2 million was well below the legal limit of \$160 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 \$164,144 for courtroom expansion and prison upgrades and equipment. The Capital Projects Fund balance at December 31, 2000, was \$1,209,905, primarily a result of funding future renovations for the County's Office of Emergency Preparedness 800 MHz radio project and the renovation of the County courthouse, the Claremont Nursing and Rehabilitation Center and the Domestic Relations Office.

### 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, 2000, General Fixed Assets net of accumulated depreciation and amortization totaled \$19,205,402.

### 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 2000 was 6.53%. Interest earnings of the general governmental fund types and component units were \$1,192,781 in 2000.

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 2000, 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, 2000. 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, 1999. 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 twelve (12) consecutive years (years ended 1988-1999.) 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,

A handwritten signature in black ink, reading "Alfred L. Whitcomb", with a long horizontal flourish extending to the right.

ALFRED L. WHITCOMB  
Controller

# 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, 1999

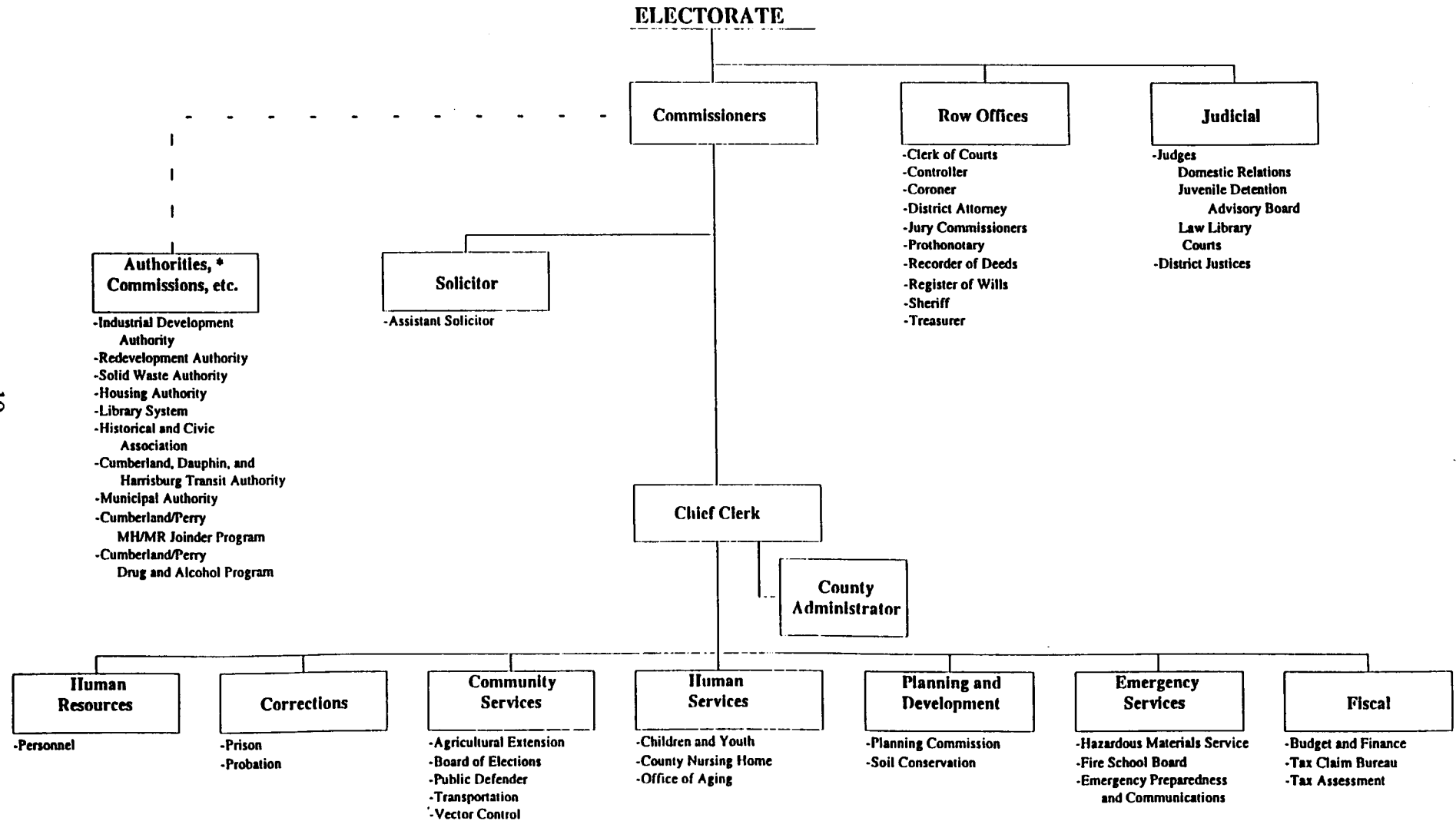
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Anne Spray Kinsey*  
President

*Jeffrey L. Esser*  
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, 2000

COMMISSIONERS

Nancy A. Besch, Chairwoman  
Earl R. Keller  
Richard L. Rovegno

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

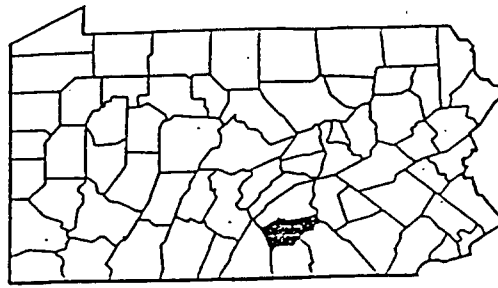
Robert P. Ziegler

JURY COMMISSIONERS

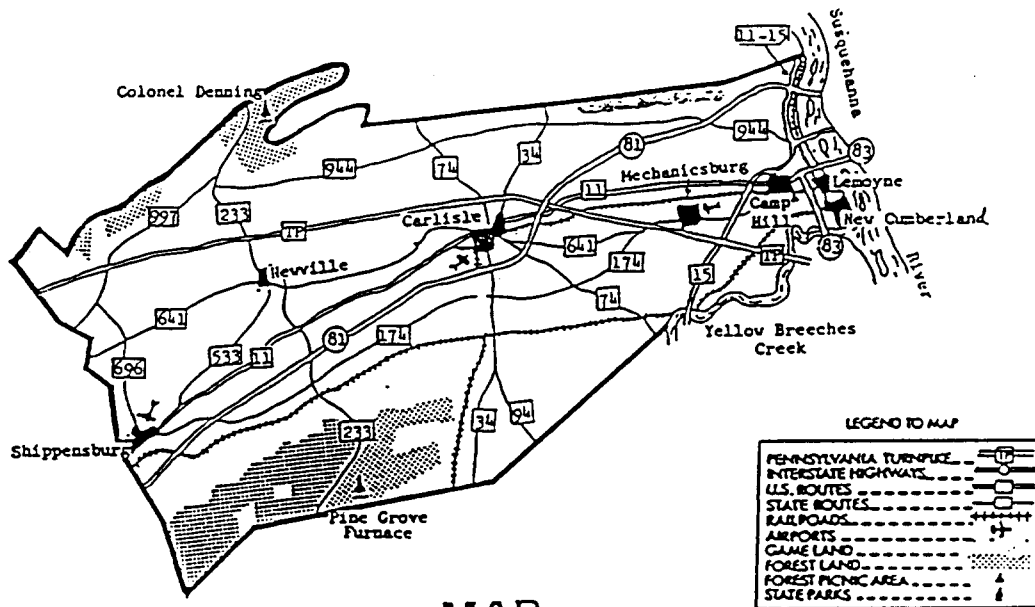
Ralph G. Viehman, Jr.  
Winifred M. Williams

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

