

# **Controller of Cumberland County**

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April 26, 2002

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, 2001, 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 and results of operations. 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 route 581 connector to Route 81 provides 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% from 1990 to 2000. 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 3.6% at the end of 2001, 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

### Reassessment

In 2001, Cumberland County successfully concluded its first property reassessment since 1974. In aggregate terms, the reassessment project covered over 88,000 County properties and generated 7,633 appeals (6,494 in 2000 and 1,139 in 2001). Final appeals, as a result of the summer 2001 County and Municipal tax mailings, were held in late summer and fall of 2001. Gross County property valuation changed from \$804 million (25% of 1974 market value) to \$12.6 billion (100% of 2000 full market value). The various property tax millage rates used by Cumberland County taxing authorities were changed to ensure that the net taxes collected per district increased by no more than 5% (10% for school districts) in compliance with state reassessment law.

The County's reassessment contract with 21<sup>st</sup> Century Appraisals, Inc. was successfully concluded in November 2001. The County continues to license the Computer Assisted Mass Appraisal (CAMA) system as its property valuation database of record. Public assessment data is available from the CAMA system through computer terminals in the Old Courthouse in Carlisle and through the County's internet site at [www.ccpa.net](http://www.ccpa.net). Tax assessment efficiency is expected to increase in 2002 with the adoption of a laptop version of the CAMA software, which will allow assessors to directly input changes into the system from the field or property site location, thus avoiding transcription and re-keying errors.

Planning is underway to adopt and resource a program of cyclic reassessment to ensure property valuations remain current, are conducted in a timely manner, reflect market conditions, and thus are properly taxed.

### Geographic Information System

The Geographic Information System (GIS) was moved from the Tax Assessment Department and elevated to departmental status in recognition of its key role in supporting diverse County operations. Two major GIS activities were begun in 2001 that will be completed in 2002. Currently, County tax parcels are

annotated by hand on Mylar aerial photographs (circa 1972) available for examination and copying in the Tax Mapping office. A vendor is now in the process of digitizing the parcel annotations (tax ID number, acreage, parcel perimeter data, etc.) for inclusion in the County's computer system. The result will be the ability to produce annotated, digitized aerial photography (based on 1998 photography) of all County properties by fall 2002. As the digitized aerial photography is updated over time, the annotation "layers" can be overlaid with the new photography in an automated process. This will assist assessment actions as well as provide better service to the public with accurate and up to date map products.

In a separate program to increase the County's mapping capability, the GIS Department, in cooperation with the County 911/Office of Emergency Preparedness and a vendor, is converting the thirty-three Cumberland County municipalities' individual paper-based Master Street Addressing Guides (MSAG) into a single digital GIS database. The result in 2002 will be the first complete County roads centerlines and street range database based on authoritative data from the constituent County municipalities. In addition to becoming the County's master mapping database for emergency dispatch, this project will support higher quality map production for municipalities and publicly available mapping products.

### Records Management and Digitization

Records are the memory of the government. In 2001, Cumberland County began executing a multi-year program to digitize County records to promote public access via the Internet and reduce the cost of record storage and retrieval. Digitization (sometimes referred to as scanning) is the process by which the image of a paper document is captured in a digital format. Records must be digitized before they can be stored, searched, and retrieved by computer or made available via the Internet. The program began with new deed and land transfer records in the Recorder of Deeds in January followed by documents of the Commissioners' office in May. The Prothonotary and Clerk of Court offices began scanning their documents in August. The Register of Wills document scanning was deferred until 2002.

By the end of 2001, the Recorder of Deeds had scanned over 300,000 document pages and was preparing to address the department's back file (documents prior to January 2001) conversion. Scanning to-date has avoided the creation of over 150 document books in the Recorder's office alone. A complementary document printing system was installed which allows users to make copies from computer records, microfilm, or paper documents using a single prepaid vending system.

The Prothonotary and Clerk of Court each scanned over 20,000 pages of civil documents and criminal court cases in the last five months of 2001. The Commissioners office digitized over 40,000 pages of meeting minutes, contracts, resolutions, and other official County documents in 2001. The Court Administrators and Judges scanned over 8,000 pages of judicial opinions, greatly expediting internal legal research. Currently, all digitized material is instantly available through the desktop personal computers of authorized users within the County network.

The County anticipates making many of these records, subject to privacy restrictions, available via the Internet in 2002. Specifically, minutes of public meetings, contracts, resolutions and other acts of governance, civil docket descriptions, and judicial opinions are under consideration. Internet access to these records would be fully text (keyword or phrase) searchable as well as providing a photocopy-quality image of the original document suitable for printing.

### Information Technology Infrastructure

The County finished its major network infrastructure upgrade in 2001. High-speed data service (switched 100Mbps within buildings) was made available to all County workstations. All computers requiring lifecycle replacement in 2001 were replaced and obsolete computer equipment was disposed of in

an environmentally friendly manner. Lifecycle computer replacements will be conducted in 2002 in the same manner. In 2002, as was done in 2001, the County expects to aggressively leverage criminal justice and other grant monies to minimize the use of local tax monies for these upgrades.

Cumberland County was the first County in Pennsylvania to take advantage of contract pricing, which was negotiated by the Commonwealth for telecommunications services in 2001. Where possible, telephone and data circuits were switched to Adelphia Business Solutions of Pennsylvania Inc. First year savings to the County are anticipated to be approximately \$50,000.

### Justice Network

Cumberland County continues to partner with the Pennsylvania Justice Network (JNET) in numerous pilot projects designed to enhance the flow of criminal justice related information between Commonwealth departments, the court system, and the County. The Commonwealth recognized Cumberland County's close partnership with the JNET project by choosing Cumberland County to be the "68<sup>th</sup> County" for JNET connectivity via the Internet. This will make Cumberland County the point of entry into the JNET system for all Federal and other non-PA system users. JNET increased the County's bandwidth to the Commonwealth to a dedicated 45Mbps T-3 connection in support of this new task. Cumberland County was also selected along with the City of Philadelphia to participate in an advanced security prototype to enhance the accessibility of criminal history records to authorized persons.

### IT Training

Employee information technology training increased in 2001 with the completion of fully networked training facilities in the compound area of the Old Jail in Carlisle. This facility can accommodate 12 students at a time and provide full audio and visual support. Computer equipment for the facility was obtained by recycling personal computers being withdrawn from desktop service due to lifecycle replacement. This less demanding role is the last step prior to final disposal through recycling.

Classes conducted in 2001 provided approximately 2000 training hours of instruction. Classes offered, based on user demand, evolved from basic skills in early 2001 to more advanced topics in database design and applications as well as some of the more sophisticated word processor and spreadsheet functions. This trend should continue in 2002, reflecting an increase in automation skills needed by County employees.

### County Website and e-Business

The County website was extensively revised and put on-line in December 2001. It is designed to be customer oriented in order to enable users to find the information they need as rapidly as possible without having to have any knowledge of the County organization. Expected website improvements in 2002 will be based on technology developed by the Commonwealth and used to setup and maintain "PA Powerport" – Pennsylvania's award winning state website. Use of this technology will give the 2002 website revision a look and feel consistent with the State and decrease the cost of content management.

The County will in turn offer to partner with constituent municipalities and townships for local governmental web site development and hosting. The goal will be to reduce this cost to local governments, also providing County citizens with a consistent and familiar experience while seeking information from the local, County, and State levels of government via the Internet.

2001 was the beginning of e-business for Cumberland County with website links to Commonwealth sites for dog and vehicle licenses, various administrative forms, and convenient availability of information as well as links to all other local municipalities. In 2002, greater public access to County data will be

offered as well as new services (searchable databases) not previously possible. It is the long-term goal of the County to enable citizens to transact any desired business with the County on a twenty-four hour/seven day a week basis.

### Computer Aided Dispatch

In partnership with the Pennsylvania Commission on Crime and Delinquency (PCCD), the County began a developmental project to adapt an existing computer aided dispatch (CAD) system to the specific requirements of county-level emergency dispatch within Pennsylvania. After extensive staff planning and negotiation, Cross Current Corporation of New Hope, Pennsylvania was contracted to modify and install their proprietary CAD system in support of Cumberland County's 911 operations. The system is scheduled to "go live" in late 2002. The CAD system will tie together numerous ongoing County high technology projects such as the 800Mhz digital radio network, JNET connectivity to all County police departments, state-of-the art internal network capabilities, and high bandwidth connection to Commonwealth agencies in order to enhance public safety. Cumberland County's CAD system will be the prototype for County emergency service management in Pennsylvania.

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 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 a 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.

### 800 Megahertz Emergency Communications Upgrade

The County is in the process of building a new 800 megahertz digital radio communications system in partnership with the Commonwealth of Pennsylvania. This partnership provides numerous cost and operational advantages. The 800 megahertz 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 high profile tower sites and seven cell sites have been 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 shortcomings of the County's obsolete multi-channel, multi-user radio system.

### Enterprise Resource Planning

The County determined in 2001 that its accounting and financial system would not meet new financial reporting standards effective in 2003. The decision was made to acquire an Enterprise Resource Planning (ERP) software system to better integrate the County management, accounting, budgeting, purchasing, contract management, and human resource functions within a single computer system. A project manager was hired and the process of requirements definition begun. In 2002, requirements will be finalized and proposals sought from vendors to meet County's needs. A vendor selection decision and initial purchasing actions should take place by late 2002.

### Exit 44 Initiative

A broad cross section of the community including residents, businesses and government officials have been concerned about the rapid development in and around the Exit 44 interchange of Route 81. Of particular concern is the likelihood of continued expansion and concentration of warehousing and other traffic intensive businesses in this area. The interchange impacts five municipalities and a number of existing residential communities.

The Exit 44 Initiative is a cooperative effort involving Cumberland County, local municipalities, and the Commonwealth of Pennsylvania. The three levels of government are taking steps to upgrade the local roads feeding the interchange; to improve traffic flow to and from Route 81 in this area; and to improve safety and reduce the adverse effects of increasing traffic, particularly heavy truck traffic, around Exit 44.

The County has facilitated parts of the planning process and has been involved in successful applications for state and federal funding to begin engineering and design work for the road improvements required for the project. The Exit 44 Initiative has been identified as a model for local government cooperation and planning for road improvements and commercial development. The project has been placed on the State's long range plan for road construction. Exit 44 construction is expected to start in 2003 and should be complete by 2005.

### Hotel Tax

Recent legislation provided the opportunity for the County to establish a "room rental tax" to generate revenue used to promote Cumberland County and support tourism. As of April 1, 2001, all hotel room rentals are assessed a two percent hotel tax. The County designated a tourist agency to promote the development and expansion of tourism and commerce within the County. The Tourist Promotion Agency (TPA) receives 50 percent of the hotel tax funds to support tourism initiatives within the County, and the other 50 percent is allocated to the Army Heritage Center, the light rail initiative, and the Cumberland County Economic Development Office.

### HealthChoices

Cumberland County is a partner with Perry County for the delivery of public-funded behavioral health services. The Counties manage these services through two organizations, the Cumberland-Perry Mental Health-Mental Retardation Program and the Cumberland-Perry Drug and Alcohol Commission. These two offices operate under the joint authority of the Boards of County Commissioners from the two counties. By agreement between the Counties, central office staffs for these programs are employees of Cumberland County. The programs operate as departments within Cumberland County.

Historically, Medicaid funding related to behavioral health services flowed directly from the state to provider agencies in the community. The Commonwealth of Pennsylvania initiated a statewide program to

move Medicaid recipients into “managed care programs” for both primary health and behavioral health services. The program is intended to improve care for Medicaid recipients and reduce costs for the Commonwealth. Counties were offered the “right of first opportunity” to participate in the new method of Medicaid funding for behavioral health services. The “opportunity” was offered to clusters of counties based on the number of resident Medicaid recipients.

Cumberland and Perry Counties joined with Dauphin, Lancaster, and Lebanon Counties as a team of five counties to jointly manage the delivery of Medicaid-funded behavioral health services under HealthChoices. The goal of the counties is to provide a continuum of quality behavioral health services for Medicaid eligible residents that is consistent with other behavioral health services managed by the counties. The counties have formed a non-profit organization known as the Central Pennsylvania Behavioral Health Collaborative (CPBHC) and through CPBHC have contracted with a licensed, private sector managed care organization to operate the program within the five county region.

The program is supported through state and federal Medicaid funding and does not rely on general fund monies from the participating counties. Each county has separate agreements with both the Commonwealth and CPBHC defining the responsibilities of the parties related to the HealthChoices program. The counties have passed financial risks associated with HealthChoices through contract to the CPBHC and its managed care partner.

The program began enrolling Medicaid recipients on a voluntary basis during the first quarter of 2002. All Medicaid recipients will be transferred into the program as of April 1, 2002.

### Solid Waste

Cumberland County, through the Solid Waste Authority of Cumberland County and the Department of Solid Waste Management, continues to implement the PA Department of Environmental Protection (PADEP) approved Cumberland County Municipal Waste Management Plan and initiate new or expanded programs to reduce waste generation and increase recycling. Plan implementation included the continued administration of contracts with 15 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 Solid Waste Authority of Cumberland County initiated an analysis of illegal dumping in the County and a review of recycling and recycling options available to improve the County’s recycling rate.

In 2001, the Solid Waste Authority embarked on major initiatives to reduce waste, encourage beneficial use, expand recycling opportunities and ensure proper disposal. An annual newsletter, “The Recycling Times”, was developed and mailed to over 100,000 County households as a means of providing recycling education, announcing Authority events and providing a guide for waste reduction and recycling opportunities. The Backyard Composting Program was expanded, resulting in over 2,000 back-yard composters being sold and distributed to Cumberland County citizens. The Household Hazardous Waste (HHW) Drop-off Disposal Program continued with 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 Authority held a Tire and Appliance Drop-off event in Newville in an effort to reduce illegal dumping and encourage recycling. Over 36 tons of appliances were recovered for scrap steel and over 27 tons of tires were recovered for processing and beneficial use. The Authority, with support from the Pennsylvania Department of Environmental Protection, also held a pilot Computer and Electronic Equipment Recycling Drop-off event. Approximately 80 tons of computers and electronic equipment were collected from 1,150 vehicles. The Yard Waste Equipment Program continued to grow. Ten 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 outmate 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 7,225 hours of service on a total of thirty community projects. Of the projects completed by the CWC in 2001, eleven were for county departments, eight for local municipalities, and nine benefited non-profit organizations. Most projects consisted of painting, general cleaning, manual labor, and the collection of highway litter, old appliances and used tires.

### 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 (i.e. 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, (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. The legal level of control is the individual fund level. 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 presents a summary of revenues for general governmental functions (governmental fund types, fiduciary fund types and discretely presented component units) for 2001 in comparison to the prior year.

### COMPOSITION OF 2001 REVENUES

<u>Revenues</u>	<u>2001*</u>	<u>Percent of Total</u>	<u>2000*</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent of Increase (Decrease)</u>
Real Estate Taxes					
w/o library	\$22,346,929	43.0%	\$20,766,017	\$1,580,912	7.6%
Per Capita Taxes	647,380	1.2	641,091	6,289	1.0
Hotel Tax	666,192	1.3	-	666,192	100.0
Licenses and Permits	97,294	0.1	54,337	42,957	79.1
Grants	18,135,135	35.0	16,111,291	2,023,844	12.6
County Charges	6,619,131	12.7	5,808,717	810,414	14.0
Court Costs, Fines and Forfeits	1,303,068	2.5	1,152,934	150,134	13.0
Interest	866,918	1.7	1,227,891	(360,973)	(29.4)
Contributions and Other	<u>1,292,802</u>	<u>2.5</u>	<u>879,354</u>	<u>413,448</u>	<u>47.0</u>
 TOTAL	 <u>\$51,974,849</u>	 100.0%	 <u>\$46,641,632</u>	 <u>\$5,333,217</u>	 11.4%

\* Includes Expendable Trust Fund and Component Units

Revenues for general governmental functions (all governmental fund types, fiduciary fund types, and component units) totaled \$51,974,849 in 2001, an 11.4% increase from 2000.

The County collects a .103 mills tax in an agent capacity for the Cumberland County Library Board. This tax was approved by the electorate in 1986 and amounted to \$1,289,758 in 2001 and is not reflected in real estate taxes in the schedule above.

Hotel Tax revenues increased by \$666,192 in 2001. In April of 2001, Cumberland County (the "County") began collecting hotel occupancy tax monies from lodging establishments within the County. County Ordinance 2001-3, which was passed on February 5, 2001, authorized the County to collect a two percent hotel occupancy tax on room rentals from lodging establishments within the County. The monies collected were disbursed to fund tourism and development within the County.

Grant revenues increased by \$2,023,844 in 2001. This increase is primarily due to the inception of several new grants and increases in existing grants, which are as follows:

- HealthChoices, a new managed care program implemented in October 2001 for the delivery of behavioral health services, resulted in \$388,900 of additional grant revenue.
- Act 148 grant revenues for Children and Youth increased by \$317,000 due to an increase in the allocation of funds for 2001 from the Pennsylvania Department of Public Welfare.
- Grant revenues in the community services fund increased by \$264,000 due to more hours of service provided to assist County residents who are unable to care for themselves.
- A Pennsylvania Law Enforcement Management Information Systems grant of \$200,000 was received for the coordinator's salary, computer consulting and vehicle lease costs of the Central Booking Office.
- Grant revenue from the Pennsylvania Department of Public Welfare increased \$144,400 for building renovations at the County's Domestic Relations Office.
- The County's Domestic Relations Office also received an additional \$108,000 of incentive receipts in 2001 from the Pennsylvania Department of Public Welfare.
- A \$93,400 lead based paint grant was received for testing paint in vacant housing within the County.
- A new \$85,000 grant, for equipment to aid the District Attorney in criminal investigations, was received in 2001.
- The Federal Family Caregiver is a new \$70,800 grant which subsidizes expenses of caring for the County's elderly in their homes.
- Specialized probation services grant funding increased \$63,500 due to encompassing three probation officers' salaries and benefits that were previously covered by another grant.
- The West Nile grant increased \$59,200 for the purchase of two vehicles and a new employee's salary.
- A one-time \$57,200 grant was received by the Coroner to reimburse police departments for overtime expenses attributable to seat belt and child restraint education.
- A new \$45,000 economic development grant was received to create an economic development strategy for the County.
- A \$27,000 grant from Lower Allen Township was received in 2001 to subsidize operating costs of the Central Booking Office.
- The Victims of Crime Acts grant increased \$16,400 for increases in salaries and benefits.
- A video arraignment grant of \$106,000 received in 2000 was discontinued.

County charges revenue increased by \$810,414 in 2001 primarily due to the following:

- Recorder of Deeds' county charges increased by \$366,700 due to the large increase in mortgage filings because of the low interest rates.
- Beginning in 2001, the Sheriff's office received \$98,800 of reimbursement for security services provided.
- Affordable housing fees and improvement fund fees increased by \$66,100 due to large increases in mortgage refinancing activity.
- Internal Revenue Service intercept fees increased by \$27,800 due to a larger number of defendants who owed arrearages and also to an increase in the amount of the arrearages.

- Federal and State prison housing reimbursements decreased \$30,700 due to a larger percentage of the prison cells housing local inmates in 2001, thereby reducing the number of cells available for holding federal and state inmates.

Court costs, fines and forfeits increased \$150,134 in 2001 primarily due to the following:

- The increase in court costs of \$86,900 is due to various fee increases.
- The \$35,000 increase in processing fees for cases not related to driving under the influence, is due to the fact that more defendants are paying their costs and fines. This fee is the last to be paid on these types of cases.
- A \$31,000 increase in offender supervision fees is due to an increase in the number of defendants assessed and the number of defendants paying the fees.
- A \$22,600 increase in bail forfeitures is due principally to one individual who forfeited his bail when he left the Country.
- Law library fines decreased \$25,400 due to the County's greater reliance on Internet resources for legal fees.

Interest revenues decreased by \$360,973 in 2001 due primarily to lower available interest rates in 2001.

Contributions and other revenues increased by \$413,448 in 2001 primarily due to the following:

- The increase in miscellaneous revenues in the amount of \$185,400, was due to recognizing Court of Common Pleas revenue from a prior year.
- A one-time contribution in the amount of \$124,000, was received in association with the purchase of the Reed Building.
- The increase in telephone reimbursement revenue in the amount of \$67,800, was due to expanding the cost base utilized in the telephone expense allocation.
- Contributions increased by \$27,800, due to an increase in required consumer contributions for adult day care services.

The following schedule details the composition of 2001 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 2001 EXPENDITURES

<u>Expenditures</u>	<u>2001*</u>	<u>Percent of Total</u>	<u>2000*</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent Of Increase (Decrease)</u>
Current:					
General Government					
-Administrative	\$7,422,280	13.9%	\$7,837,321	\$(415,041)	(5.3)%
General Government					
-Judicial	13,684,729	25.7	12,657,566	1,027,163	8.1
Public Safety	8,719,373	16.3	7,730,701	988,672	12.8
Public Works and					
Enterprises	918,206	1.7	1,019,596	(101,390)	(9.9)
Human Services	15,610,614	29.3	13,796,289	1,814,325	13.2
Culture and Recreation	1,494,286	2.8	578,646	915,640	158.2
Conservation and Development	2,184,261	4.1	1,932,605	251,656	13.0
Other	18,279	0.0	63,621	(45,342)	(71.3)
Debt Service	2,893,914	5.4	2,794,767	99,147	3.5
Capital Outlay	<u>405,509</u>	<u>0.8</u>	<u>125,438</u>	<u>280,071</u>	<u>223.3</u>
TOTAL	<u>\$53,351,451</u>	100.0%	<u>\$48,536,550</u>	<u>\$4,814,901</u>	9.9%

\*Includes Expendable Trust Fund and Component Units

Expenditures for general governmental functions (all governmental fund types, fiduciary fund types, and component units) totaled \$53,351,451 in 2001, an increase of 9.9%.

Public safety expenditures increased by \$988,672 in 2001 primarily due to the following:

- An increase in probation officers' salaries, benefits, overtime and staff travel was due to three probation officer positions being funded by the general fund, which had previously been part of a different funding source. Cost of living increases for probation officers and supervisors also contributed to the increase. These items resulted in a \$223,900 increase in expenditures.
- Six new prison corrections officers were hired in mid-year 2000, as result of an increase in the inmate population. The six positions generated expenses for a full year in 2001. An additional cook was also hired in 2001. These staffing increases resulted in a \$220,900 increase in expenditures.
- Expenditures increased by \$104,000 due to an increase in the amount of acres sprayed for gypsy moths, an expansion in the West Nile Mosquito Program, the hiring an additional employee and the purchase of two new vehicles.
- There were several ill prisoners who needed expensive medication and medical treatment, which contributed to a \$99,300 increase in prison expenditures.

- Highway safety's expenditures increased by \$50,000 for the reimbursement provided to local police departments for overtime associated with safety belt and child restraint education.
- An increase of \$45,000 in the drug and alcohol treatment, dental and food expenditures at the prison was due to an increase in the prison population.
- The juvenile probation office purchased a new vehicle, in the amount of \$22,500, to replace an older vehicle.
- An emergency communications coordinator position was created within the 911 department in 2001, which resulted in a \$20,000 increase in expenditures.

Human services expenditures increased by \$1,814,325 in 2001. The increase is primarily due to the following items:

- Children and Youth expenditures increased \$693,500 due to annual salary and benefit increases and an increase in purchased service per diem rates. There was also a 41% increase in adoption subsidy amounts, an increase in the number of children requiring care in more expensive juvenile facilities and an increase in the number of adoptions.
- Special grants expenditures increased by \$390,800 due to consumers using more hours of service, an increase in rent expense for clients under a new program, and a new part time social worker.
- HealthChoices is a new managed care program implemented in October of 2001 for the delivery of behavioral health services. This resulted in \$389,000 of new expenditures for 2001.
- Aging expenditures increased by \$144,700 due to the purchase of state mandated client software, an increase in the number of homes serviced, an increase in the per unit cost of serving clients and expenditures for the new Federal Family Caregiver Program.
- Farmland Protection easement payments increased \$107,300 due to a large easement from 2001 and an easement from 2000 accounted for in 2001.
- Expenditures increased \$93,400 for testing paint in vacant properties within the County.
- The County paid the Pomfret Street Parking Garage \$20,000 to subsidize employee parking rates.

Culture and recreation expenditures increased by \$915,640 in 2001 primarily due to the following:

- Expenditures promoting local tourism and economic development planning increased \$666,100 in 2001 due to the new hotel tax.
- The County granted an additional \$249,000 to the Cumberland County Library System for capital purchases for the library system in 2001. These capital purchases were necessary to enable the system to remain current with new technology.

Conservation and development expenditures increased by \$251,656 in 2001 primarily due to the following:

- Growing Greener, a stream restoration program, and a prevention of non-point source pollution program were initiated in 2001, which resulted in a \$107,000 increase in expenditures.
- Due to economic changes, more farmers were looking for increased funding opportunities, which caused an increase in the number of Best Management Practices implemented on farms. This resulted in a \$38,200 increase in expenditures.
- More municipalities attended training and became eligible for dirt and gravel road grants, thus more grants were distributed to municipalities in 2001. This resulted in a \$31,700 increase in expenditures.
- The Conservation District expended \$20,000 for seven new computers and two new printers to remain current with changes in technology.
- The watershed program began in the second half of 2000 and existed during all of 2001. This resulted in a \$18,000 increase in expenditures.

Capital outlay expenditures increased by \$280,071 in 2001. This increase was primarily due to the purchase and renovation of the Reed Building in 2001 in the amount of \$255,000, and renovations at the Domestic Relations Office in 2001, in the amount of \$100,000. These increases were offset by several smaller decreases primarily due to the completion of capital projects in 2001.

### GENERAL FUND BALANCE

The fund balance of the General Fund decreased from \$7.6 million to \$5.7 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 58 days of General Fund operating expenditures and transfers for 2001.

### 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 primarily 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 \$299,037, (\$604,898) and (\$64,170), 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 2001. 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 \$3.2 million in 2001 to \$75.2 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). The fund had \$616,749 in fund balance at December 31, 2001.

## 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, 2001, 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, 2001	\$35,614,517	.28%	.28%	\$166.68

The bonds are insured which results in an AAA rating from Standard and Poor's Corporation and an Aaa rating from Moody's Investors Service. 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, 2001, the County's general obligation bonded debt of \$35.6 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 \$405,509 for the purchase of an office building, the renovation of the third floor of the Domestic Relation's building and the completion of a parking area off of Claremont Road. The Capital Projects Fund balance at December 31, 2001, was \$779,858.



## 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, 2001, General Fixed Assets, net of accumulated depreciation and amortization, totaled \$18,523,980.

## 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 2001 was 1.5% to 4%. Interest earnings of the general governmental fund types and component units were \$819,716 in 2001.

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 2001, 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, 2001. 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, 2000. 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 thirteen (13) consecutive years (years ended 1988-2000.) 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  
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, 2000

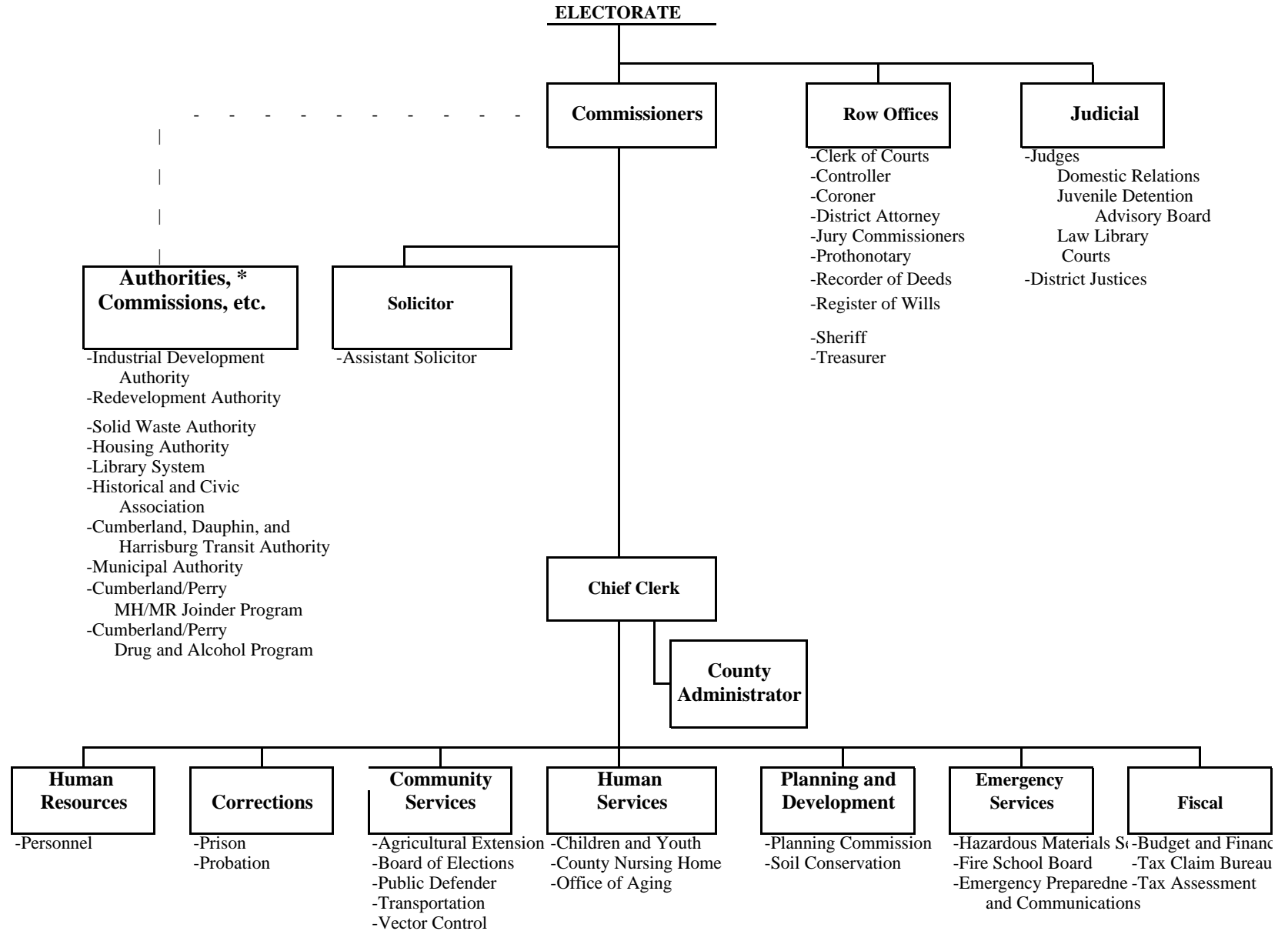
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Thomas D. Chuave*  
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, 2001

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

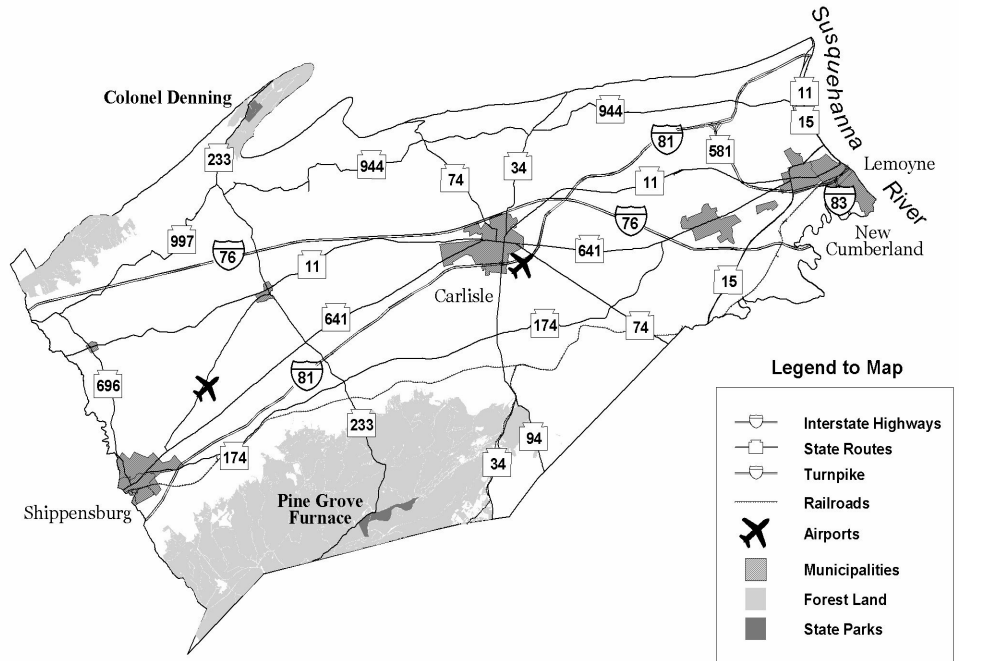
Ralph G. Viehman, Jr.  
Winifred M. Williams

DISTRICT ATTORNEY

Merle L. Ebert, Jr.

# COUNTY OF CUMBERLAND, PENNSYLVANIA

## MAP



- |                      |                    |
|----------------------|--------------------|
| 1. Newburg           | 7. Shiremanstown   |
| 2. Shippensburg Twp. | 8. Camp Hill       |
| 3. Newville          | 9. Wormleysburg    |
| 4. Carlisle          | 10. Lemoyne        |
| 5. Mt. Holly Springs | 11. New Cumberland |
| 6. Mechanicsburg     |                    |

