

County of Cumberland, Pennsylvania

POPULAR ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007



PREPARED BY THE OFFICE OF THE CONTROLLER

ALFRED L. WHITCOMB, CONTROLLER

Visit www.ccpa.net

To the Citizens of Cumberland County:

I am pleased to provide you with Cumberland County, Pennsylvania's Annual Report Summary for 2007.

The information contained in this Annual Report Summary was derived from Cumberland County's audited 2007 Comprehensive Annual Financial Report (CAFR). Except for the general fund information, information is presented on the government-wide full accrual basis of accounting. This basis, used by business, presents all revenues when earned and expenses when incurred.

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

We encourage you to read the CAFR, which is comprised of detailed financial statements, notes, schedules and reports. The CAFR is available at the Controller's Office, One Courthouse Square, Carlisle, PA 17013, on the County's website at www.ccpa.net under "Forms & Documents Controller" or by calling (717) 240-6185.

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

Since the Annual Report Summary is presented in a simple and easy to understand format, it does not conform to Generally Accepted Accounting Principles. For example, the Cumberland County Industrial Development Authority and Cumberland County Conservation District, which are discretely presented component units, are excluded from the Annual Report Summary.

The Annual Report Summary is unaudited and excludes many material disclosures, financial statements, schedules and notes to the financial statements found in the County's CAFR. Responsibility for the accuracy of these financial reports rests with me, as I fulfill the responsibilities of the Controller of Cumberland County.

I hope you find this report informative.

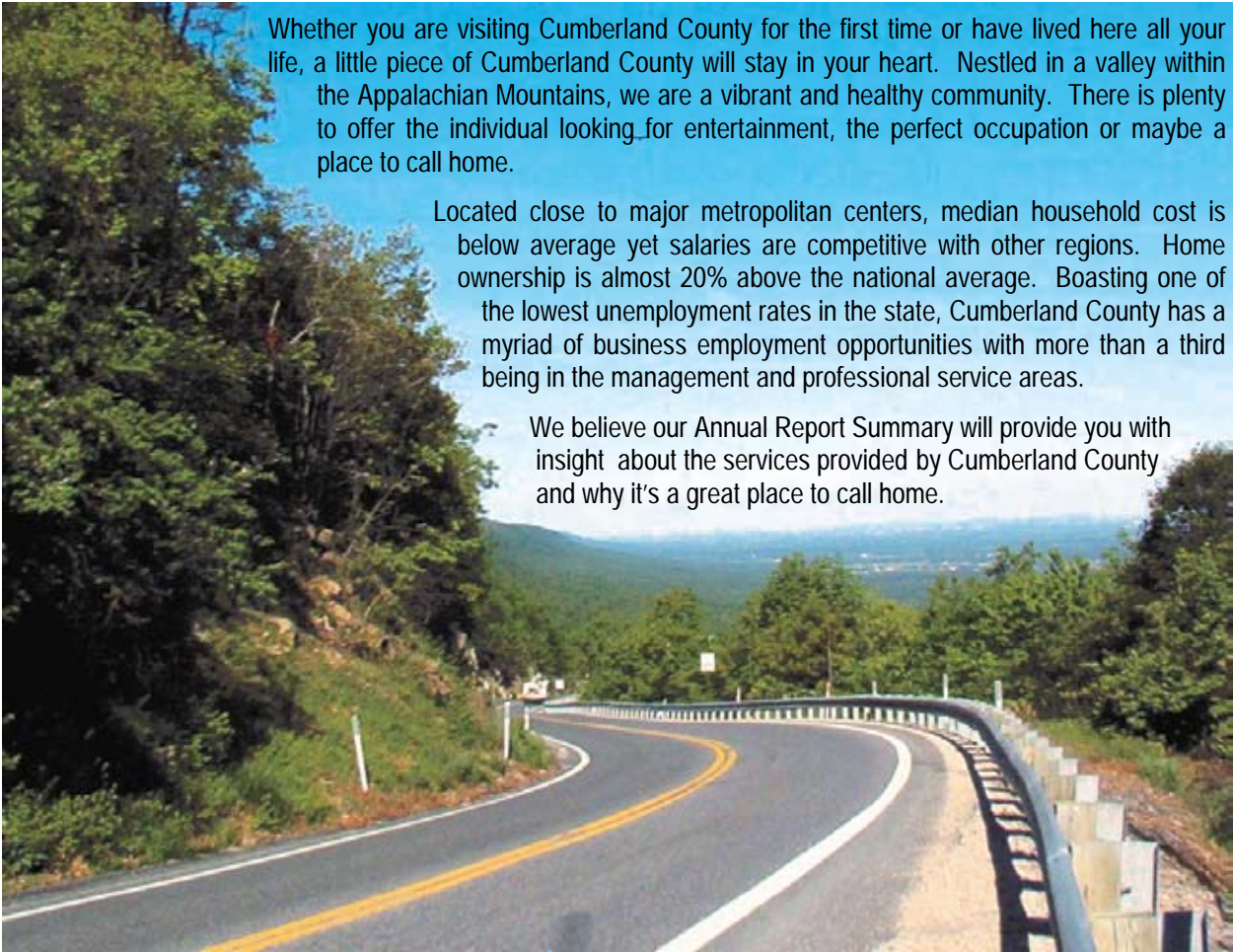


Sincerely,

A handwritten signature in black ink, appearing to read "Alfred L. Whitcomb", written in a cursive style.

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

Welcome Home to Cumberland County!



Whether you are visiting Cumberland County for the first time or have lived here all your life, a little piece of Cumberland County will stay in your heart. Nestled in a valley within the Appalachian Mountains, we are a vibrant and healthy community. There is plenty to offer the individual looking for entertainment, the perfect occupation or maybe a place to call home.

Located close to major metropolitan centers, median household cost is below average yet salaries are competitive with other regions. Home ownership is almost 20% above the national average. Boasting one of the lowest unemployment rates in the state, Cumberland County has a myriad of business employment opportunities with more than a third being in the management and professional service areas.

We believe our Annual Report Summary will provide you with insight about the services provided by Cumberland County and why it's a great place to call home.

TABLE OF CONTENTS

Word from the Controller	1
Welcome Home	2
Who We Are	3-4
Financial Condition and Reporting	5-6
Another Way of Looking at the Finances.....	7-8
Our Goals and Accomplishments	9-10
How We Stack Up	11-12
General Fund and Debt	13
Award	14
Contacts	15

CONTACT INFORMATION

Alfred L. Whitcomb	Phone	717.240.6185
1 Courthouse Square	Fax	717.240.6572
Carlisle, PA 17013	Email	Controller@ccpa.net

PHOTOGRAPHY CREDITS

Cover photographs: The *top left, top center and top right* photographs are courtesy of Bill Henry; the *bottom left, bottom center and bottom right* photographs are courtesy of Tina Pool of the Cumberland County Controller's Office; the *middle left and middle right* are courtesy of the *Carlisle Sentinel* and Cumberland County's Extension Office, respectively. The photograph on *this page* is courtesy of Tina Pool. *Page five's* photograph is courtesy of *The Patriot-News*. The photograph on *page six* is courtesy of Bill Henry. The underlying photo on the *back cover* is courtesy of Tina Pool.



Who we are...

People

Cumberland County's population was 228,019 in 2007. It was split 51% women and 49% men, which is consistent with both the state and nation. Our ethnicities are comprised of 92% White Non-Hispanic, 3% Black or African American, 2% Asian, 2% Hispanic and 1% Other. The ages of our citizens are also consistent with the state and nation being:

- 20% are under 18
- 11% are 18-24
- 26% are 25-44
- 27% are 45-64
- 15% are 65 or over.



Education

The Cumberland County residents are better educated on average when compared to the state and national averages.

	County	State	U.S.
Graduate or Professional degree	12%	10%	10%
Bachelor's degree	19%	16%	17%
Associate's degree	7%	7%	7%
Some college, no degree	15%	15%	19%
High school diploma or equivalency	36%	39%	30%
Less than high school diploma	11%	14%	16%

Homes

The 2006 average household size in Cumberland County was 2.4 people, slightly lower than the state and national averages. 71% of residents own their homes versus rent. The median monthly housing costs are \$1,313 for mortgaged owners, \$411 for nonmortgaged owners and \$701 for renters. The table shows the median housing value for homes in Cumberland County. While the state and national values increased approximately 10%, county homes only increased 6% indicating a more stable local housing market.

	2006	2005
County	\$163,000	\$153,200
State	\$145,200	\$131,900
U.S.	\$185,200	\$167,500

Income

Cumberland County households have a median income of \$56,426 in 2006, much higher than the state's \$46,259 and nation's \$48,451 median household incomes.

Industry

22% of Cumberland County citizens over the age of 16 are employed in the educational services, health care and social assistance fields. 14% are employed in the retail trade. 11% work in professional, scientific, management and administrative services. 9% work in public administration and 8% are in manufacturing.



Top Employers

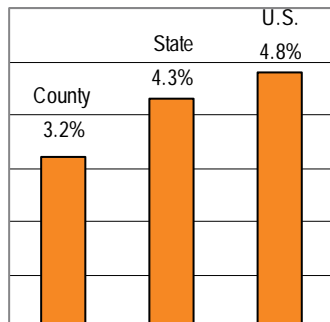
Cumberland County's local economy is driven by its approximately 5,792 businesses that employ nearly 117, 800 people. Here are some of our top employers for 2007:

1. U.S. Government—Naval Inventory Control Point and Carlisle Barracks (includes SPCC, DDRE and other Agencies at that location)
 - 6,838 employees in Mechanicsburg
 - The Naval Inventory Control Point (NAVICP) provides program and supply support for the weapons systems including procuring, managing, and supplying spare parts for Naval aircraft, submarines and ships worldwide.
 - The Carlisle Barracks provide an environment to learn, study, and confer (at the U.S. Army War College) while maintaining balance between professional responsibilities and personal obligations.
2. Pennsylvania Blue Shield (now Highmark Blue Shield)
 - 3,472 employees in Camp Hill
 - One of the largest health insurers in the U.S.
3. Giant Foods
 - 3,130 employees across the county
 - Retailer of food, health and nutrition, and general merchandise.
4. Holy Spirit Hospital
 - 2,175 employees in Camp Hill
 - Full service hospital with 332 beds.



Unemployment

The following table displays the County's 2007 unemployment rate as compared to the state and national rates.



Omar Shute, Executive Director
 Phone: 717-240-7180
 Web: www.cumberlandbusiness.com

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

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

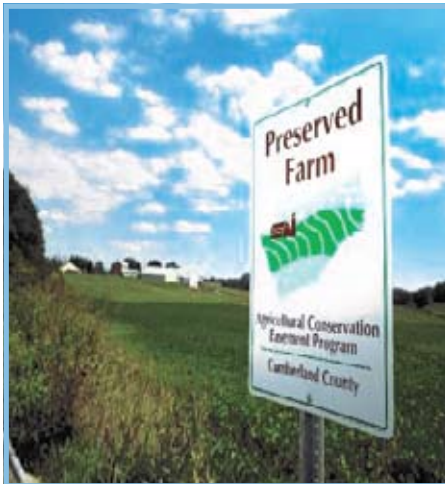


Financial Position Snap-Shot

The summary of the County's financial position, below, shows the County's resources at year-end vs. the amount owed at year-end.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets	(in thousands)		
Current assets:			
Cash and investments	\$ 49,469	\$ 45,684	\$ 38,058
Other current assets	15,537	15,918	12,923
Capital assets and other	53,993	50,885	47,005
Total assets	<u>118,999</u>	<u>112,487</u>	<u>97,986</u>
Liabilities			
Current liabilities	21,342	20,358	18,941
Long-term liabilities	44,440	47,119	39,563
Total liabilities	<u>65,782</u>	<u>67,477</u>	<u>58,504</u>
Net Assets	<u>\$ 53,217</u>	<u>\$ 45,010</u>	<u>\$ 39,482</u>

Note: In 2006, net assets were restated resulting in a \$5,000 increase in net assets.



Significant changes in 2007...

- ◆ Cash increased \$3.7 million.
- ◆ Capital assets increased as the County spent \$2.25 million to preserve 1,738 acres of County farmland from development.
- ◆ Variable rate bonds were refinanced with fixed rate bonds to take advantage of low interest rates.
- ◆ Scheduled principle payments reduced the County's outstanding debt by \$2.5 million.
- ◆ Net assets grew 18% as a result of the above changes and others.



Net Cost of County Government

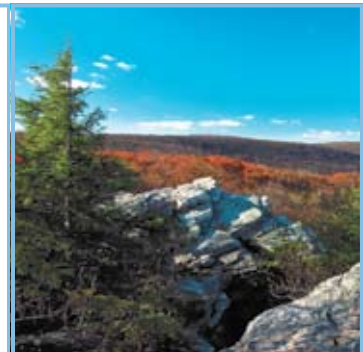
The statement below shows the net cost of County services, summarized by major activity. The net cost of these services are paid for with County taxes — principally real estate taxes. For more detail, please see the Statement of Activities in the County's audited comprehensive annual financial report available on-line at www.ccpa.net.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(in thousands)		
General revenue:			
Real estate taxes	\$ 37,534	\$ 35,212	\$ 30,954
Hotel taxes	1,058	950	923
Per capita taxes	729	610	661
Investment earnings	2,975	2,747	1,406
Total general revenue	<u>42,296</u>	<u>39,519</u>	<u>33,944</u>
Net cost of County services:			
Public safety (Note A)	14,432	12,292	13,985
Judicial	8,640	10,029	7,811
General government	6,700	5,289	5,599
Human services	3,703	3,492	2,779
Other	614	2,884	829
Total net cost	<u>34,089</u>	<u>33,986</u>	<u>31,003</u>
Increase in net assets	<u>\$ 8,207</u>	<u>\$ 5,533</u>	<u>\$ 2,941</u>

Note A—Includes 9-1-1 and hazmat net costs.

Significant changes in 2007...

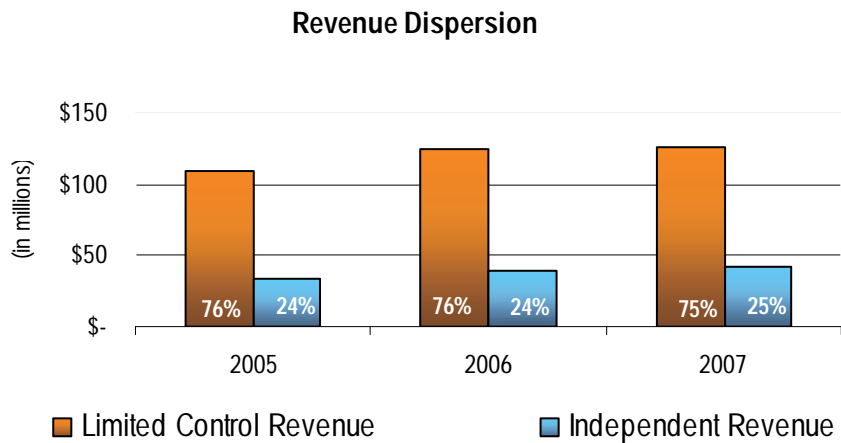
- ♦ County real estate tax revenues increased \$2.3 million due to a 4% millage increase and construction activity.
- ♦ Except for the effect of a decrease in the estimated collectible court costs, fees and fines receivable in 2006, net judicial expenses increased only slightly from the prior year.





How heavily are we relying on revenue sources beyond our control?

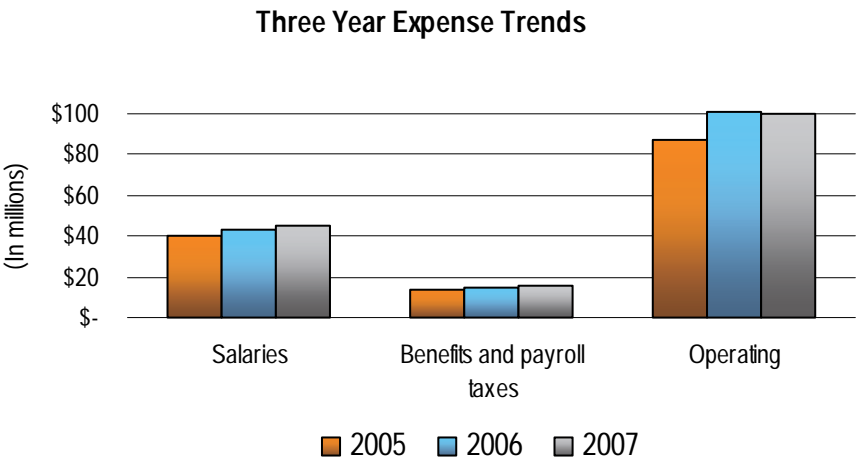
This is commonly referred to as **revenue dispersion**. The graph to the left shows the County's revenues by source. The more dependent the County is on revenue sources outside its direct control (the orange column), the more vulnerable the County is to provide those services if the funding ends or is curtailed. **Independent** revenue is within the County's control



(the blue column) and is composed of taxes. Taxes primarily fund the core County services such as the prison, criminal court system, adult and juvenile probation and general administrative services. This graph indicates the County has some limited exposure, as do most counties, due to reliance on grants, intergovernmental reimbursement for services performed, and charges for services that have legislative restrictions on what can be charged for those services.

What type of expenses are we paying for?

This graph shows the trend of the three major expense categories. For the three years, the average annual increase in each area is:



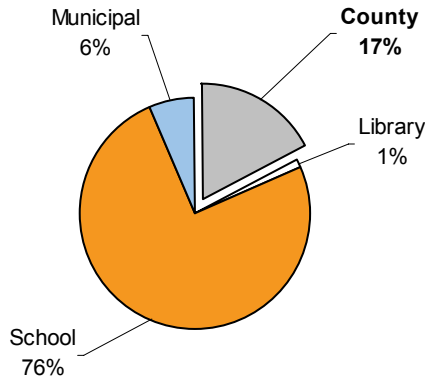
Salaries	6.48%
Benefits	7.09%
Operating	7.71%

The salary percentage increase is based on all wages paid including overtime.



Your Real Estate Taxes—The County's Portion.....

This pie chart illustrates that an **average of 17% of your local real estate taxes** is paid to the County.



On average, Cumberland County residents paid a total of \$1,632 in local real estate taxes per \$100,000 of assessed value in 2007. Only \$285 of that amount was paid to the County.

.... and How it is Spent

The column to the right depicts how much, on average, a resident in Cumberland County pays for each General Fund department's service, net of revenue earned by that department. It is offset by the general revenue to lead to the net surplus per capita

This schedule is showing the 2007 results compared to 2006.

Per Capita Cost

County Department	2007	2006
Information management and technology	\$ 6.16	\$ 5.46
County buildings and grounds	6.41	6.44
Finance	2.82	3.22
Bureau of elections	3.81	3.29
Tax administration	5.09	4.89
Debt service	10.56	8.39
Human resources	1.86	1.81
Administrative services	3.15	3.43
Total general government-administrative	39.86	36.93
District justices	5.65	5.44
Criminal courts system	9.33	9.37
Public defender	4.07	3.87
Total general government-judicial	19.05	18.68
County prison	32.48	27.59
Adult and juvenile probation	16.02	14.36
Public safety administration	2.46	2.14
Total public safety	50.96	44.09
Conservation and planning	0.57	3.72
Commissioners Office	2.93	2.86
Controller	3.93	3.80
Recorder of Deeds	(4.20)	(4.11)
District Attorney	8.70	8.57
Coroner	1.90	1.75
Clerk of Courts	0.21	0.46
Prothonotary	(0.23)	0.88
Sheriff	6.52	7.83
Security	1.32	1.47
Treasurer	0.93	0.88
Register of Wills	(0.55)	(0.65)
Total County Row Offices	21.46	23.74
Veteran affairs	0.85	0.81
Urban redevelopment	2.26	2.23
Other departments	0.41	0.37
Subsidy to county programs:		
Emergency telephone/911	10.38	14.39
Human services	12.82	12.62
Domestic relations	3.11	3.28
Public safety	2.57	3.26
Early learning center	0.26	0.34
Transportation	0.21	0.39
General Revenues	(184.54)	(174.70)
Net surplus per capita	\$ (19.77)	\$ (9.85)



Our County's Goals and Accomplishments

Vision: A place where family-sustaining economic opportunity is promoted, our environment is respected, public safety is ensured, and our quality of life is preserved for the future

Mission: The most livable community with the most efficient and effective public services in Pennsylvania.

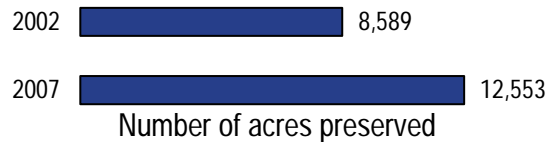
Meeting our customer's expectations of county government is our goal. This section is devoted to acknowledge what our consumer derived goals are and what we are accomplishing. Striving to meet the County's vision, the Commissioners have established seven goals in order to serve the customer:

- Manage our natural resources
- Promote economic development and quality job growth
- Improve transportation alternatives
- Promote quality efficient and effective county services
- Promote healthy community
- Promote criminal justice process improvements
- Promote safety partnerships

....manage our natural resources

In 2007, sixteen farms consisting of 1,738 acres at a cost of \$2.25 million of County assistance were preserved through the agricultural easement program. There is a total 102 farms in the easement program comprising 12,553 acres.

Farmland Preservation



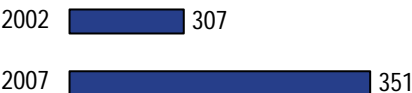
....quality and effective county services

As a result of Cumberland County's long term planning and strong financial status, Standard & Poor's rating confirmed the County's General Obligation bond rating AA+. Only 48 counties of the more than 3,000 counties in the United States have the only higher rating which is AAA .

....criminal justice process improvements

In order to alleviate prison concerns and implement intermediate punishments, the County began a day reporting center and treatment court that holds offenders accountable while making progress toward becoming productive citizens.

County Prison Population Growth



Average Daily Population
(maximum capacity is 398)



....criminal justice process improvements (continued)

The number of criminal cases filed has increased gradually each year to 3,377 in 2007. This has been an increase of 602 since 2002.

The number of prisoner transports provided by the Sheriff's office topped nearly 4,000 in 2007.

Adult probation's average caseload was 1,836 in 2007 with 2,114 court-ordered investigations and 4,122 mandatory drug tests.

....promoting healthy community

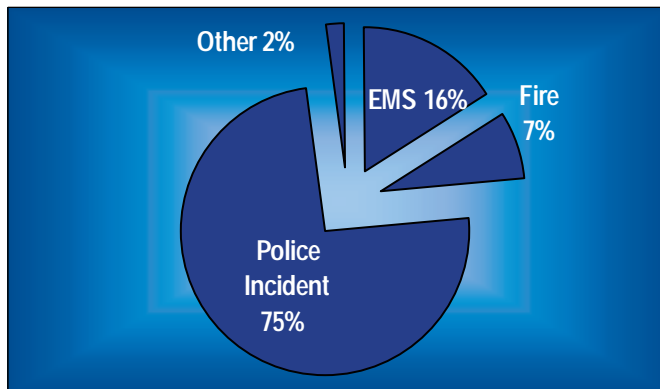
What makes Cumberland County government unique are the important human services provided to our constituents. Here are some of the services provided in 2007:

Children and youth referrals	849
Children and youth requiring placement	270
Mental health clients requiring emergency services	695
Mental retardation consumers served	1,705
HealthChoices psychiatric treatment consumers	2,866
HealthChoices children's residential and behavioral health rehabilitation consumers	814
Senior congregate meals served	32,969
Drug & alcohol outpatient group treatment (hours)	4,705
Drug & alcohol inpatient non-hospital treatment (hours)	6,368

....promote safety partnerships

In 2007, the County's 9-1-1 center received 90,774 emergency calls for a daily average of 248.7. Ninety-eight percent of those calls were answered within 10 seconds!

The graph below displays the types of calls which the 911 center responded too.



....Transportation Services

The mission of the Transportation Department is to provide efficient transportation for eligible County residents. In 2007, transportation provided 149,448 one way trips for a total of 716,705 miles. All 35 of the transportation buses use biofuel which reduces emissions and improves air quality.



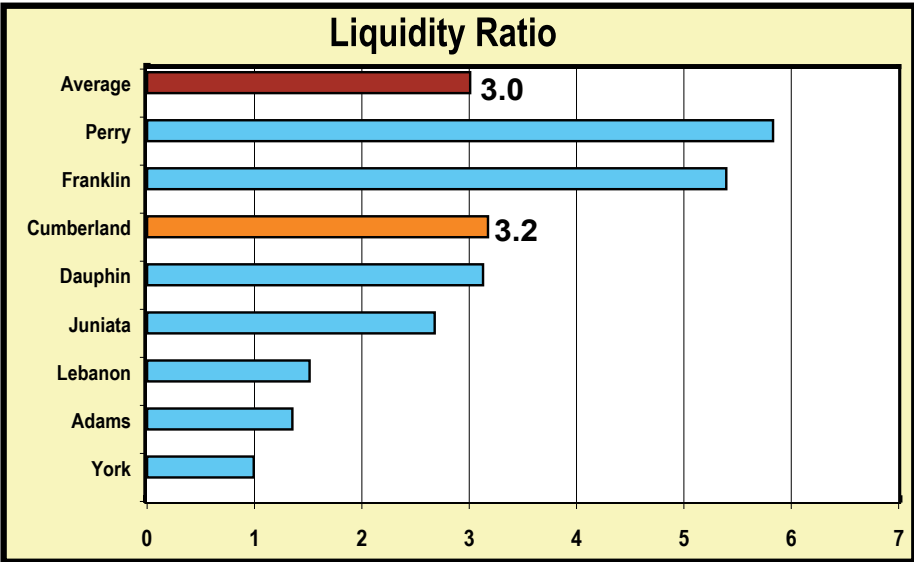
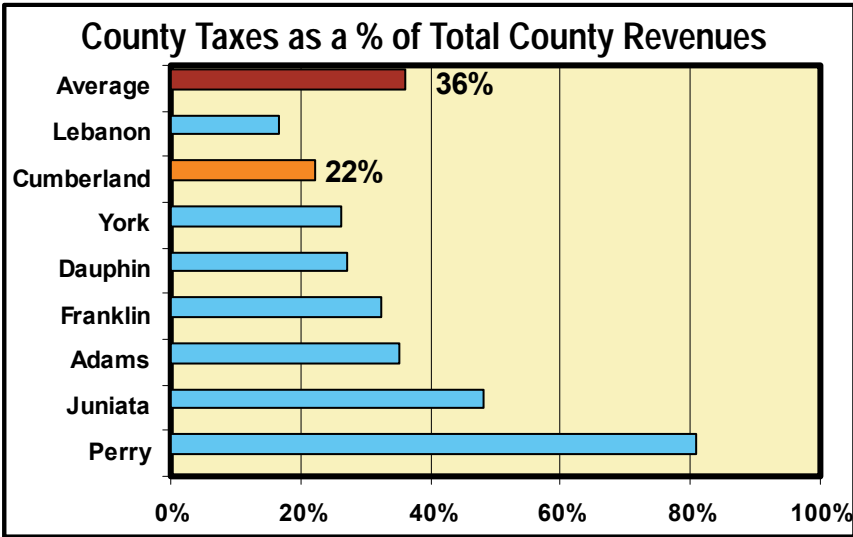


Regional Comparisons

How does Cumberland County compare to its neighboring south central Pennsylvania counties? By using per capita comparisons, counties of different sizes (populations) are easily compared with one another. Each graph shows the average of all counties in the south central Pennsylvania region, then shows each county separately. [Comparisons use 2006 data, as 2007 data is not yet available from all counties.]

Cumberland County gets 78% of the money it needs to operate its programs and activities from sources other than real estate taxes. Other sources are Federal and State grants, fees and interest earnings.

In the south central Pennsylvania region, only Lebanon County relies less on local taxes to fund its programs and activities.

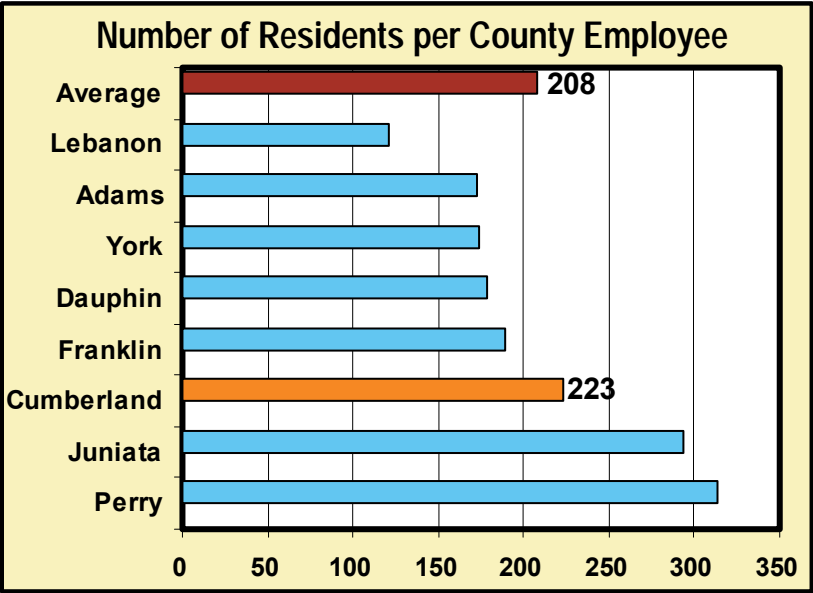


The **liquidity ratio** is a measure of ability to pay bills. A low liquidity ratio may require the issuance of costly tax anticipation notes in order to pay bills early in the year.

Cumberland County's 3.2 ratio, means that it has \$3.20 of current assets (cash, investments, etc.) for every dollar of short-term liabilities.



More Regional Comparisons



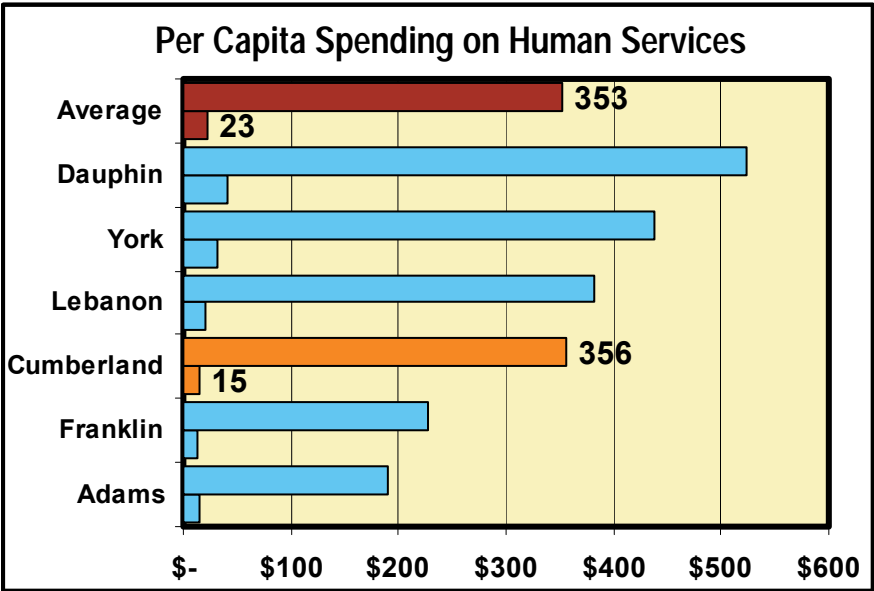
A low number indicates that a county has *more* employees per resident.

A high number of residents per employee indicates a leaner organization and lower per capita personnel costs.

Only the rural counties of Juniata and Perry have fewer employees per resident than Cumberland County.

Cumberland County spent \$80 million on **human services** in 2006—about the average for south central Pennsylvania counties. The longer lines represent the total average “per resident” spending on human services.

The shorter lines represent county tax dollars spent on human services. County tax dollars paid 4%, or \$3.5 million, of this spending.





How Strong is the County's Financial Position?

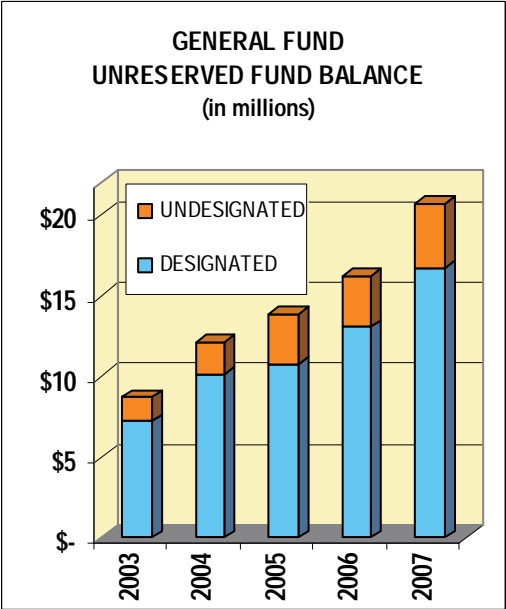
In 2007, Cumberland County further strengthened its financial position.

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

This graph shows the levels of the County's designated and undesignated net financial resources at the end of each of the last five years, as measured by the amount of unreserved fund balance in the County's general fund.

Designations represent current net financial resources earmarked to fund the Commissioners' future plans.

It is recommended that governments maintain unreserved fund balance in the general fund of no less than 5-15% of general fund revenues or no less than one to two months of general fund expenditures.

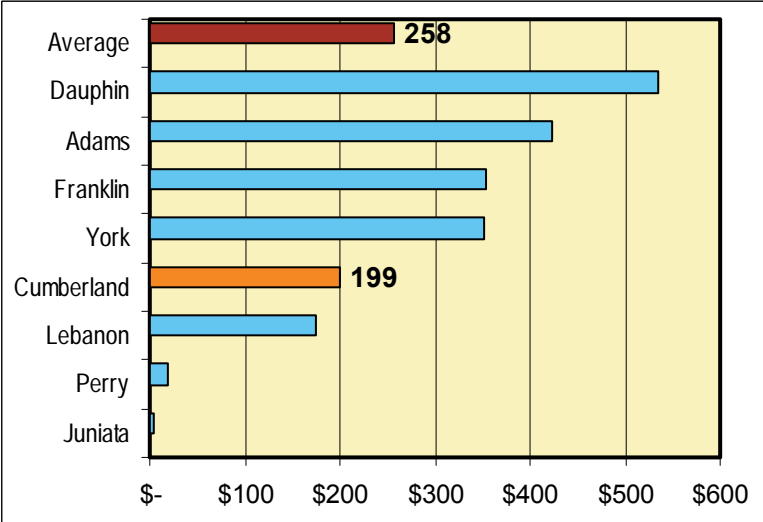


The County's unreserved fund balance of \$20.7 at December 31, 2007 represents approximately 39% of general fund revenues and approximately five months of General Fund expenditures and subsidies.

Debt Per Capita

Cumberland County carried slightly less than \$200 of general obligation debt per capita (per resident) at the end of 2006. This is below the average of the other counties in the south central Pennsylvania region.

Cumberland County's total outstanding general obligation debt of \$42.2 million at December 31, 2007, was actually \$2.5 million less than at the end of 2006 due to scheduled principle payments.



Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given the Award for Outstanding Achievement in Popular Annual Financial Reporting to Cumberland County, Pennsylvania for its Popular Annual Financial Report for the fiscal year ended December 31, 2006. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Cumberland County has received a Popular Award for the last four consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and are submitting it to the GFOA.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**County of Cumberland
Pennsylvania**

**for the Fiscal Year Ended
December 31, 2006**



Charles S. Cox
President

Jeffrey L. Easler
Executive Director

Cumberland County Elected Officials

As of December 31, 2007

<u>Office</u>	<u>Official</u>	<u>Phone</u>	<u>Email</u>
Commissioners	Bruce Barclay, Chairperson Gary Eichelberger Richard L. Rovegno	(717) 240-6150	commissioners@ccpa.net
Controller	Alfred L. Whitcomb	(717) 240-6185	controller@ccpa.net
Clerk of Court	Dennis E. Lebo	(717) 240-7748	clerkofcourts@ccpa.net
Coroner	Michael L. Norris	(717) 766-6418	coroner@ccpa.net
District Attorney	David Freed	(717)240-6221	districtattorney@ccpa.net
Prothonotary	Curtis R. Long	(717) 240-6199	prothonotary@ccpa.net
Recorder of Deeds	Robert P. Ziegler	(717) 240-6376	recorderofdeeds@ccpa.net
Register of Wills	Glenda Farner-Strasbaugh	(717) 240-6345	regofwills@ccpa.net
Sheriff	R. Thomas Kline	(717) 240-6394	sheriff@ccpa.net
Treasurer	John C. Gross, II	(717) 240-6383	treasurer@ccpa.net
Jury Commissioners	Ralph G. Viehman, Jr. Larry Babitts	(717) 240-6455	courtadmin@ccpa.net

Fraud Hotline

If you think you have knowledge of...

- Suspected theft or misuse of County property or cash
- False reporting of hours worked
- Submission of illegitimate vendor invoices
- Falsification of expense reimbursements
- Mismanagement of tax dollars
- Spending in excess of what is reasonable and necessary
- Violations of the County's gift and gratuity policy
- Violations of the County's purchasing policy
- Other suspected fraud or abuse



YOU can help, because...

- U.S. organizations lose an estimated 5% of their annual revenues to fraud.*
- Organizations with fraud hotlines cut their losses due to fraud by approximately 50%.*
- Frauds are more likely to be detected by a tip than by other means.*

Here's how you can keep it confidential...

- Submit your tip electronically: Go to www.ccpa.net and click on 'Fraud & Abuse Hotline' under 'Services'.
- Mail your tip to: Fraud Hotline, P.O. Box 1079, Carlisle, PA 17013
- Call (717) 240-6192

* Source: Association of Certified Fraud Examiners' Report to the Nation