

County of Cumberland, Pennsylvania

POPULAR ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2015



PREPARED BY THE OFFICE OF THE CONTROLLER
ALFRED L. WHITCOMB, CONTROLLER
www.ccpa.net

To the Citizens of Cumberland County:

I am pleased to provide you with Cumberland County, Pennsylvania's 2015 Annual Report Summary.

The information contained in this Annual Report Summary is unaudited and was derived from Cumberland County's audited 2015 Comprehensive Annual Financial Report (CAFR).

Except for the financial information on pages 10, 11 and 17, and the graphs at the top of pages 14 and 15, the financial information is presented on the government-wide full accrual basis of accounting. This basis, used by business, presents revenues when earned and expenses when incurred. In contrast, the other information mentioned above is presented on the modified accrual basis of accounting and so reflects only those revenues that are received in the period or that will be received shortly after year-end and excludes certain expense accruals such as unpaid interest. See page 7 for further discussion on the basis of presentation.

We encourage you to read the County's CAFR, which is comprised of management's discussion and analysis, financial statements, notes and schedules. The CAFR is available at the Controller's Office, One Courthouse Square, Room 207, Carlisle, PA 17013, on the County's website www.ccpa.net from the Controller's page or by calling (717) 240-6185.

This Annual Report Summary presents demographic, economic and operating information to show who we are and indicate where we are headed. Financial information reflects all County operations, except the Cumberland County Industrial Development Authority, the Cumberland County Conservation District and the Cumberland Area Economic Development Corporation which are discretely presented component units.

This report is presented in a simple and easy to understand format. It does not conform to Generally Accepted Accounting Principles for governments as it excludes many material disclosures, financial statements, notes and schedules 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 both interesting and 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 ten percent 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 half being in management, business, science or service economy sectors.

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.



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PHOTOGRAPHY CREDITS

Cover photograph is courtesy of Chris Sechrist. *Left hand margin photographs used on pages 3, 5, and 7 from top to bottom* are courtesy of: Chris Sechrist, Tina Malick; Tina Malick; *Carlisle Sentinel*; Tina Malick; Bill Henry; Chris Sechrist; Chris Sechrist. The picture on this page is courtesy of Bill Henry. The *center-right picture* on page 6 is courtesy of *Pennsylvania Department of Transportation*. The picture on page 9 is courtesy of Corey Carothers.

Working for You...

ELECTED OFFICIALS

BOARD OF COMMISSIONERS

(717) 240-6150
commissioners@ccpa.net



From left:
Gary Eichelberger, Secretary;
Vincent T. Difilippo*, Chairman;
Jim Hertzler, Vice Chairman

*Term in office began on January 1, 2016

- Ensure compliance with provisions of the County Code.
- Granted authority to establish the annual County operating budget, approve expenditure of County dollars, authorize all County contracts and manage all County properties and buildings.
- Under the Commissioners' governance, in 2015 Cumberland County ended the year with approximately six months expenditures and program subsidies in its general fund unrestricted fund balance.



Dennis E. Lebo
Clerk of Court

(717) 240-6250
clerkofcourts@ccpa.net

- Official record keeper for all matters relating to the Criminal Division of the Court of Common Pleas.
- Responsible for administration of court fees.
- 84,654 documents pertinent to criminal court cases were filed in 2015.



Alfred L. Whitcomb
Controller

(717) 240-6185
awhitcomb@ccpa.net

- Chief fiscal officer of Cumberland County.
- Approved and paid 37,532 accounts payable vouchers with 33,468 check and ACH payments.
- Issued 33,466 payroll checks/direct deposit advices.



Charles E. Hall
Coroner

(717) 766-6418
chall@ccpa.net

- Investigates sudden, unexplained, violent, or suspicious deaths occurring in the County.
- Investigated 582 cases for manner of death in 2015.
- Investigated 1,297 cremation referral cases in 2015.



David J. Freed
District Attorney

(717) 240-6210
districtattorney@ccpa.net

- Investigates and prosecutes all crimes.
- Ensures all victims of crime are represented as required.



David D. Buell
Prothonotary

(717) 240-6195
prothonotary@ccpa.net

- Maintains records of the Court of Common Pleas.
- All civil litigation is filed with the Prothonotary.
- Processes passports for the public.
- 7,113 new civil court cases processed in 2015.
- 1,471 passports were processed in 2015.



Tammy L Shearer
Recorder of Deeds

(717) 240-6370
recorderofdeeds@ccpa.net

- Maintains a permanent public record of deeds and documents related to real estate in the County.
- 6,430 deeds and 10,032 mortgages were recorded in 2015.



Lisa M. Grayson, Esq.
Register of Wills &
Clerk of Orphans' Court

(717) 240-6345
regofwills@ccpa.net

- Maintains records for the Orphans' Court Division of the Court of Common Pleas dating back to 1750.
- A total of 1,474 new Orphans' Court cases were processed in 2015 including 1,213 new estates, 113 adoptions, 42 guardianships and 106 miscellaneous matters
- Processed 1,255 marriage license applications in 2015.



Ronny R. Anderson
Sheriff

(717) 240-6390
sheriff@ccpa.net

- Serves civil process documents and enforces orders of the court.
- Provides security and prisoner transportation for the courts.
- Issued 5,213 licenses to carry concealed firearms in 2015.
- Served/cleared 2,318 warrants in 2015.
- Provided community services at 34 events in 2015.



John C. Gross, II
Treasurer

(717) 240-6380
treasurer@ccpa.net

- Receives, deposits, records and invests all monies for the operational accounts/funds of the County accurately 100% of the time in 2015.
- Agent for over 100+ licenses which includes dog, hunting, fishing, sportsmen firearm permits, bingo and small games of chance.
- Collects and disburses Cumberland County Hotel Tax.

Appointed Position



Lawrence Thomas
Chief Clerk

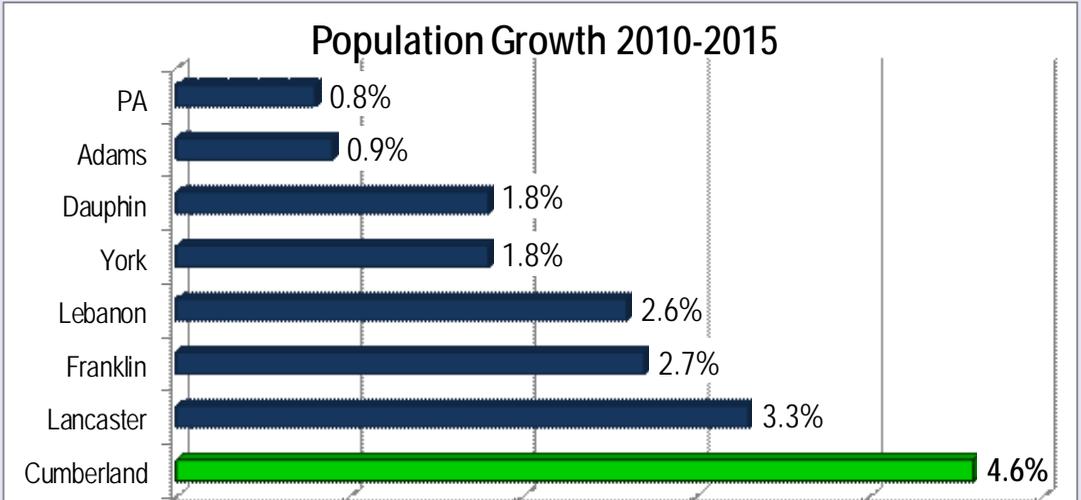
(717) 240-6150
lthomas@ccpa.net

- Appointed by the Commissioners.
- Manages the daily operations of County government.

Who we are & What we are doing...

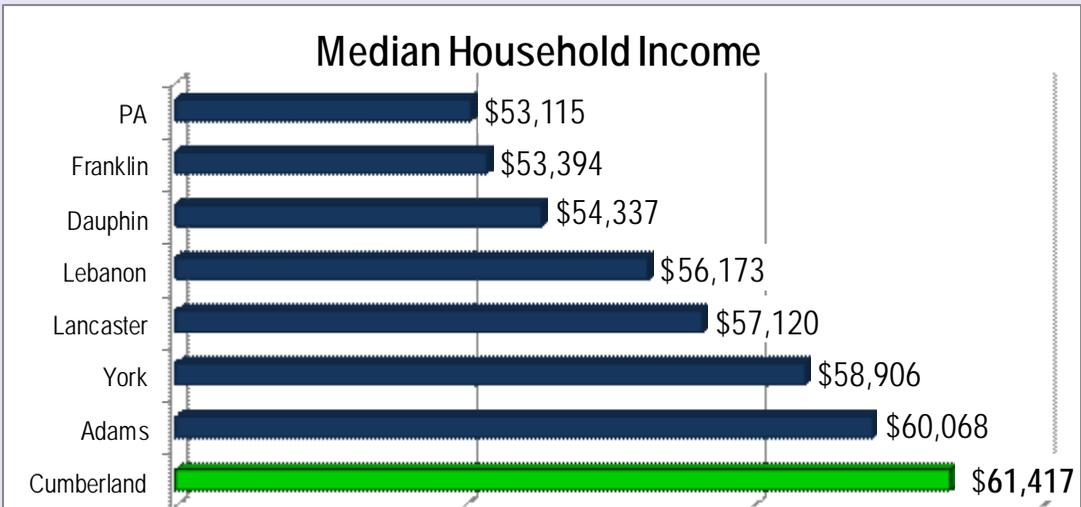
People

Cumberland County's population was 246,338 in 2015. We are the fastest growing County in the state. The median age of County residents was 40.7 in 2014.



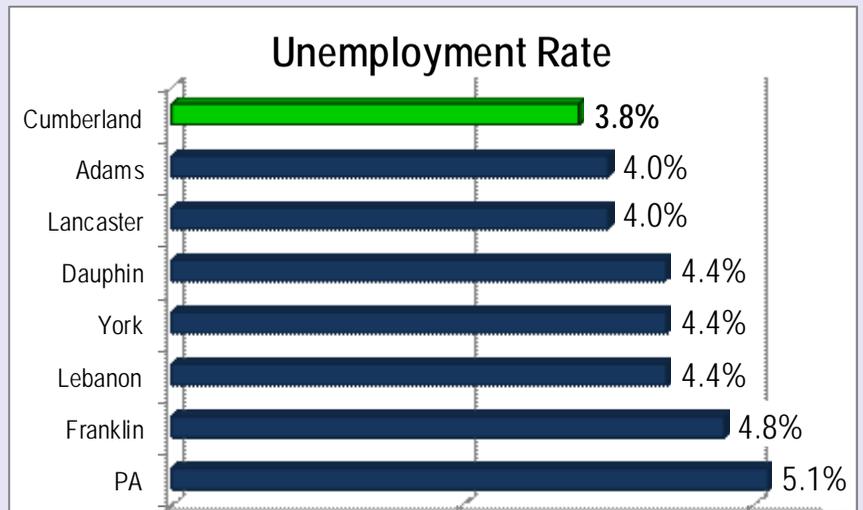
Income

The graph below shows the median household income for employees of all industries in local counties and the state. On average, Cumberland County income was 15.6% and 7.1% higher than the Pennsylvania and regional averages, respectively. These are promising economic statistics for Cumberland County residents.

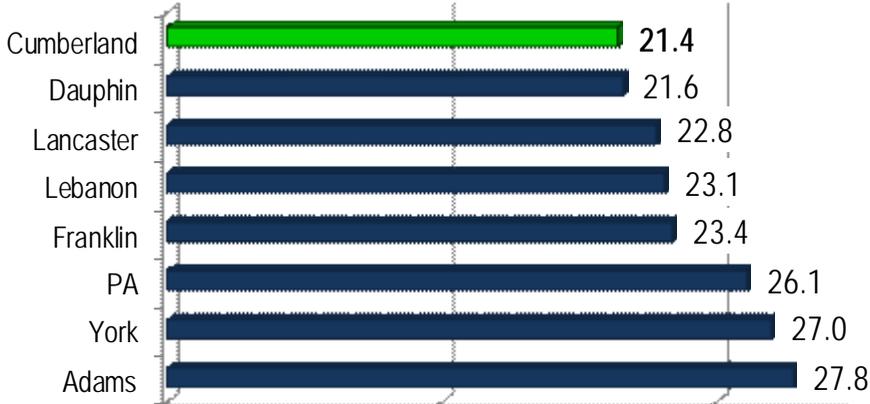


Economic Conditions

The graph to the right shows the unemployment rate in the region and the state. As per Cumberland Area Economic and Development Corporation, "This positive employment climate is partly due to major employers in the government, healthcare, retail, transportation and warehousing industries that are located, and in many case headquartered, here."



Commute to Work in Minutes

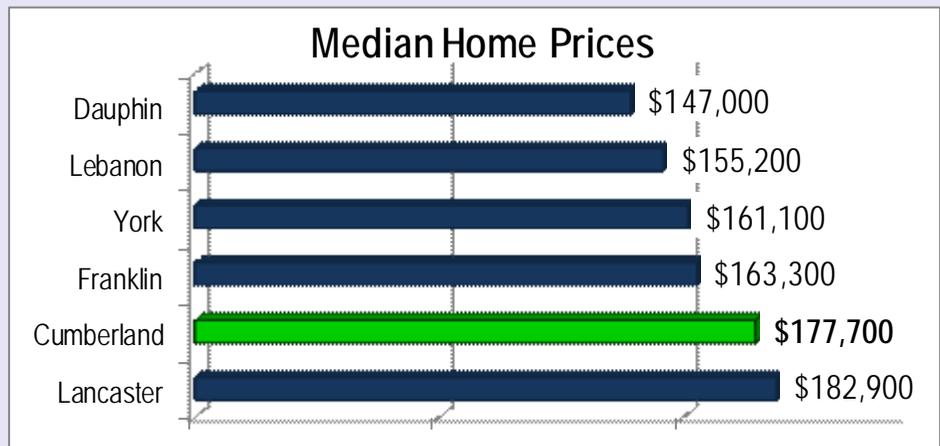


Quality of Life

Although we are the fastest growing County in the state and have the second lowest unemployment rate, more of our residents jobs are located either here or nearby. The graph to the left indicates we have the shortest commute in the region.

Housing

As of December 2015, the graph to the right shows the median home value for single-family home in the mid-state. It shows Cumberland County as the second highest in the region yet a single family homes are affordable to most families.





Financial Section

To help you understand the financial presentations...

All of the County's financial information, except for the financial information presented on pages 10, 11 and 17, and the graphs at the top of pages 14 and 15, is presented on the full accrual basis of accounting. The County's general fund is the main operating fund of the County and is the primary user of County general tax revenues.

The full accrual basis reports revenues when earned and expenses when the liability is incurred regardless of the timing of related cash flows. This is the same basis businesses use to report their results.

The aforementioned information on pages 10, 11, 14, 15 and 17 is presented on the modified accrual basis of accounting which differs from a full accrual presentation most materially in its recognition of revenue based on its availability to fund current liabilities and the recognition of capital purchases as expenditures rather than capitalizing and depreciating them.

Statements of Net Position

The summary of the County's financial position, below, shows the County's total resources at year-end versus the amount owed at year-end. The amounts below are on the full accrual basis and measure financial position as would a business.

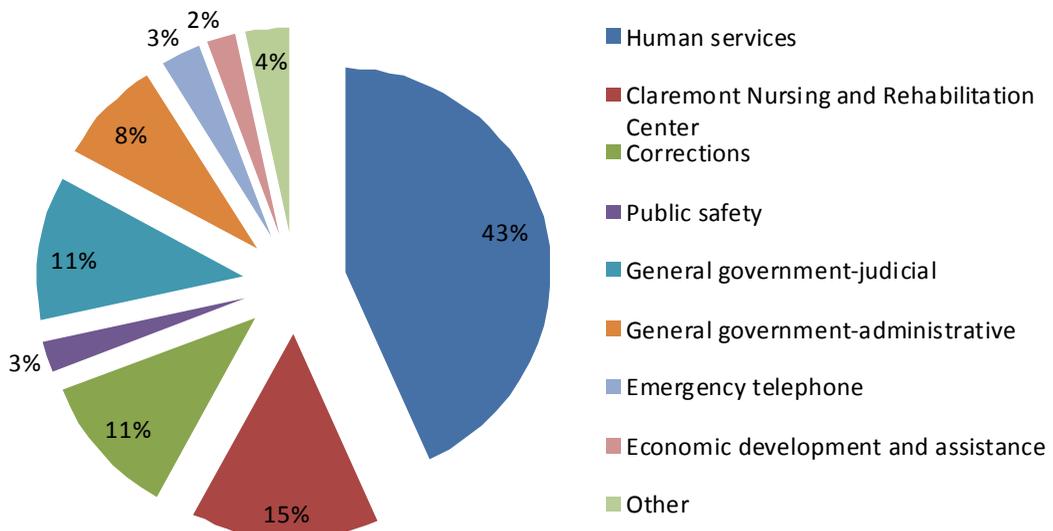
	2015	2014	2013
Assets:			
Current and other assets	\$ 69,799,538	\$ 67,350,259	\$ 63,542,277
Capital assets	87,685,371	88,221,345	90,705,674
Total assets	<u>157,484,909</u>	<u>155,571,604</u>	<u>154,247,951</u>
Deferred outflow of resources	<u>13,634,002</u>	<u>390,441</u>	<u>-</u>
Liabilities:			
Other liabilities	22,853,368	24,372,862	21,758,449
Long-term liabilities	63,927,918	57,959,986	61,480,534
Total liabilities	<u>86,781,286</u>	<u>82,332,848</u>	<u>83,238,983</u>
Net Position	<u>\$ 84,337,625</u>	<u>\$ 73,629,197</u>	<u>\$ 71,008,968</u>

Statements of Net Activities

The summary of the County's financial activities shows County-wide revenues and expenses on the full accrual basis, similar to how a business measures its financial results.

	2015	2014	2013
Revenues:			
Charges for services	\$ 49,603,253	\$ 43,831,679	\$ 43,942,405
Grants	74,127,923	72,402,967	72,528,606
Real estate taxes	50,564,085	49,915,747	47,880,387
Hotel taxes	1,896,626	1,676,860	1,604,287
Per capita taxes	5,897	26,631	676,050
Investment earnings	153,871	202,796	20,558
Total revenues	176,351,655	168,056,680	166,652,293
Expenses:			
Salaries	52,221,219	51,233,916	51,271,994
Benefits and payroll taxes	20,011,191	21,253,733	21,899,736
Operating	93,464,364	92,086,955	87,893,740
Total expenses	165,696,774	164,574,604	161,065,470
Change in net position	\$ 10,654,881	\$ 3,482,076	\$ 5,586,823

The following pie cart breaks down 2015 expenses (\$165,696,774) by type along with the respective percentage. You can see further detail in the complete annual report available at our website.



Major County Initiatives

Cumberland County Economic Plan

On December 2, 2015, the Commissioner's voted to integrate Cumberland Area Economic Development Corporation's Strategic Economic Development Plan into the County's comprehensive plan.

The plan establishes the fundamental goals which target six industry clusters with tourism, agribusiness, transportation and warehousing as the top three.

Agribusiness has grown 23% between 2002 and 2012 highlighting the link between local farms and food manufacturing. It affects the life of our residents through our economy, quality of life, and products commonly seen on grocery store shelves and farmers markets to the hops used in locally brewed beer. Here are some Cumberland County agribusiness facts:

- Local farms had \$210 million in agriculture sales in 2014
- 35% of total land use is for agriculture
- There are 70 food and beverage companies in Cumberland County
- Residents have access to local farm products through Community Supported Agriculture (CSA) farms

The County planning department has permanently secured 16,719 acres of farmland through the agricultural easement program. Additionally, local governments have designated 70,212 acres as agricultural security areas. At the end of 2015,

there were 170,757 acres in the County's Clean and Green Program.



Pictured above is CarWood Farm, a multi-generation family and community supported agriculture farm located in South Middleton township.

Smooth shared-ride transportation transition

Effective July 1, 2015, the Cumberland County Commissioners appointed rabbitransit as the County's Shared Ride Coordinator. rabbitransit, provides transit service to ten central Pennsylvania counties including Adams, York, Franklin and Perry counties. rabbitransit will save Cumberland County financially along with offering County residents improved technology and service.

Additional Major County Initiatives in 2015:

- Cost effective automated business processes
- Cost/benefit analysis of multi-County organizations
- Regional sharing of costs and infrastructure such as transportation, public safety and human services
- Performance based compensation
- Strategies to reduce overtime
- Increasing user fees and collections
- Improved collections of criminal justice system assessments.



Your Money At Work

Who receives your real estate tax dollar.....The following graph depicts for each dollar of real estate taxes paid, who is receiving it.



Per Resident Spending.....

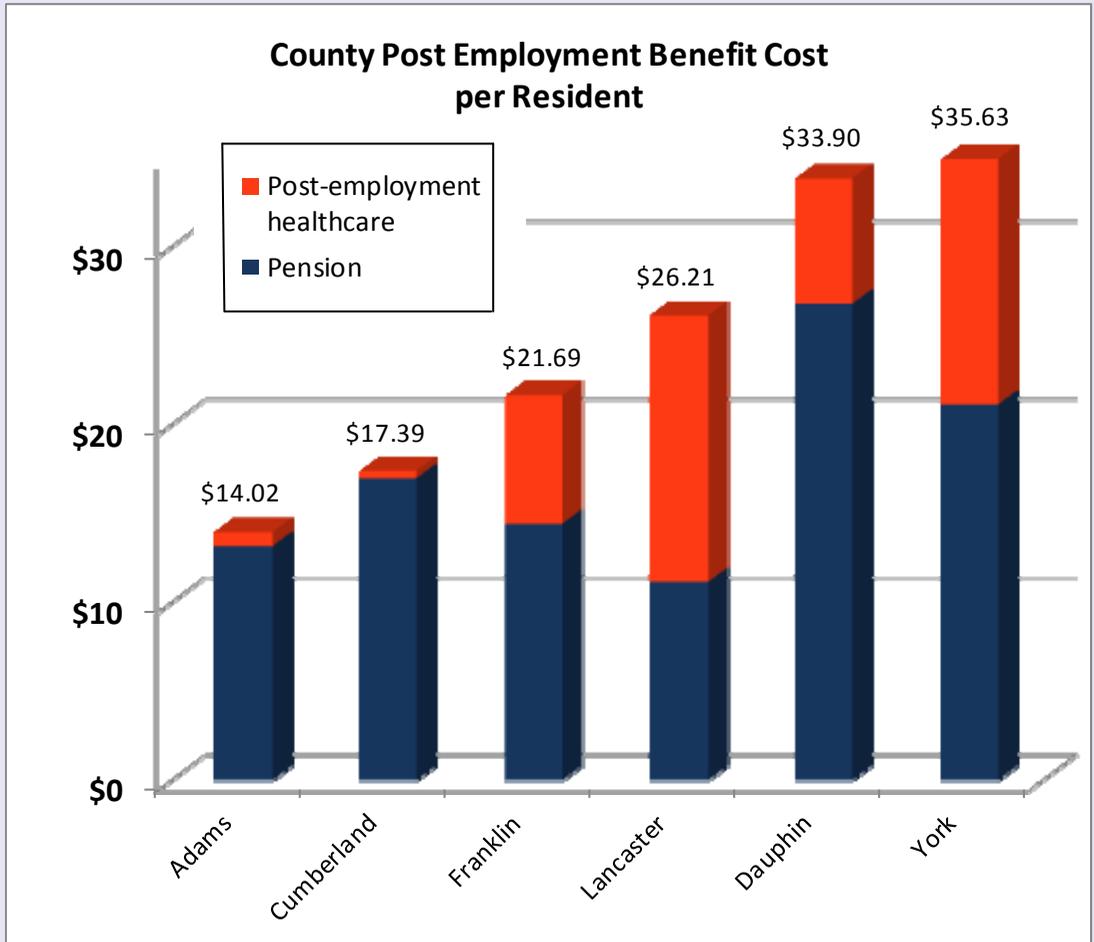
Being read left to right, the information below shows how much, on average, a resident in Cumberland County pays for each General Fund department service, net of revenue earned by that department. The cost per department along with subsidy to County programs are offset by general revenues to lead to the net deficit (surplus) per resident.

County department	2015	2014	Percent Change- (Favorable) Unfavorable	County department	2015	2014	Percent Change- (Favorable) Unfavorable
Information management and technology	\$ 7.55	6.38	18 %	Recorder of Deeds	(3.46)	(2.64)	31
County buildings and grounds	10.86	9.04	20	Treasurer	1.00	1.05	(5)
Finance	3.02	3.05	(1)	Coroner	2.91	3.09	(6)
Bureau of elections	3.25	3.55	(8)	Clerk of Courts	(0.15)	0.15	(200)
Tax administration	1.20	1.84	(35)	Prothonotary	(0.06)	0.28	(121)
Human resources	2.44	2.44	0	Sheriff	7.79	8.01	(3)
Administrative services	3.68	3.75	(2)	Security	1.09	1.09	0
Total general government-administrative	32.00	30.05		Register of Wills	(0.11)	(0.34)	(68)
District Attorney	10.76	10.23	5	Total County row offices	13.21	14.80	
District justices	8.10	7.47	8	Urban redevelopment	1.75	1.97	(11)
Criminal courts system	14.89	13.41	11	Other departments	0.64	1.05	(39)
Public defender	4.68	4.66	0	Debt service	18.98	21.71	(13)
Total general government-judicial	38.43	35.77		Subsidy to county programs:			
County prison	41.73	42.72	(2)	Emergency telephone/911	8.45	8.10	4
Adult and juvenile probation	17.20	17.11	1	Human services	18.12	14.97	21
Total corrections	58.93	59.83		Domestic relations	3.94	4.01	(2)
Public safety administration	1.68	2.24	(25)	Public safety	0.34	1.34	(75)
Conservation and planning	3.96	4.00	(1)	General revenues	<u>(216.16)</u>	<u>(214.35)</u>	1
Commissioners Office	2.85	3.23	(12)	Net deficit (surplus) per capita	<u>\$(12.88)</u>	<u>(11.28)</u>	
Controller	4.20	4.11	2				

How Does Cumberland County Compare?

Let's Compare Cost Efficient Government...

The graph below compares county post-employment benefit expenses, consisting of retirement and health insurance, on a "per resident" basis for south central Pennsylvania counties. The source of information for this and the following pages are 2014 audited financial statements. As such, the amounts represent counties 2014 cost per resident.

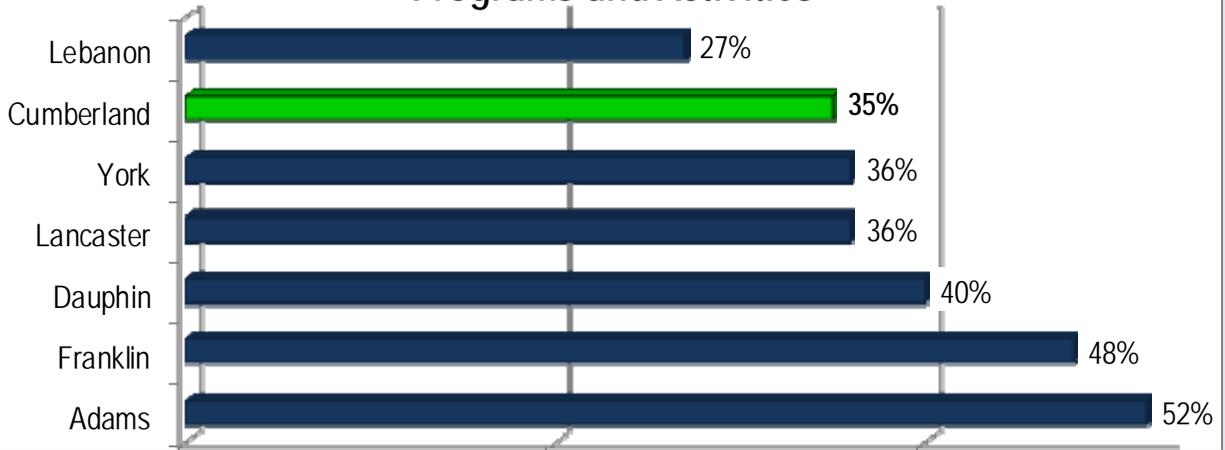


The lowest cost counties in terms of post-employment healthcare costs (Adams and Cumberland counties) only offer retirees to continue participating in the county's healthcare plan if the retiree pays the premium.

Efficient operations...resourceful funding

Cumberland County relies less than only one other county in the region on local real estate taxes to fund County programs and activities, effectively leveraging Federal/state and other revenue sources to fund County programs.

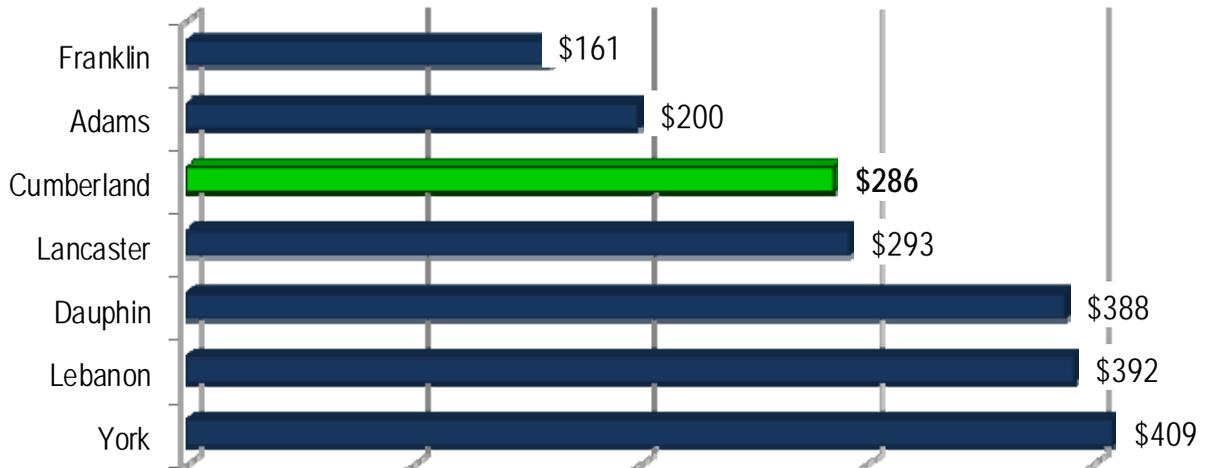
Reliance on Real Estate Taxes to Fund County Programs and Activities



Healthy communities...human service spending

It has been said that a measure of a civilization is how it cares for the disabled and disadvantaged. As the graph below illustrates, Cumberland County spends near the median of its neighboring counties on a per capita basis, leveraging significant Federal and state grants to provide for healthy communities.

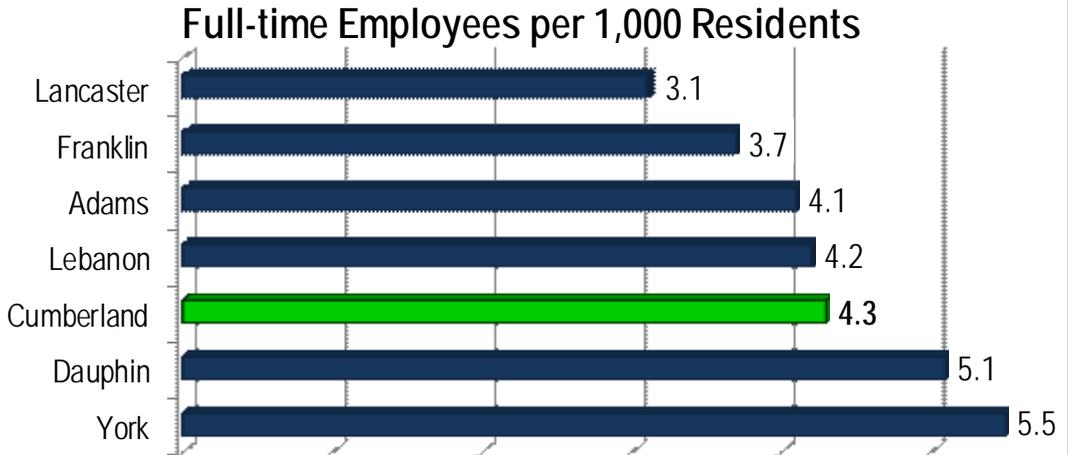
Total Human Service Spending per Resident



How Does Cumberland County Compare?

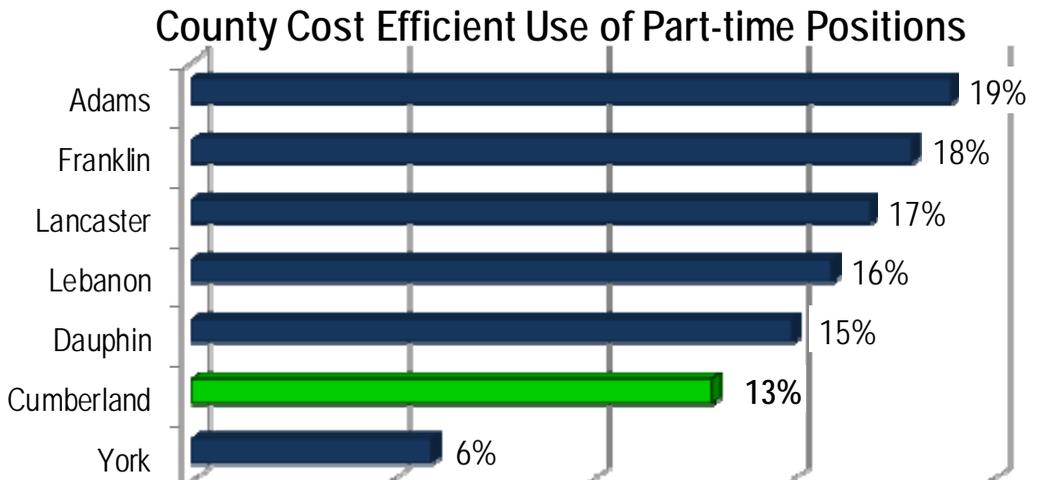
Efficient operations...full-time staffing levels

Cumberland County is comparable to other local counties in terms of the number of full-time employees and improved from 4.5 full-time employees per 1,000 residents two years ago.



Efficient operations...use of part-time positions

The graph below compares south central Pennsylvania counties' ratios of part-time positions to total county positions (full-time and part-time combined). Judicious use of part-time employees, in lieu of full-time positions, can have a favorable impact on residents tax bills.

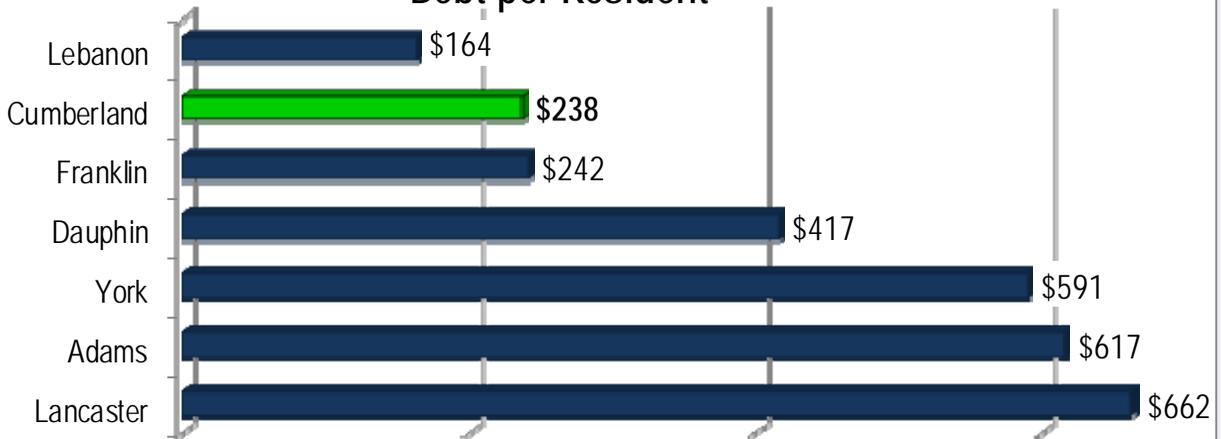


Efficient operations...long-term debt levels

Cumberland County has one of the lowest debt loads of regional counties. Cumberland County Commissioners have adopted a debt policy which institutionalizes important best practices such as prohibiting the use of swaps and derivatives to manage interest rate risk and prohibiting back loaded or balloon repayment terms.

In 2016 Standard & Poor's confirmed the County's AAA bond rating, a rare distinction among Pennsylvania counties and an indicator that the County has strong, sustainable long-term fiscal practices.

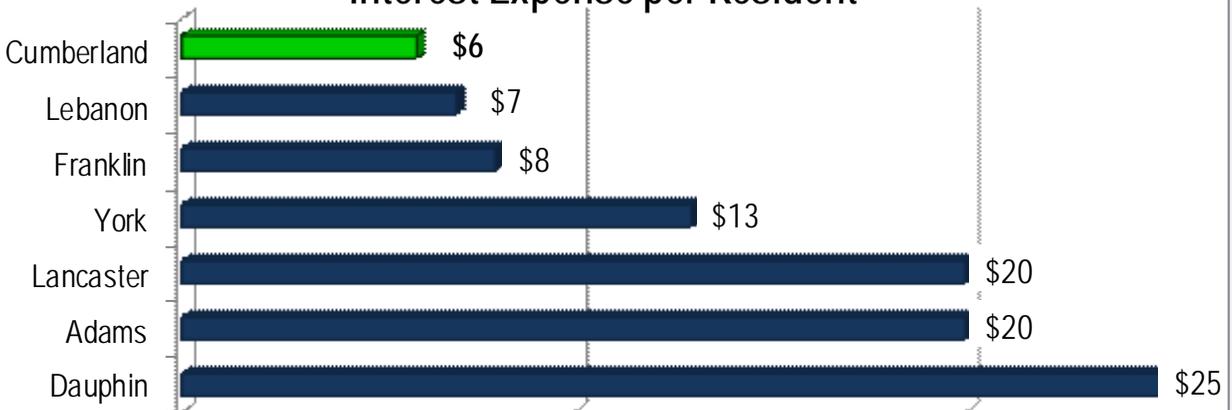
Debt per Resident



Efficient operations...governmental activity interest expense

Cumberland County's restrained borrowing coupled with its favorably low interest rates, as a result of its AAA Standard & Poor's credit rating, allows the County to keep interest expense low. The chart below reflects interest on debt that is paid primarily from County real estate taxes and excludes interest in activities funded by self-sustaining fees such as borrowings at the County's Claremont Nursing and Rehabilitation Center.

Interest Expense per Resident



Compare Efficient Government...

Efficient operations...general fund spending

General fund spending, including program subsidies, represents the County's primary use of local tax revenues. Cumberland compares favorably in this area on a per resident basis.

General Fund Spending per Resident



Safe communities...public safety spending

In terms of safety, spending more, or less, does not necessarily ensure safer communities. It is the effective management of public safety activities that helps ensure safe communities. However, in terms of gross public safety spending, Cumberland County compares favorably.

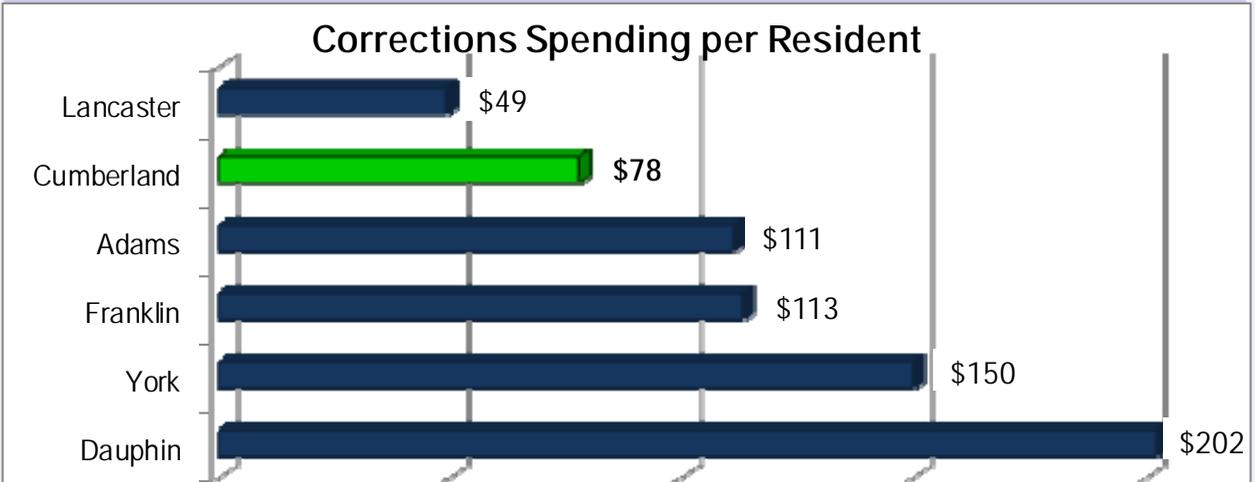
Public Safety Spending per Resident



Compare Safe & Healthy Communities...

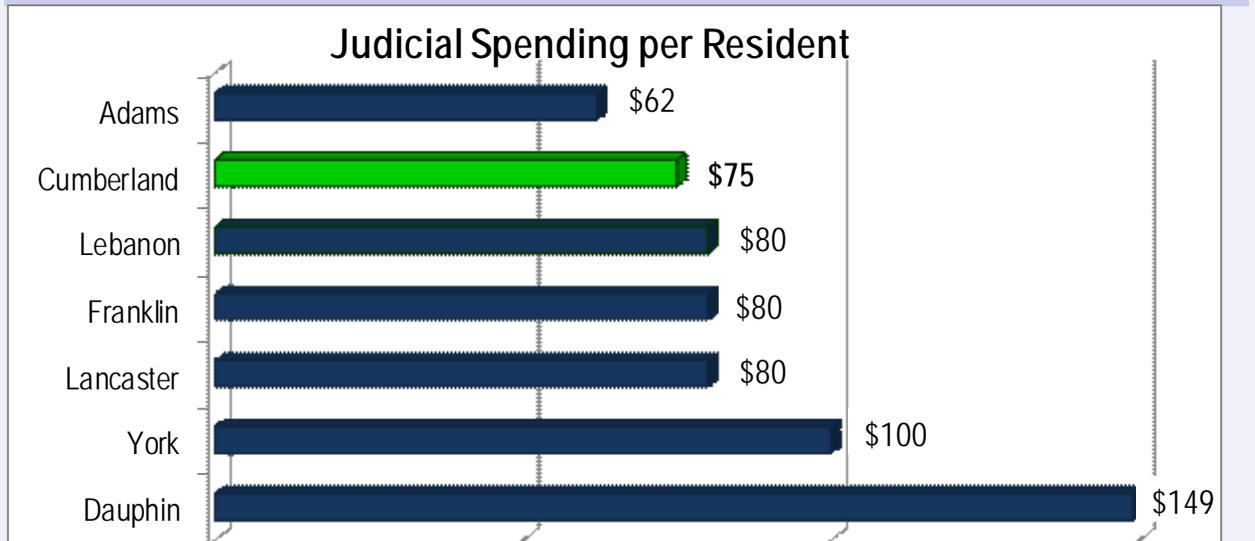
Safe communities...corrections spending

Corrections, consisting primarily of county prison and probation activities, consumes more local tax dollars than any other Cumberland County activity. In terms of corrections spending, Cumberland County compares favorably.



Safe communities...judicial spending

Judicial spending represents the County's second largest use of County local real estate tax dollars. Cumberland County spends less than the regional average in this category.



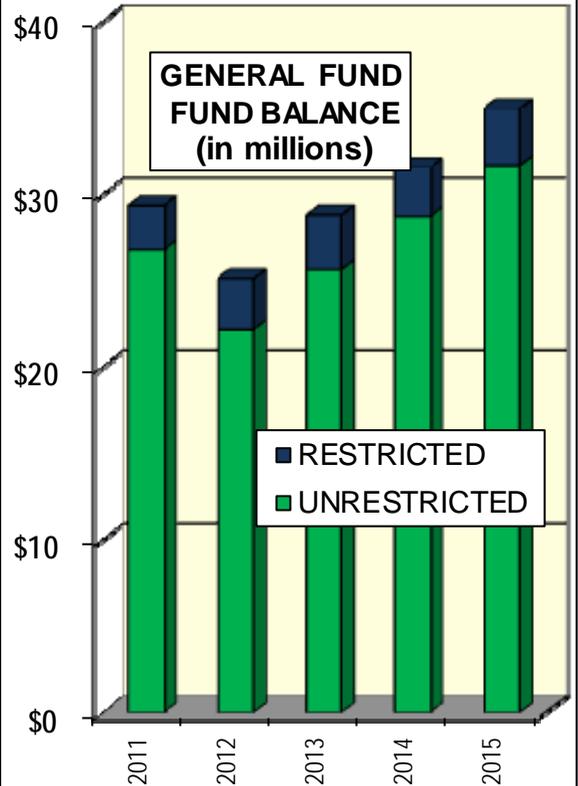
How Strong is the County's Financial Position?

In 2015, Cumberland County's healthy level of fund balance in its general fund allowed it to retain its strong financial position and contributed to its AAA Standard & Poor's credit rating.

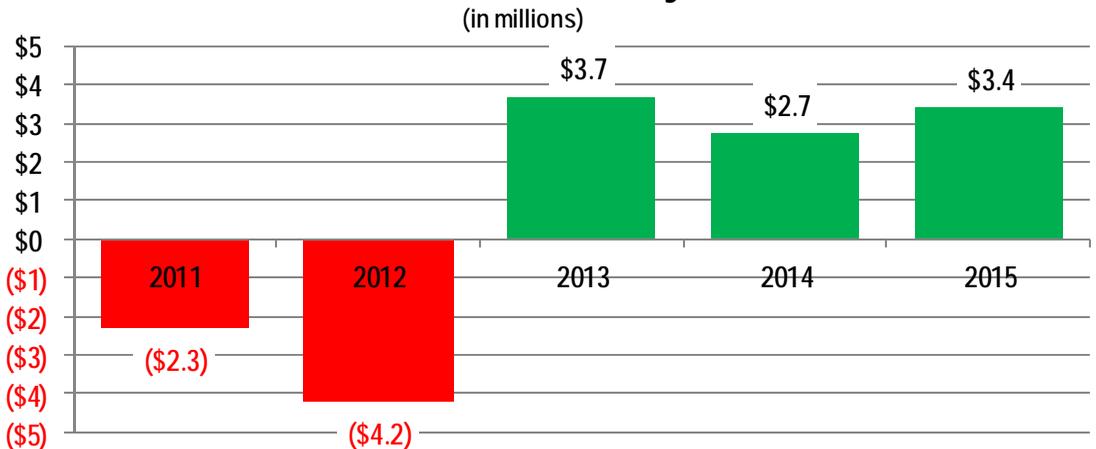
The Government Finance Officers Association recommends governments maintain general fund unrestricted fund balance of at least two months of expenditures.

At December 31, 2015, Cumberland County's general fund unrestricted fund balance of \$31,699,206 represented approximately six months of general fund expenditures and program subsidies. A healthy fund balance aids the County in managing financial risks and contingencies and helps ensure stable tax rates.

Cumberland County's total fund balance at December 31, 2015, including restricted and unrestricted, was \$34,984,466.



Change in General Fund Total Fund Balance by Year





Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to
**County of Cumberland
Pennsylvania**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Jeffrey R. Egan
Executive Director/CBO

Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Cumberland County, Pennsylvania for its Popular Annual Financial Report for the fiscal year ended December 31, 2014. 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 twelve consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and are submitting it to the GFOA.



Photos courtesy of the Cumberland Valley Visitors Bureau (www.visitcumberlandvalley.com). (left to right) Pride of the Susquehanna Riverboat, Wormleysburg; Cumberland Valley Rail Trail, Newville; Army Heritage and Education Center's Army Heritage Trail, Carlisle; Pole Steeple overlook Michaux State Forest, Gardners; Carlisle Events—Corvettes at Carlisle; West Shore Farmers Market, Lemoyne.



Fraud, Waste & Abuse 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
- Misrepresentation of expense reimbursements
- Mismanagement of tax dollars
- Fraudulent reporting of medical, disability or workers compensation claims
- 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
- Suspicious behavior—Fraud perpetrators often display behavioral traits that serve as indicators of possible illegal behavior. The most commonly cited behavioral red flag was "living beyond their apparent means".*

YOU can help, because...

- U.S. organizations lose an estimated 7% of their annual revenues to fraud.*
- Governments are one of the most commonly victimized industries.*
- Organizations with fraud hotlines significantly cut their losses due to fraud.*
- Frauds are more likely to be detected by a tip than by other means.*
- Organizations with hotlines detected frauds 50% more quickly and experienced frauds that were 41% less costly.
- Fraud and abuse are crimes everyone pays for!
- Significant losses due to fraud could mean
 - Increased taxes
 - Decreased employee benefits
 - Tighter department budgets
 - Less services for citizens
- It's your money. You can make a difference!



This hotline works for you!

Your tip may result in a cost-saving audit or investigation...but only if you report it to us.

**** YOU HAVE THE RIGHT TO REMAIN ANONYMOUS! ****

(Although, if you identify yourself, it may assist in our investigation)



Here's how you can report it...

- Gather as much of the following information as possible:
 - Area where the fraud is occurring
 - Person or persons involved
 - Nature of the fraud/abuse – false reports, stealing, etc.
 - Date and/or duration of occurrences
 - Approximate dollar amount/value involved
 - Any other witnesses

.Reporting options...

- Submit your tip electronically: Go to www.ccpa.net and click on 'Fraud & Abuse Hotline' under 'Services'. (Tips submitted electronically are untraceable as to the source/sender.)
- Mail your tip to: Fraud Hotline, P.O. Box 1079, Carlisle, PA 17013 (Restricted access to this PO Box is strictly enforced!)
- Call (717) 240-6192
- Fax (717) 240-6572

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