

County of Cumberland, Pennsylvania

POPULAR ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2016



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 2016 Annual Report Summary.

The information contained in this Annual Report Summary is unaudited and was derived from Cumberland County's audited 2016 Comprehensive Annual Financial Report (CAFR).

Except for the financial information on pages 10, 11 and 17, and the graphs at the bottom of page 12, top of page 13 and at the bottom of page 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 fertile 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, Cumberland County's median housing costs are below national averages 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 financial status of, and the services provided by, Cumberland County and why it's a great place to call home.

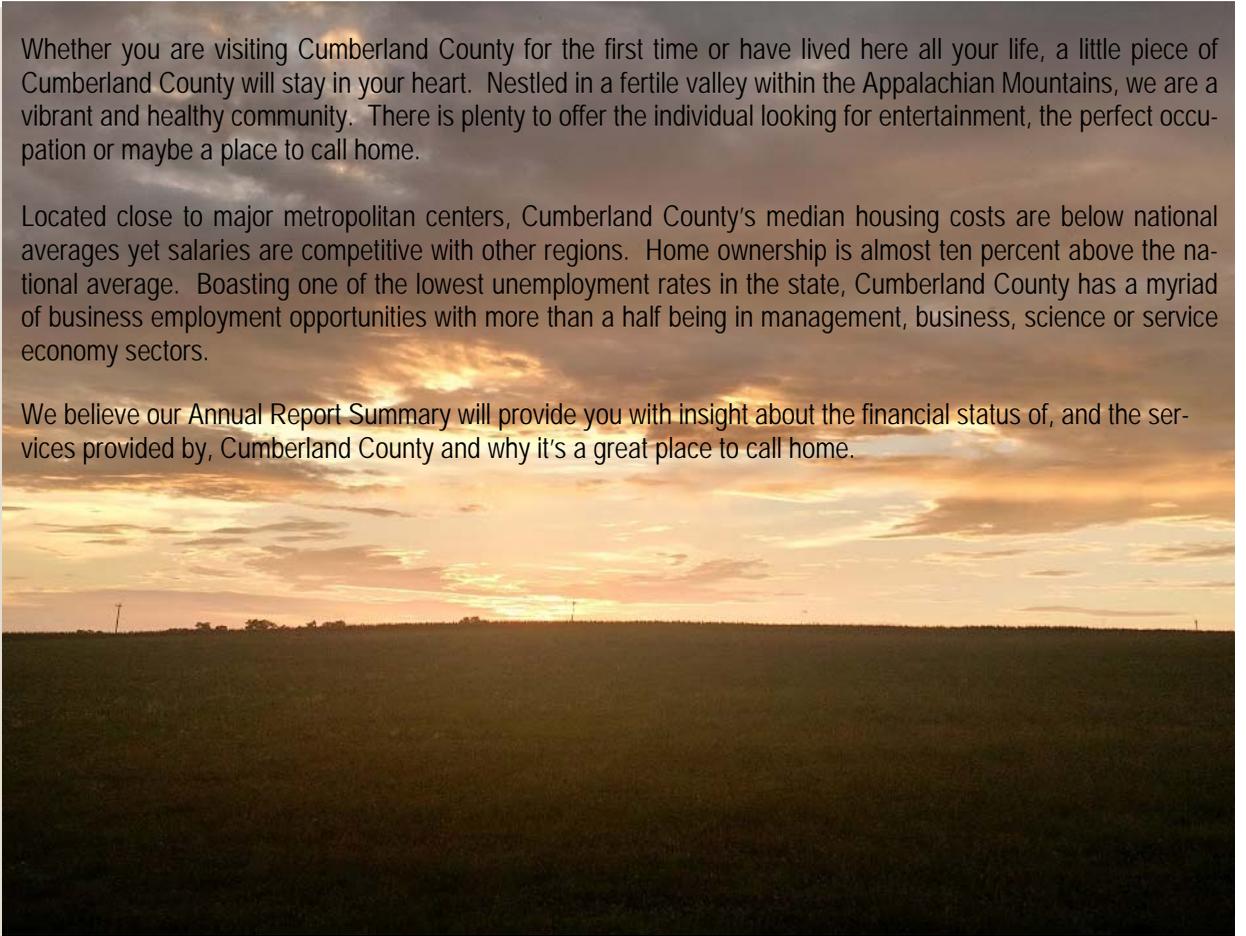


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PHOTOGRAPHY CREDITS

Cover photograph is courtesy of Cornee van der Linden provided by Cumberland Valley Visitors Bureau. *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 Fulton.



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

- 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 2016 Cumberland County ended the year with approximately six and a half months expenditures and program subsidies in its general fund unrestricted fund balance.



Alfred L. Whitcomb
Controller

(717) 240-6185
awhitcomb@ccpa.net

- Chief fiscal officer of Cumberland County.
- Approved and paid 37,579 accounts payable vouchers with 21,637 check and ACH payments.
- Issued 32,249 payroll checks/direct deposit advices.



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 2016.
- 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.



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.
- 6,785 deeds and 10,701 mortgages were recorded in 2016.



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.



Ronny R. Anderson
Sheriff

(717) 240-6390
sheriff@ccpa.net

- Serves civil process documents and enforces orders of the court.
- Provides security at county facilities and 4,678 transports for the courts is 2016
- Managed 25,344 active licenses to carry concealed firearms in 2016.
- Served/cleared 1,920 warrants in 2016.
- Provides law enforcement support and community service.



Charles E. Hall
Coroner

(717) 766-6418
chall@ccpa.net

- Investigates sudden, unexplained, violent or suspicious deaths occurring in the County.
- Investigated 630 cases for manner of death in 2016.
- Investigated 1,330 cremation referral cases in 2016.



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.
- 84,605 documents pertinent to criminal court cases were filed in 2016.



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 1,515 new Orphans' Court cases were processed in 2016 including 1,266 new estates, 112 adoptions, 38 guardianships and 99 miscellaneous matters
- Processed 1,267 marriage license applications in 2016.



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.
- Five star rated acceptance agent for processing public passports.
- 7,113 new civil court cases processed in 2016.
- 1,471 passports were processed in 2016.

Appointed Position



Lawrence Thomas
Chief Clerk

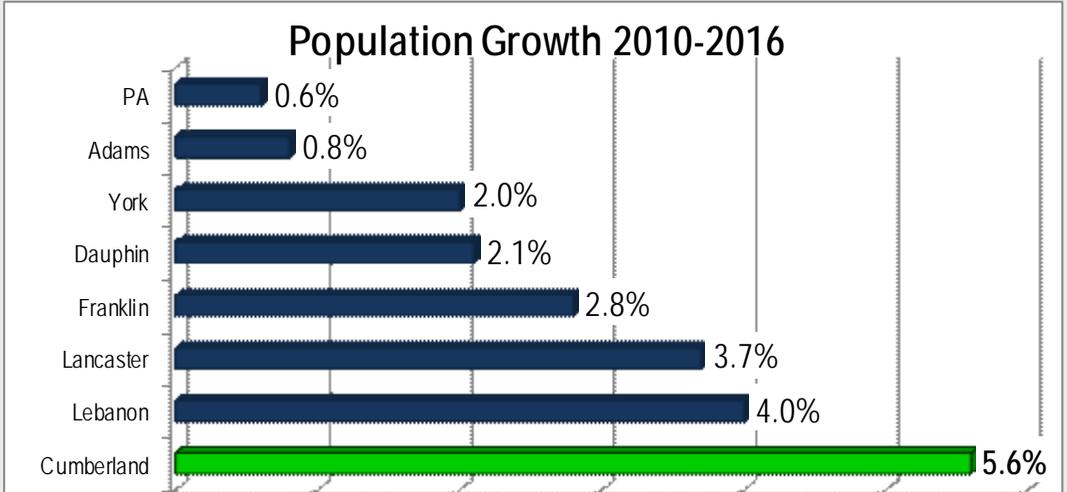
(717) 240-6150
lthomas@ccpa.net

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

Who we are & What we are doing...

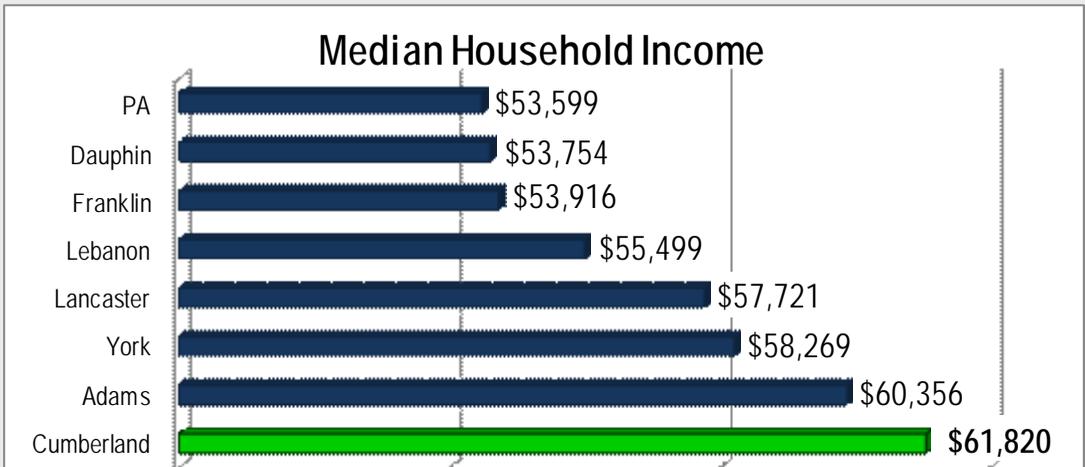
People

Cumberland County's population was 248,506 in 2016. We are the fastest growing County in the state. The median age of County residents was 40.8.



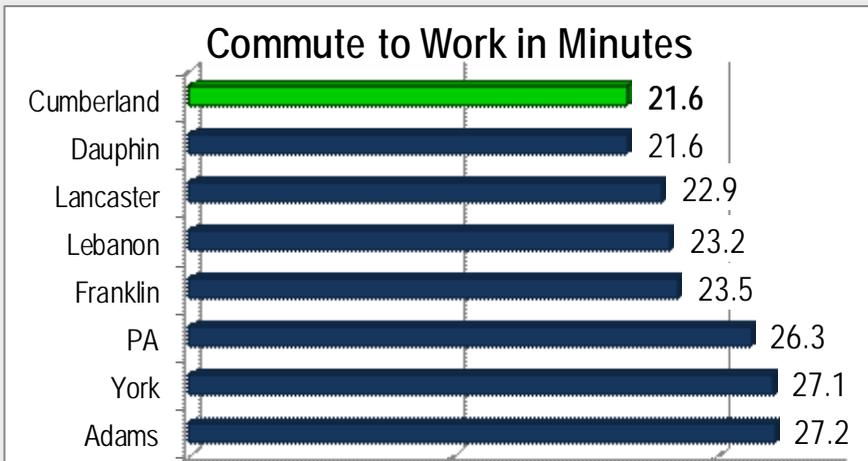
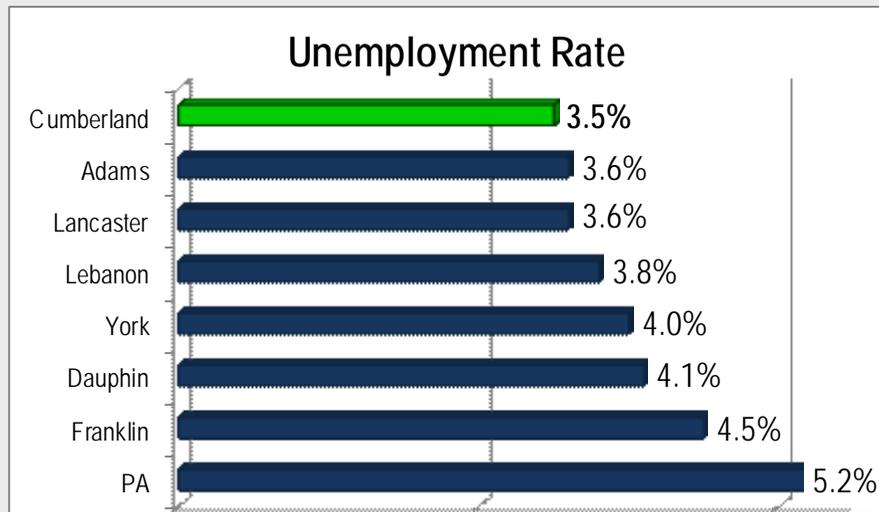
Income

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 15.34% and 9.25% 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."

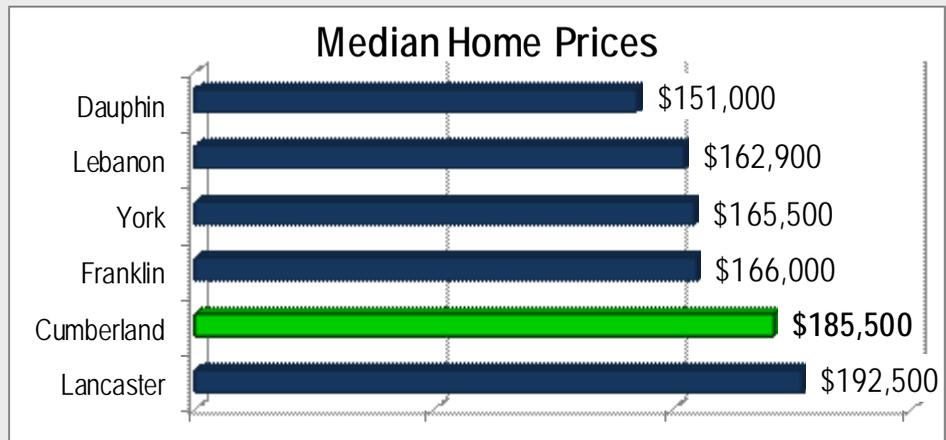


Quality of Life

Although statewide we are the fastest growing County 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 are tied with having the shortest commute in the region.

Housing

As of December 2016, the graph to the right shows the median home value for a single-family home in the mid-state. It shows Cumberland County as the second highest in the region yet 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 bottom of page 12, top of page 13 and at the bottom of page 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, 12, 13, 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.

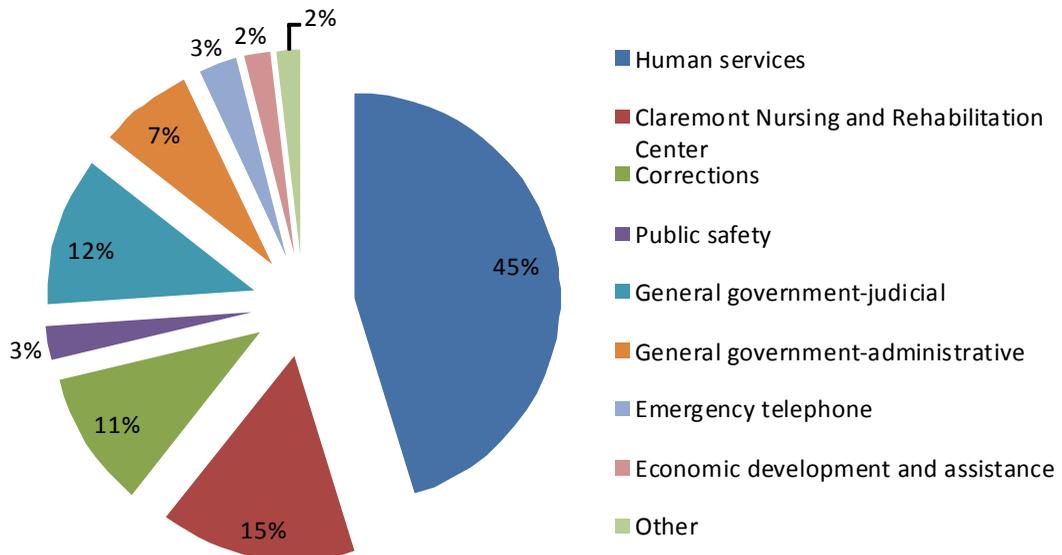
	2016	2015	2014
Assets:			
Current and other assets	\$ 69,357,167	\$ 69,799,538	\$ 67,350,259
Capital assets	85,246,106	87,685,371	88,221,345
Total assets	<u>154,603,273</u>	<u>157,484,909</u>	<u>155,571,604</u>
Deferred outflow of resources	<u>12,615,217</u>	<u>13,634,002</u>	<u>390,441</u>
Liabilities:			
Other liabilities	18,752,809	22,853,368	24,372,862
Long-term liabilities	53,769,390	63,927,918	57,959,986
Total liabilities	<u>72,522,199</u>	<u>86,781,286</u>	<u>82,332,848</u>
Net Position	<u>\$ 94,696,291</u>	<u>\$ 84,337,625</u>	<u>\$ 73,629,197</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.

	2016	2015	2014
Revenues:			
Charges for services	\$ 50,608,207	\$ 49,603,253	\$ 43,831,679
Grants	79,801,423	74,127,923	72,402,967
Real estate taxes	51,340,102	50,564,085	49,915,747
Hotel taxes	2,081,392	1,896,626	1,676,860
Per capita taxes	96	5,897	26,631
Investment earnings	253,327	153,871	202,796
Total revenues	184,084,547	176,351,655	168,056,680
Expenses:			
Salaries	54,364,179	52,221,219	51,233,916
Benefits and payroll taxes	24,954,365	20,011,191	21,253,733
Operating	100,339,404	93,464,364	92,086,955
Total expenses	179,657,948	165,696,774	164,574,604
Change in net position	\$ 4,426,599	\$ 10,654,881	\$ 3,482,076

The following pie cart breaks down 2016 expenses (\$179,657,948) 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 E-cycling Center

In 2016, the County Commissioners have approved the development and operation of a permanent electronics recycling center to open in the summer of 2017. The center will accept televisions, computers and accessories, mobile devices, entertainment equipment, office equipment, data center equipment and cable equipment. A \$.50 per pound fee will be charged to offset the cost of the program.

This program is being offered in response to a 2010 Pennsylvania electronics recycling law which bans the disposal of televisions and various other electronic equipment but lacks a viable plan on how to fund the recycling of all the electronics resulting from the disposal ban .

Public Transit Regionalization

Cumberland County is working diligently to implement regionalization of public transit as recommended by PennDOT's South Central Pennsylvania Transit Regionalization Study. Once implemented, the plan has the potential to provide the South Central region's residents and employers with more reliable and cost efficient public transportation.

Cumberland County has been instrumental in providing a path toward regionalization which could provide the County savings of \$2 million over ten years and expand and improve public transportation options over the current provider, CAT.

Public Transportation Cost Comparison

Current Per Resident Cost



Community Opiate Overdose Prevention

In light of the growing opiate crisis in Pennsylvania, the County is working with a coalition comprised of various government and community partners from various backgrounds including criminal justice, emergency services, public health professionals, and human services representatives entitled Community Opiate Overdose Prevention (COOP).

The coalition is working cooperatively towards a common cause- confronting the heroin and prescription opiate epidemic while reducing overdoses through effective outreach and education, raising awareness of the alarming increase in drug use and drug related deaths, preventing drug use and addiction and promoting treatment.

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.....

Reading 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.

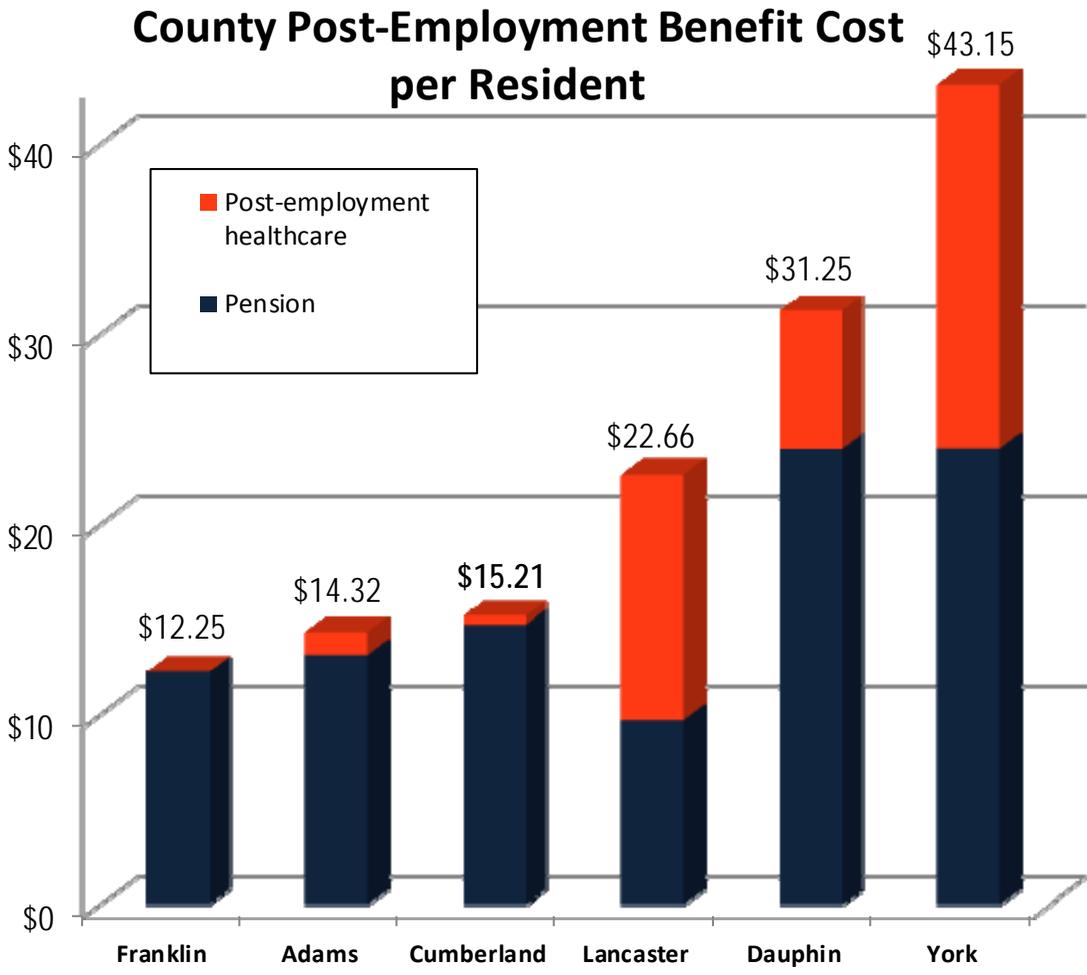
County department	2016	2015	Percent Change- (Favorable) Unfavorable	County department	2016	2015	Percent Change- (Favorable) Unfavorable
Information management and technology	\$ 7.54	7.55	0 %	Recorder of Deeds	(3.43)	(3.46)	1
County buildings and grounds	8.86	10.86	(18)	Treasurer	1.02	1.00	2
Finance	3.21	3.02	6	Coroner	3.61	2.91	24
Bureau of elections	3.62	3.25	11	Clerk of Courts	(0.18)	(0.15)	(20)
Tax administration	1.13	1.20	(6)	Prothonotary	0.10	(0.06)	267
Human resources	2.18	2.44	(11)	Sheriff	9.23	7.79	18
Administrative services	4.05	3.68	10	Security	1.08	1.09	(1)
Total general government-administrative	30.59	32.00		Register of Wills	(0.24)	(0.11)	(118)
District Attorney	12.04	10.76	12	Total County row offices	15.47	13.21	
District justices	8.55	8.10	6	Urban redevelopment	0.00	1.75	(100)
Criminal courts system	15.68	14.89	5	Other departments	1.17	0.64	83
Public defender	4.77	4.68	2	Debt service	21.53	18.98	13
Total general government-judicial	41.04	38.43		Subsidy to county programs:			
County prison	41.61	41.73	0	Emergency telephone/911	1.22	8.45	(86)
Adult and juvenile probation	17.90	17.20	4	Human services	18.25	18.12	1
Total corrections	59.51	58.93		Domestic relations	4.37	3.94	11
Public safety administration	2.18	1.68	30	Public safety	1.38	0.34	306
Conservation and planning	5.05	3.96	28	General revenues	(217.16)	(216.16)	0
Commissioners Office	3.32	2.85	16	Net deficit (surplus) per capita	\$(12.08)	(12.88)	
Controller	4.28	4.20	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 2015 audited financial statements. The amounts represent counties 2015 cost per resident.

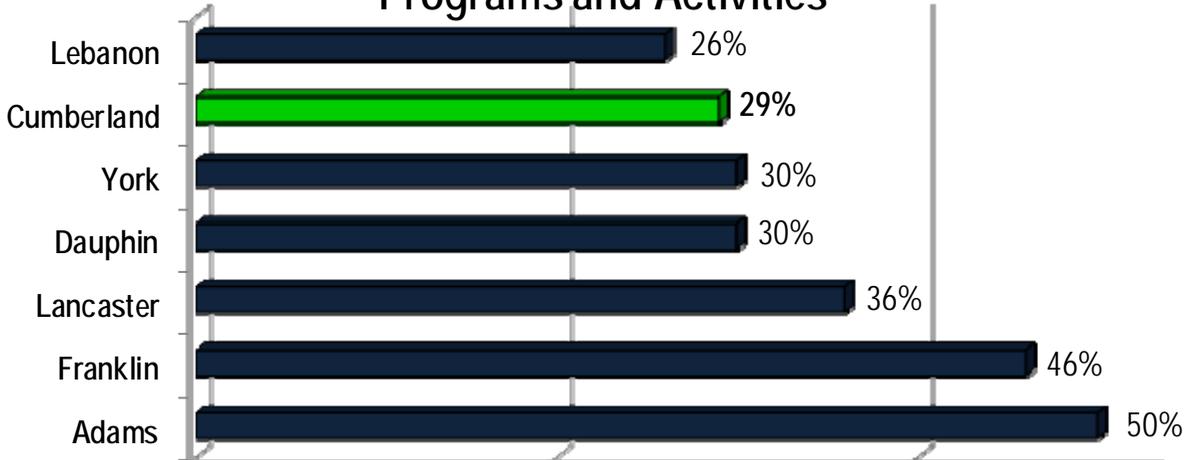


Franklin County recently sharply reduced the OPEB benefits it offers. The other low cost counties—Adams and Cumberland—require retirees to pay a blended rate, if participating.

Efficient operations...resourceful funding

Cumberland County relies less than all counties of similar size in the region on local real estate taxes to fund programs and activities, effectively leveraging Federal/state and other revenue sources to fund public services.

Reliance on Real Estate Taxes to Fund County Programs and Activities



County real estate taxes—comparison

Cumberland County provides a low tax burden on its residents as compared to other counties in south central Pennsylvania, particularly among similarly-sized counties in this region (Lancaster, York and Dauphin) which provide similar public services to its residents.

County Real Estate Tax Revenue per Resident



Compare Efficient Government...

Efficient operations...general fund spending

General fund spending and program subsidies represents the County's primary use of local tax revenues. Cumberland compares most 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. In terms of gross public safety spending, Cumberland County compares favorably.

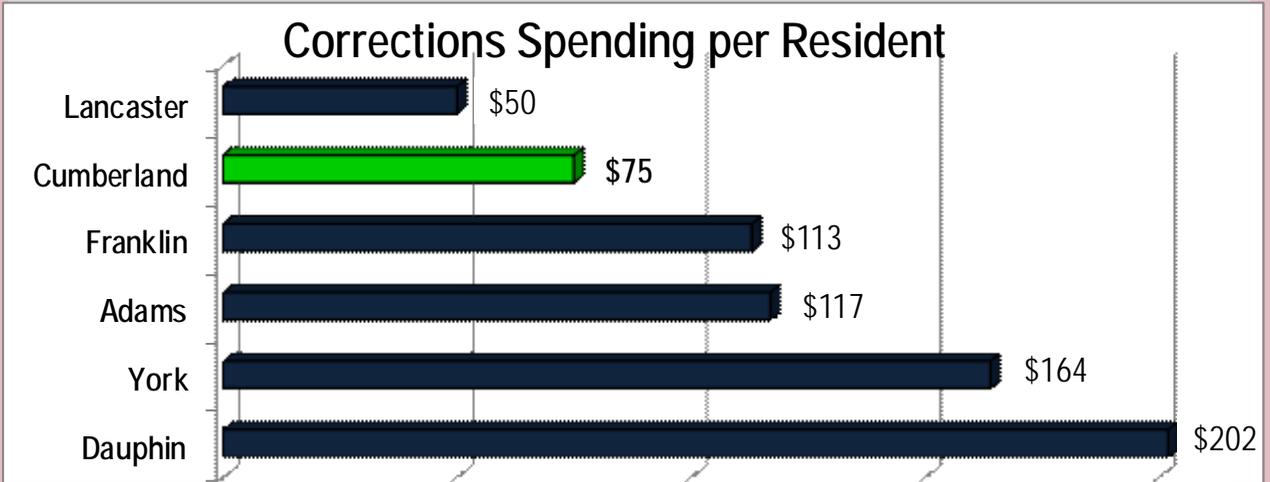
Public Safety Spending per Resident



Compare Safe & Healthy Communities...

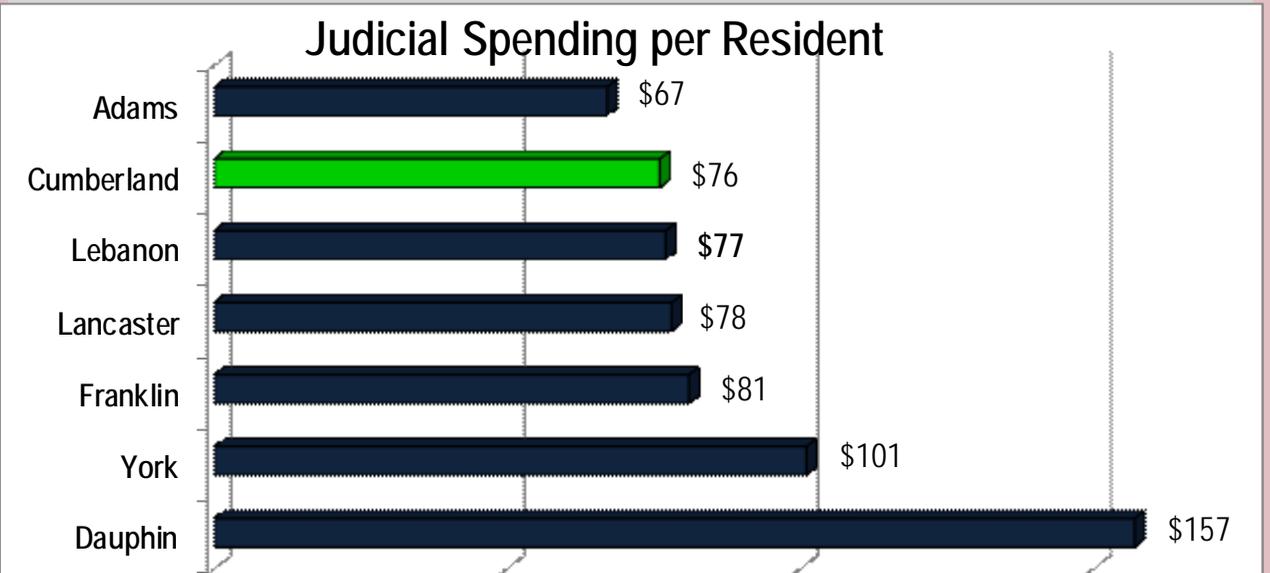
Safe communities...corrections spending

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.

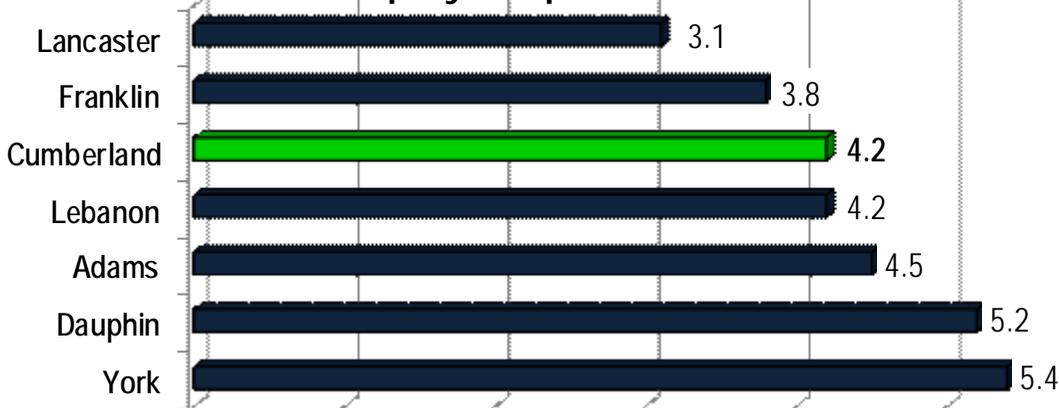


How Does Cumberland County Compare?

Efficient operations...full-time staffing levels

Cumberland County compares favorably to other local counties in the number of full-time employees; improving from 4.5 full-time employees per 1,000 residents three years ago.

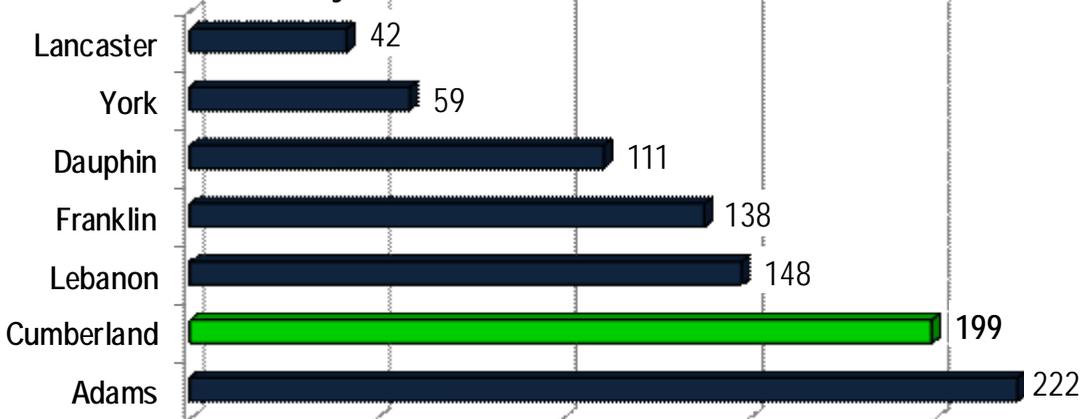
Full-time Employees per 1,000 Residents



Financial stability

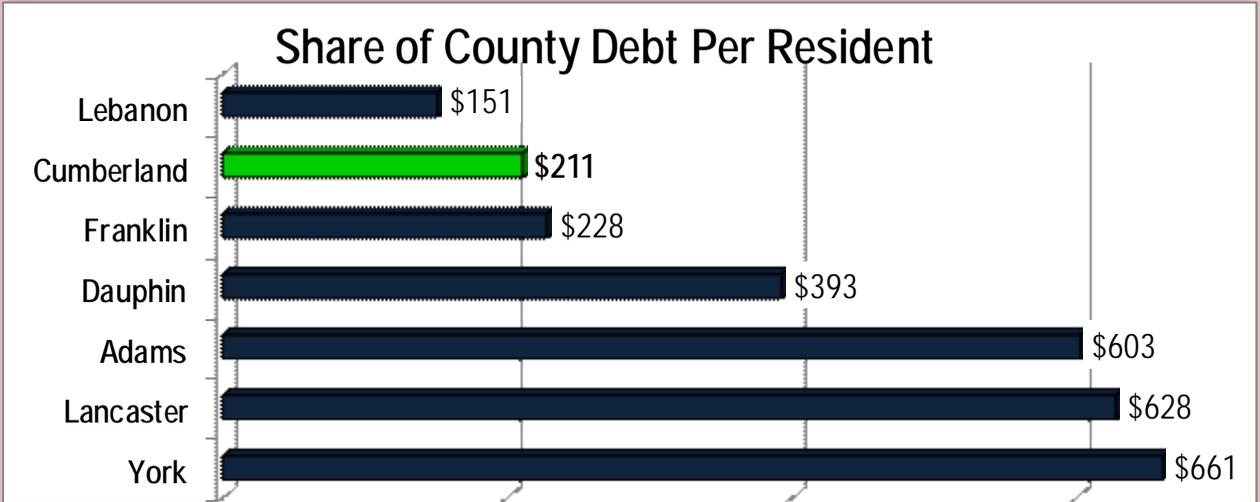
The graph below compares the fund balance levels of south central Pennsylvania counties. The Government Finance Officers Association recommends maintenance of adequate levels of general fund fund balance to mitigate financial risks and stabilize tax rates. Adequate reserves improve credit ratings, thereby lowering borrowing costs and eliminating the need to issue costly tax anticipation notes.

Number of Days Reserves in General Fund Fund Balance



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, prohibiting back loaded or balloon repayment terms and avoiding the issuance of tax anticipation notes, at higher interest rates, to pay its bills.



Conservative financial practices...credit rating

Cumberland County enjoys the low financing rates that a AAA debt rating affords, due to Cumberland County's conservative borrowing practices, sound comprehensive financial policies and long-term financial planning. In 2016 Standard & Poor's confirmed the County's AAA bond rating - a rare distinction among Pennsylvania counties.

South Central Pennsylvania County	Standard & Poor's Rating Equivalent	Description
Cumberland	AAA	Prime
York	AA	High grade
Dauphin	AA	High grade
Franklin	AA	High grade
Adams	AA-	High grade
Lancaster	A+	Upper medium grade
Lebanon	BBB	Lower medium grade

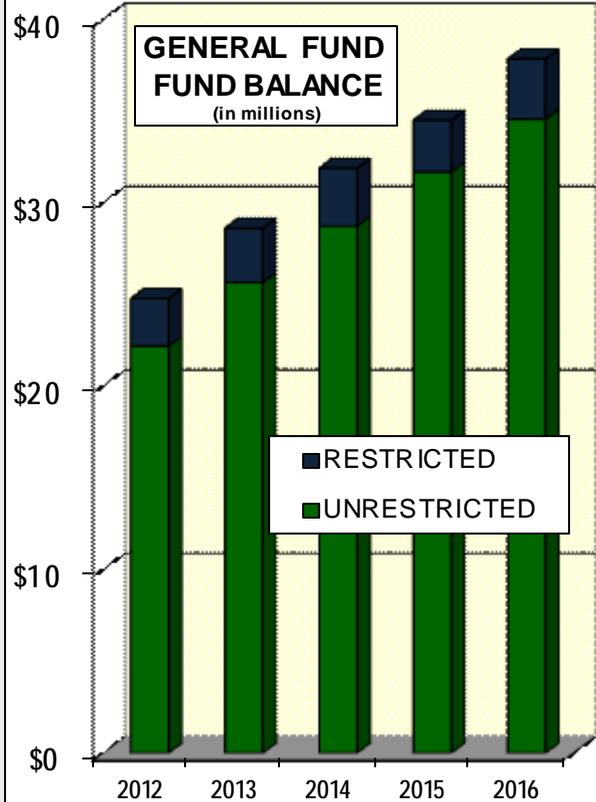
How Strong is the County's Financial Position?

In 2016, Cumberland County's healthy level of fund balance in its general fund allowed it to retain its strong financial position and maintain its AAA Standard & Poor's credit rating.

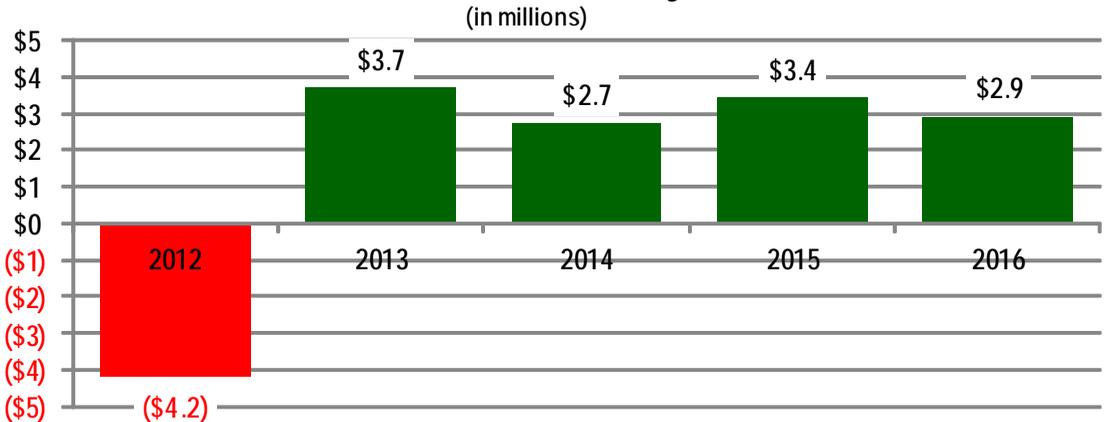
The Government Finance Officers Association recommends governments maintain a general fund unrestricted fund balance of at least two months of expenditures.

At December 31, 2016, Cumberland County's general fund unrestricted fund balance of \$34,594,048 represented approximately six and a half 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, 2016, including restricted and unrestricted, was \$37,918,226.



Change in General Fund Total Fund Balance by Year



Award



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, 2015

Jeffrey R. Egan
Executive Director/CEO

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, 2015. 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 thirteen 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 5% 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 47% more quickly and experienced frauds that were 54% 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