

County of Cumberland, Pennsylvania

POPULAR ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017



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 2017 Annual Report Summary.

The information contained in this Annual Report Summary is unaudited and was derived from Cumberland County's audited 2017 Comprehensive Annual Financial Report (CAFR).

Except for the financial information on pages 10, 11, 13, 14 and 17, and the graph 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 and the Cumberland County Conservation District 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 seven 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 Bryan McNulty provided by Cumberland Valley Visitors Bureau. The picture on this page and the *left hand margin photographs* are courtesy of the Cumberland Valley Visitor Bureau and @cumberlandvalleypa on Instagram.

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.
- Under the Commissioners' governance, in 2017 Cumberland County ended the year with approximately seven months expenditures and program subsidies in its general fund unrestricted fund balance.
- 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.



Alfred L. Whitcomb
Controller

(717) 240-6185
awhitcomb@ccpa.net

- Chief fiscal officer of Cumberland County.
- Approved and paid 37,291 accounts payable vouchers with 20,654 check and ACH payments.
- Issued 32,541 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 2017.
- 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.
- 6,781 deeds and 9,866 mortgages were recorded in 2017.



M.L. Ebert, Jr
District Attorney
(term began January 2018)
(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 4,806 transports for the courts is 2017
- Managed 31,583 active licenses to carry concealed firearms in 2017.
- Served 888 warrants in 2017.
- 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 818 cases for manner of death in 2017.
- Investigated 1,463 cremation referral cases in 2017.



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.
- 96,093 docket entries and 58,611 payment receipts pertinent to criminal court cases were processed in 2017.



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

(717) 240-6345
regofwills@ccpa.net

- Maintains records for Register of Wills and the Orphans' Court Division of the Court of Common Pleas dating back to 1750.
- A total of 1,613 new cases were processed in 2017 including 1,384 new estates, 143 adoptions, 41 guardianships and 45 miscellaneous matters
- Processed 1,208 marriage license applications in 2017.



Dale Sabadish
Prothonotary

(term began January 2018)
(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.
- 11,856 new civil court cases processed in 2017.
- 1,882 passports were processed in 2017.

Appointed Position



Stephen Brayman
Chief Clerk

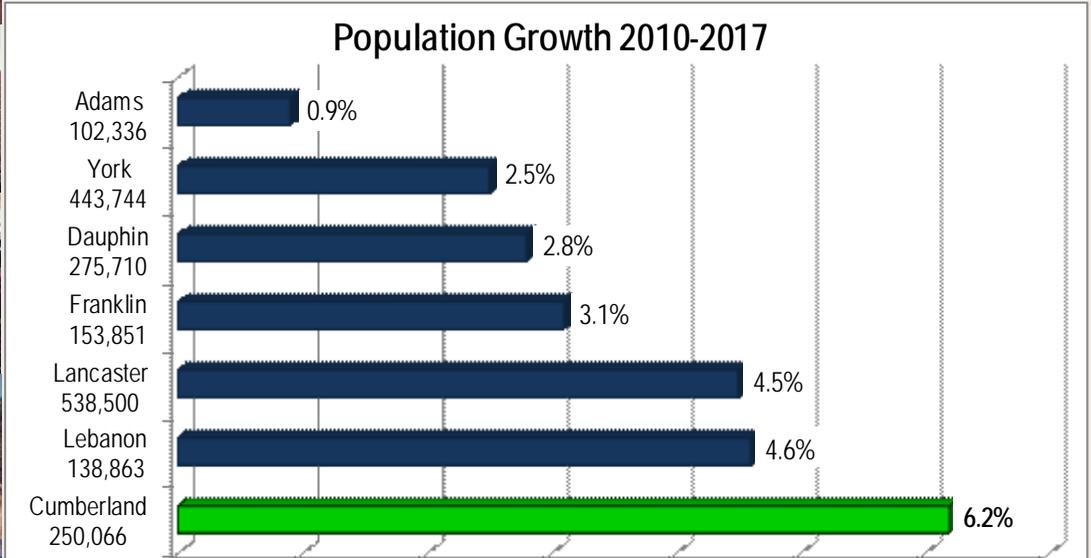
(began February 2018)
(717) 240-6150
sbrayman@ccpa.net

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

Who we are & What we are doing...

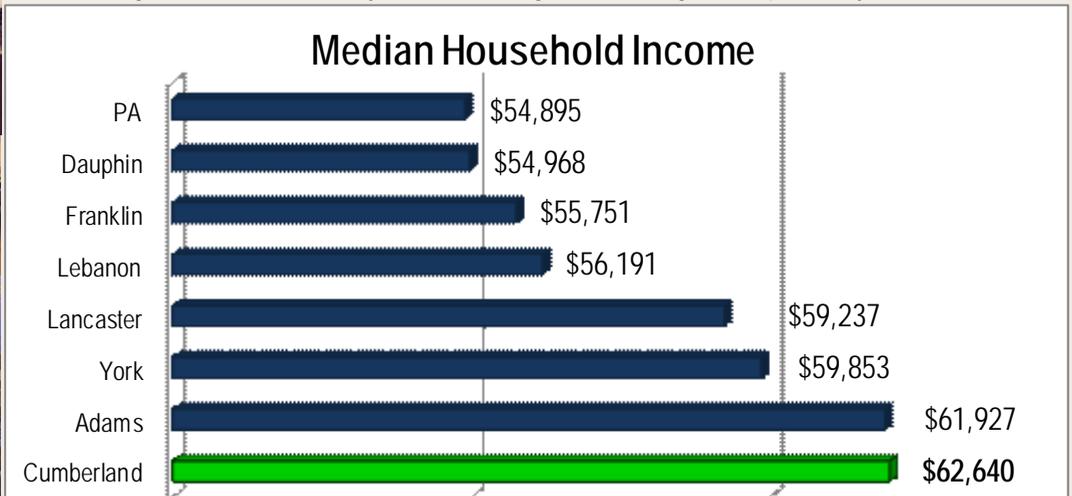
People

Cumberland County is the fastest growing County in the state since 2010. The graph below shows local counties percentage growth. It also shows each county's population.



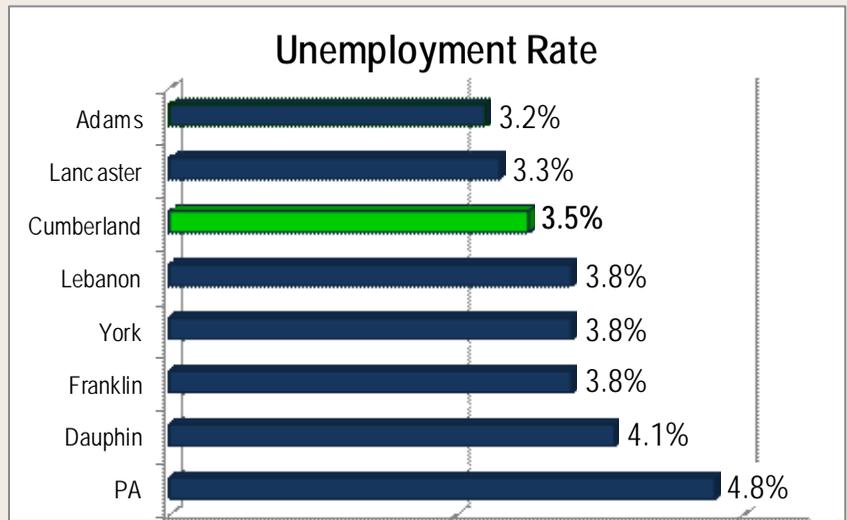
Income

The graph below shows the median household income for employees across all industries in local counties and the state. On average, Cumberland County income was 14% and 8% higher than the Pennsylvania and regional averages, respectively.



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."*

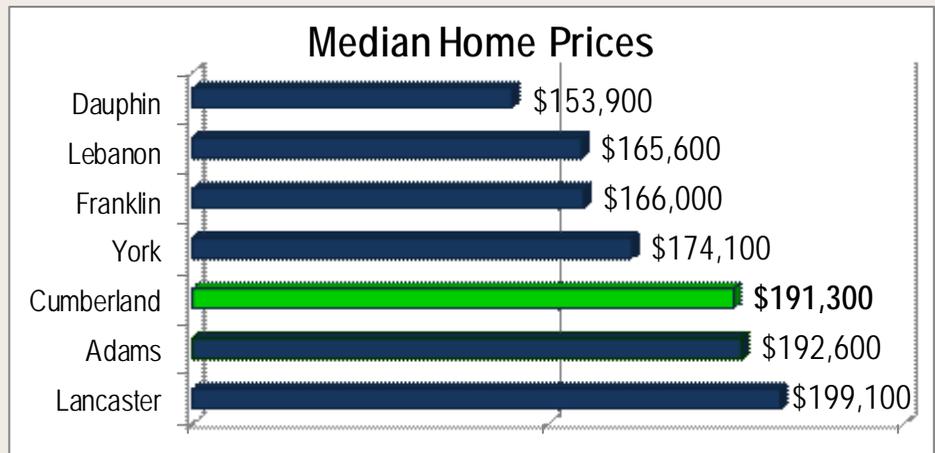


Quality of Life

Although statewide we are the fastest growing County and have the third 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 2017, 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 third 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, 13, 14 and 17, and the graph at the bottom of page 15, is presented on the full accrual basis of accounting.

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, 13, 14 and 17, and the graph at the bottom of page 15, 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. The County's general fund, reported on the modified accrual basis, is the main operating fund of the County and is the primary user of County general tax revenues.

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.

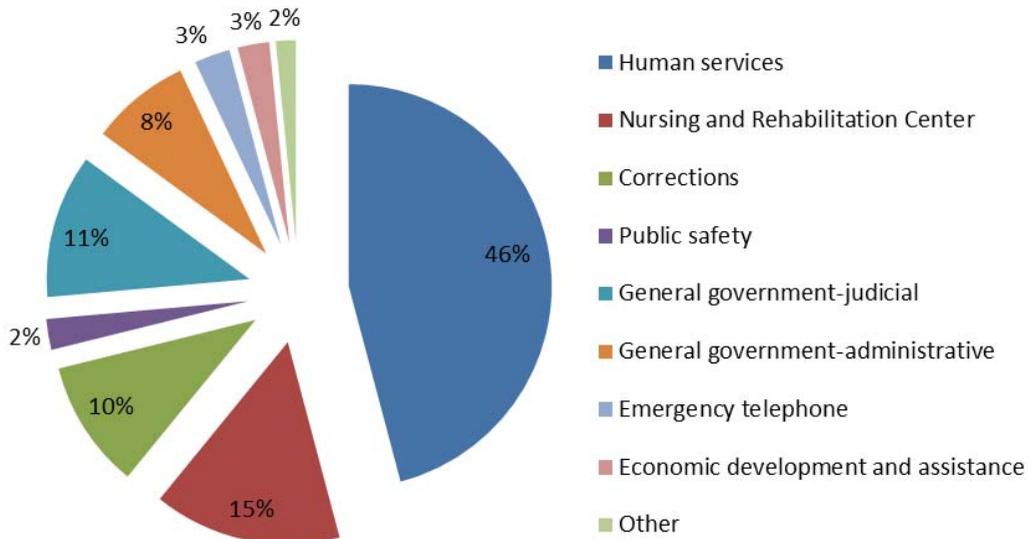
	2017	2016	2015
Assets:			
Current and other assets	\$ 86,773,351	\$ 69,357,167	\$ 69,799,538
Capital assets	89,017,845	85,246,106	87,685,371
Total assets	<u>175,791,196</u>	<u>154,603,273</u>	<u>157,484,909</u>
Deferred outflows of resources	<u>2,167,973</u>	<u>12,615,217</u>	<u>13,634,002</u>
Liabilities:			
Other liabilities	20,117,390	18,752,809	22,853,368
Long-term liabilities	42,011,853	53,769,390	63,927,918
Total liabilities	<u>62,129,243</u>	<u>72,522,199</u>	<u>86,781,286</u>
Deferred inflows of resources	<u>5,289,677</u>	-	-
Net Position	<u>\$ 110,540,249</u>	<u>\$ 94,696,291</u>	<u>\$ 84,337,625</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.

	2017	2016	2015
Revenues:			
Charges for services	\$ 52,959,861	\$ 50,608,207	\$ 49,603,253
Grants	86,899,178	79,801,423	74,127,923
Real estate taxes	52,084,725	51,340,102	50,564,085
Hotel taxes and other	2,108,153	2,081,488	1,902,523
Investment earnings	519,425	253,327	153,871
Total revenues	<u>194,571,342</u>	<u>184,084,547</u>	<u>176,351,655</u>
Expenses:			
Salaries	55,559,873	54,364,179	52,221,219
Benefits and payroll taxes	21,525,453	24,954,365	20,011,191
Operating	105,091,254	100,339,404	93,464,364
Total expenses	<u>182,176,580</u>	<u>179,657,948</u>	<u>165,696,774</u>
Change in net position	<u>\$ 12,394,762</u>	<u>\$ 4,426,599</u>	<u>\$ 10,654,881</u>

The following pie chart breaks down 2017 expenses (\$182,176,580) by type along with the respective percentage. You can see further detail in the complete annual report available at our website.



Major County Initiatives

Seventh County Judge Slated

In 2017, Governor Wolf signed legislation to add judges to seven counties beginning in 2020. A six percent increase in the County's population between 2010 and 2017 necessitated the need for an additional judge in the courthouse. To meet the County's increasing office space needs, the County has purchased a 10,800 square foot office building in the borough of Carlisle. A study is currently ongoing on how best to align departmental efficiencies with security requirements.

Opioid Impact on Children and Youth

With the opioid crisis tearing at the fabric of family life in the mid-state area, the county's Children and Youth department has been challenged by an increase in out-of-home placements. Out-of-home placements increased by sixteen percent for the fiscal year 2017-2018. Seventy-five percent of those placements were triggered by parental drug use. Equally challenging is the State's mandated reporting requirements. With the increased workload the Children and Youth department has seen 30 percent and 27 percent turnover rates for the fiscal years 2015-16 and 2016-17, respectively, despite salary increases. In light of this, the County has requested eight new positions to provide case workers the necessary support to efficiently serve the children of Cumberland County.

Claremont Receives Five Star Rating

The Center of Medicare and Medicaid presented Claremont Nursing and Rehabilitation a five-out-of-five rating, a distinction earned by fewer than ten percent of nursing home facilities in the nation. The rating system was devised to allow families and caregivers to compare nursing homes more easily and to help identify areas about which they may want to ask questions.



The Dennis Marion Public Services Building

In honor of the late Dennis Marion, the building located at 16 W. High Street in Carlisle will now be known as the Dennis Marion Public Services Building. Marion served the County leadership and its citizens for 31 years in various roles, including Director of the Drug & Alcohol Commission, Director of the Office of Mental Health/Intellectual and Developmental Disabilities, Director of Board of Elections, County Administrator, and Chief Operations Officer. Marion was a strong advocate of human services and supporting our most vulnerable citizens.

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.

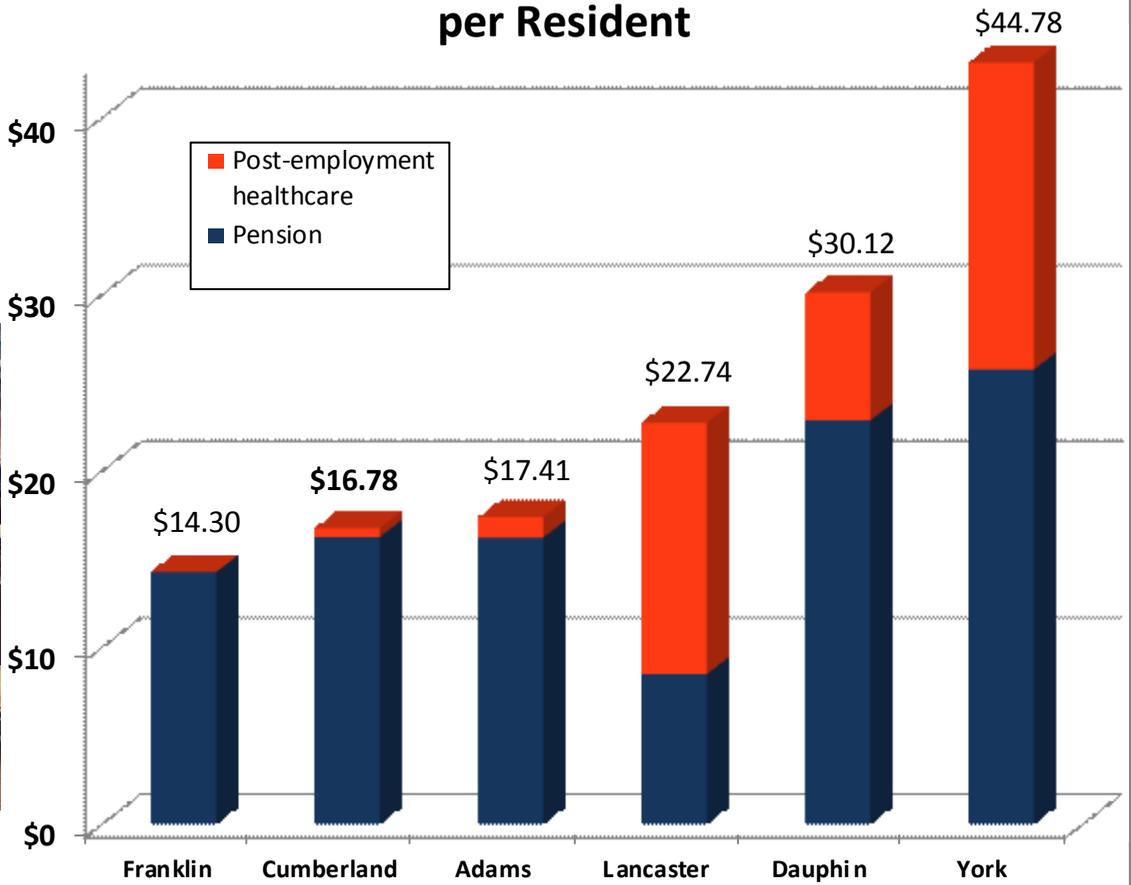
County department	2017	2016	Percent Change- (Favorable) Unfavorable	County department	2017	2016	Percent Change- (Favorable) Unfavorable
Information management and technology	\$ 8.22	\$ 7.54	9 %	Recorder of Deeds	(3.47)	(3.43)	(1)
County buildings and grounds	9.19	8.86	4	Treasurer	1.03	1.02	1
Finance	3.13	3.21	(2)	Coroner	3.86	3.61	7
Bureau of elections	3.32	3.62	(8)	Clerk of Courts	(0.94)	(0.18)	(422)
Tax administration	1.22	1.13	8	Prothonotary	(0.24)	0.10	(340)
Human resources	2.09	2.18	(4)	Sheriff	9.56	9.23	4
Administrative services	4.20	4.05	4	Security	0.94	1.08	(13)
Total general government-administrative	31.37	30.59		Register of Wills	(0.56)	(0.24)	(133)
District Attorney	12.06	12.04	0	Total County row offices	14.48	15.47	
District justices	8.24	8.55	(4)	Other departments	1.06	1.17	(9)
Criminal courts system	17.47	15.68	11	Debt service	19.60	21.53	(9)
Public defender	4.95	4.77	4	Subsidy to county programs:			
Total general government-judicial	42.72	41.04		Emergency telephone/911	1.22	1.22	0
County prison	40.29	41.61	(3)	Human services	21.11	18.25	16
Adult and juvenile probation	17.39	17.90	(3)	Domestic relations	3.96	4.37	(9)
Total corrections	57.68	59.51		Public safety	0.62	1.38	(55)
Public safety administration	2.02	2.18	(7)	General revenues	(222.12)	(217.16)	(2)
Conservation and planning	5.35	5.05	6	Net deficit (surplus) per capita	\$(17.20)	\$(12.08)	
Commissioners Office	3.73	3.32	12				
Controller	4.30	4.28	0				

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. Costs are presented on a "per resident" basis for south central Pennsylvania counties. The source of information for this and the following pages are audited financial statements. The amounts represent counties 2016 cost per resident.

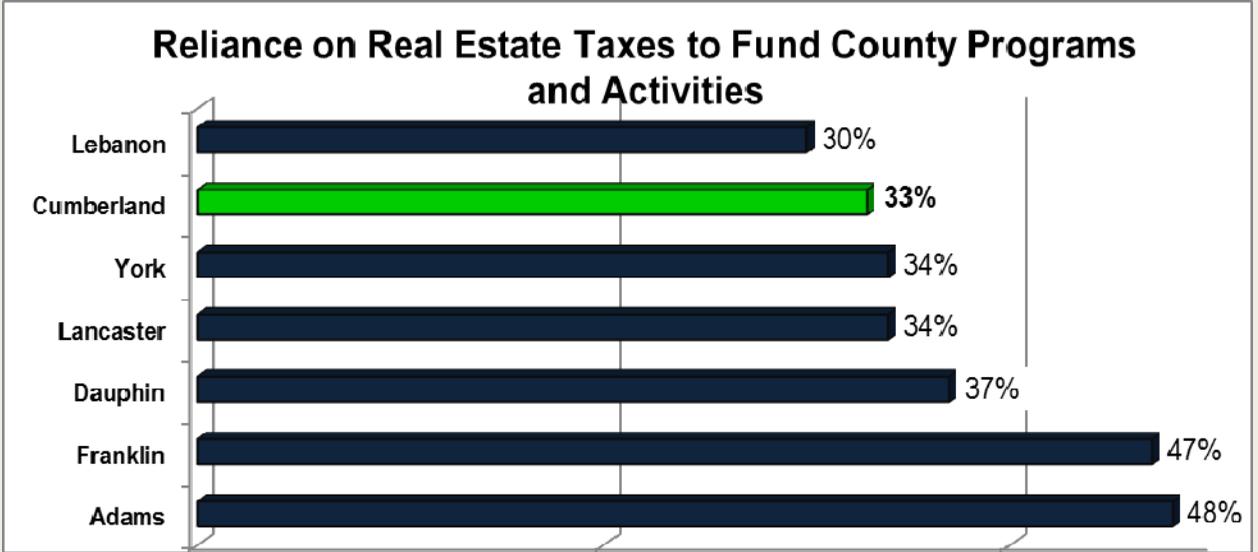
County Post Employment Benefit Cost per Resident



Franklin County closed its plan for retiree healthcare to new participants. The other low cost counties—Adams and Cumberland—require retirees opting to participate in their county healthcare plan to pay the employee premium.

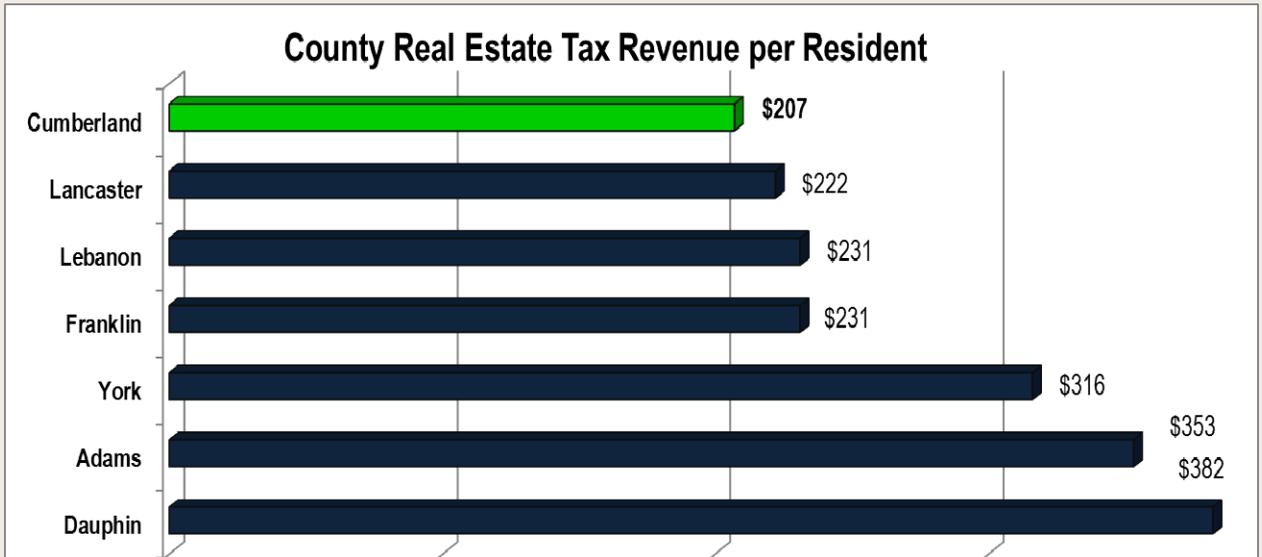
Efficient operations...resourceful funding

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.



County real estate tax burden—a comparison

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



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.

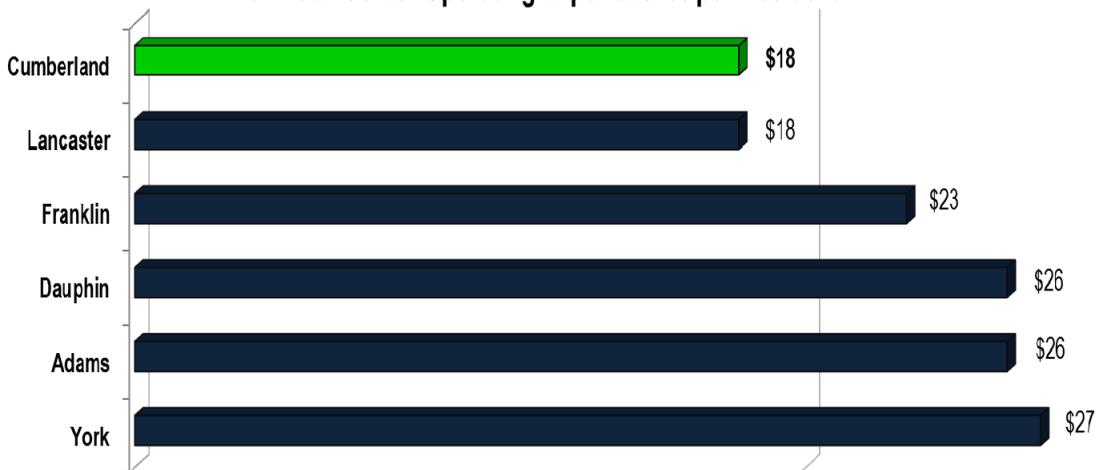
General Fund Spending per Resident



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.

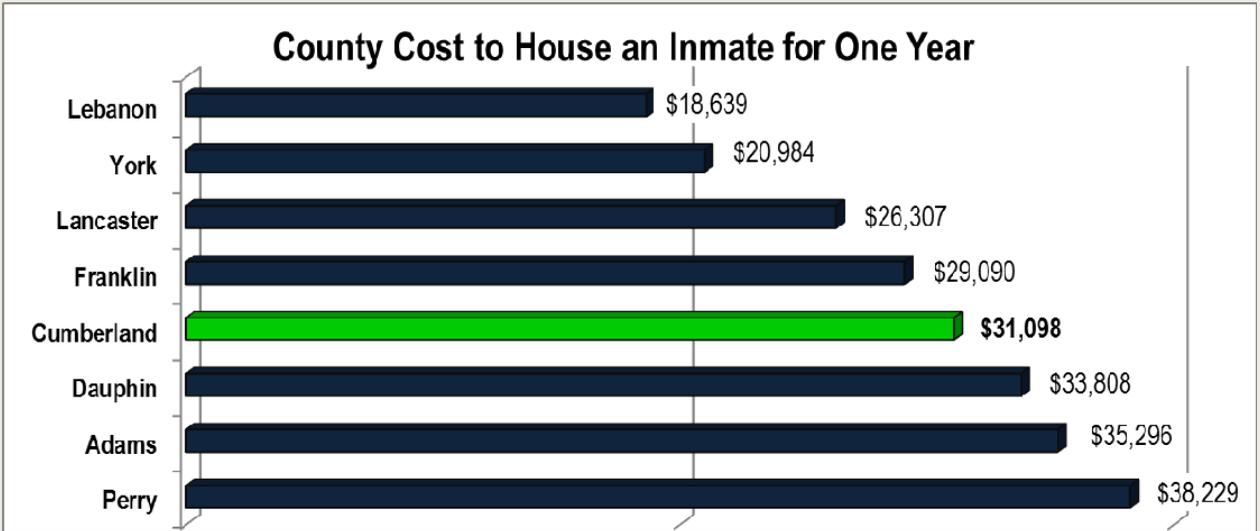
911 Call Center Operating Expenditures per Resident



Compare Safe & Healthy Communities...

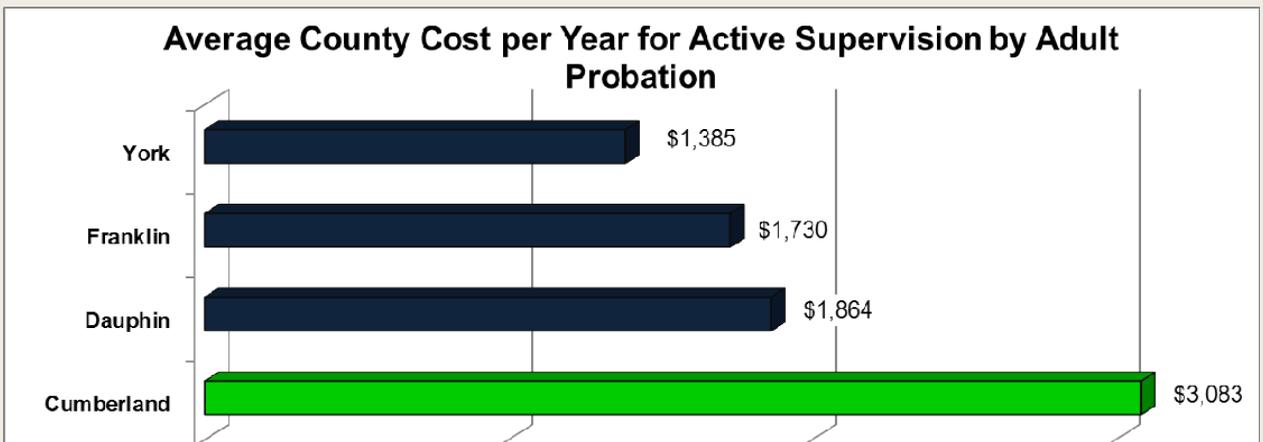
Safe communities...prison

Corrections, consisting primarily of county prison and probation activities, typically consume more local tax dollars than any other county activity. In terms of corrections spending, Cumberland County compares favorably, in part, by its relatively low incarceration rate aided by its diversionary programs such as its accelerated rehabilitative disposition program and drug court.



Safe communities...adult probation supervision

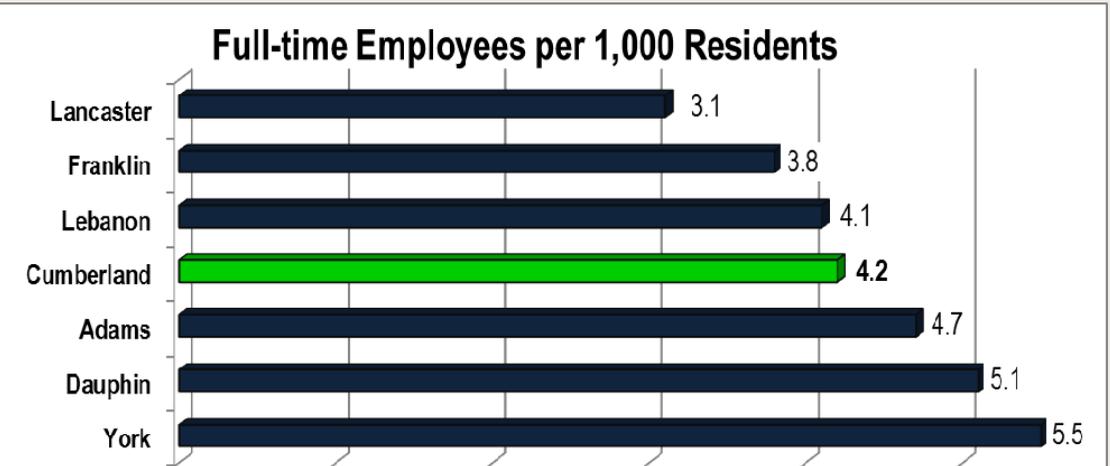
Adult probation, a department under Cumberland County's Court of Common Pleas, provides offender supervision services as an alternative to incarceration. For offenders who qualify, active supervision of offenders serving probation sentences in our communities is a cost effective alternative to incarceration.



How Does Cumberland County Compare?

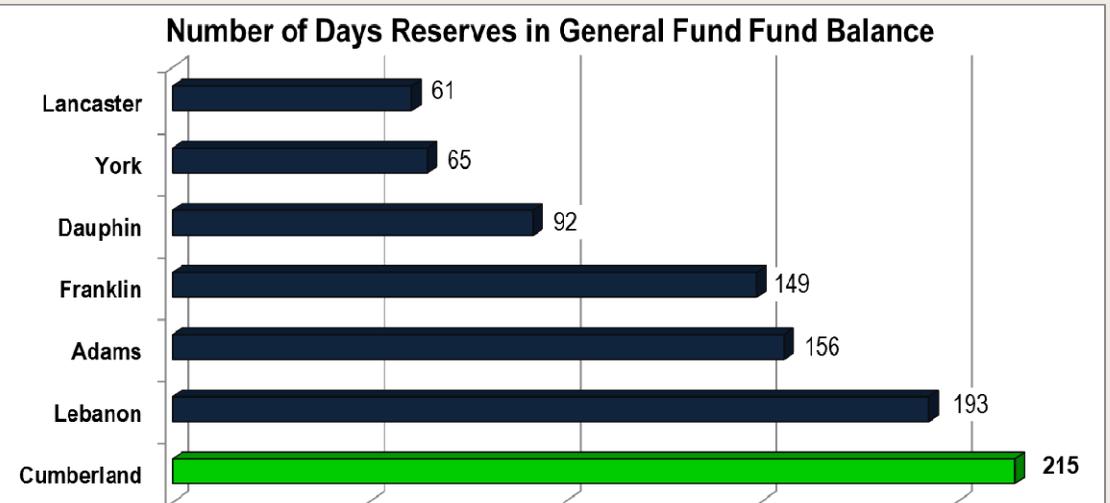
Efficient operations...full-time staffing levels

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 four years ago. Not owning a nursing home helps explain Lancaster's lower employee count.



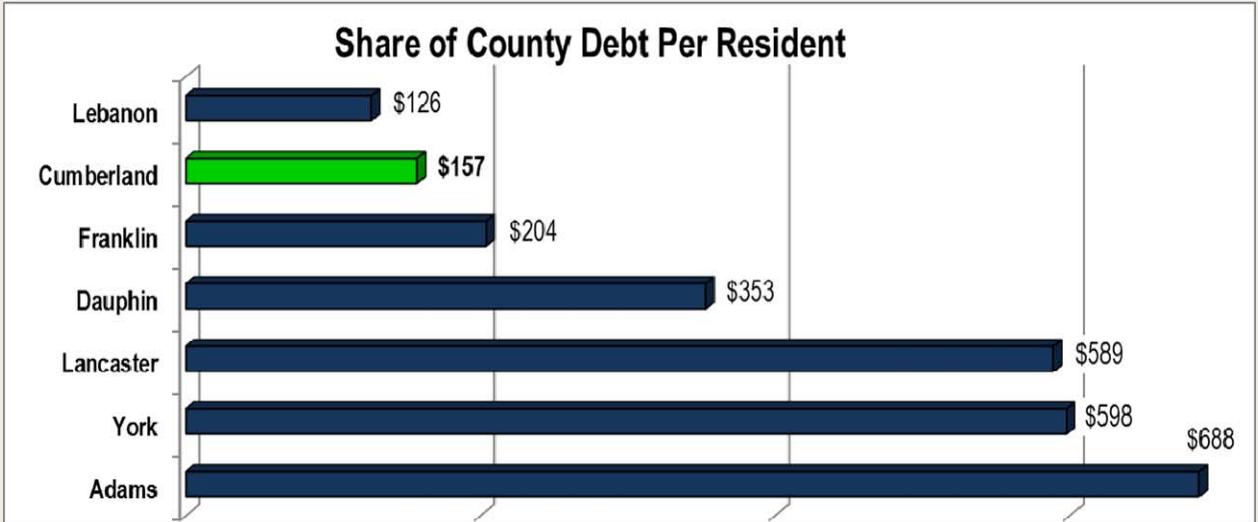
Financial stability

The graph below compares 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 taxes. Adequate reserves improve credit ratings, thereby lowering borrowing costs and budgets.



Cost efficient operations...long-term debt levels

Cumberland County has one of the lowest debt loads of counties in this region. The Cumberland County Commissioners have adopted a debt policy which institutionalizes important best practices such as prohibiting the use of - often costly - swaps and derivatives to manage interest rate risk, prohibiting back loaded or balloon repayment terms and avoiding the issuance of high interest rate tax anticipation notes or bank borrowings 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 sound comprehensive financial policies, conservative borrowing practices, and long-term financial planning. 2017 marks a decade that Cumberland County has held its AAA credit rating, initially earned and awarded in 2008.

<i>South Central Pennsylvania County</i>	<i>Standard & Poor's Rating Equivalent</i>
Cumberland	AAA
York	AA
Dauphin	AA
Franklin	AA
Adams	AA
Lancaster	AA
Lebanon	AA/A

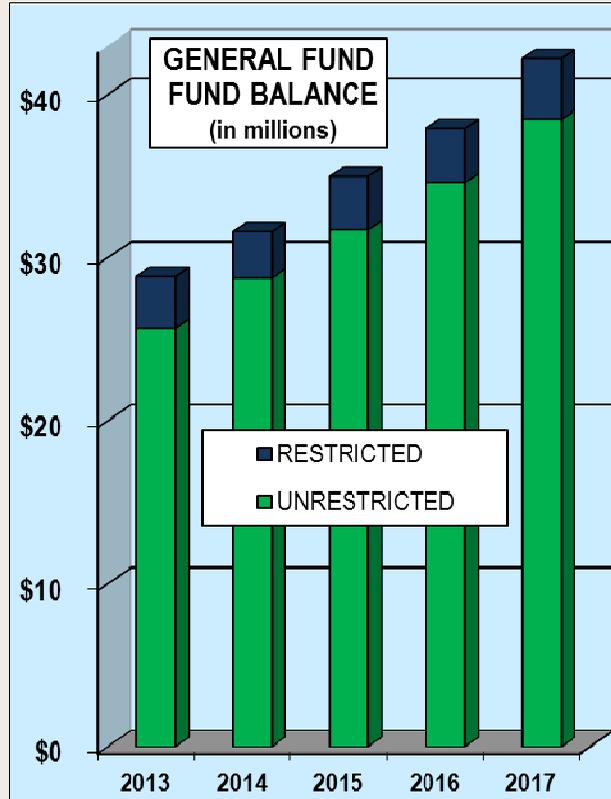
How Strong are the County's Finances?

In 2017, 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.

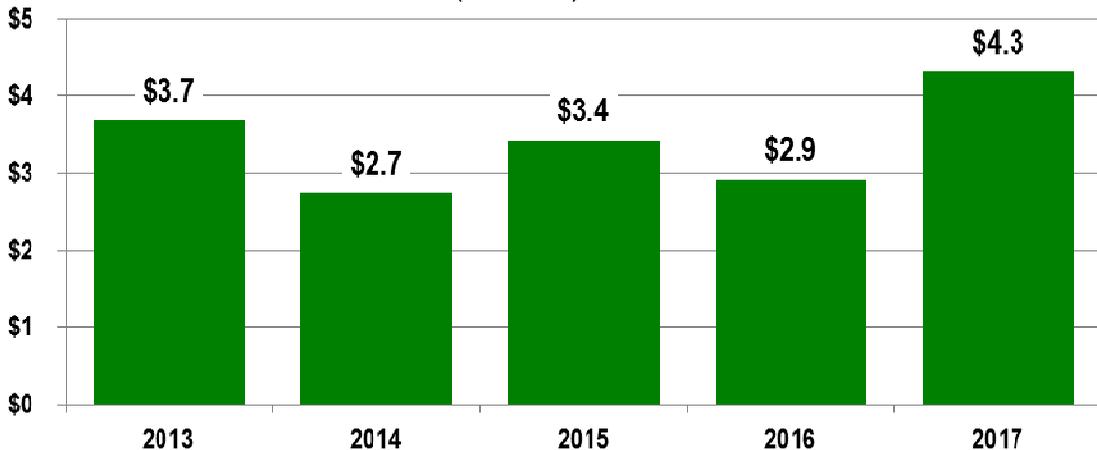
The Government Finance Officers Association recommends governments maintain a general fund unrestricted fund balance of at least two months of expenditures.

At December 31, 2017, Cumberland County's general fund unrestricted fund balance of \$38,530,044 represented approximately seven 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 low tax rates.

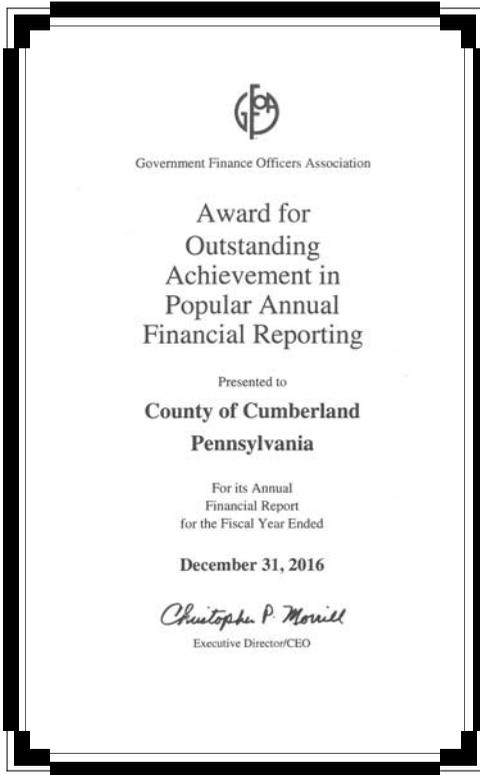
Cumberland County's total fund balance at December 31, 2017, including restricted and unrestricted, was \$42,211,621.



Change in General Fund Total Fund Balance, by Year
(in millions)



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, 2016. 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 fourteen 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
 - Tighten program budgets
 - Result in 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 on the Controller page click on 'Fraud & Abuse Hotline'. 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