

# County of Cumberland, Pennsylvania

## POPULAR ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018



PREPARED BY THE OFFICE OF THE CONTROLLER  
ALFRED L. WHITCOMB, CONTROLLER  
[www.ccpa.net](http://www.ccpa.net)

# *To the Citizens of Cumberland County:*

I am pleased to provide you with Cumberland County, Pennsylvania's 2018 Annual Report Summary.

The information contained in this Annual Report Summary is unaudited and was derived from Cumberland County's audited 2018 Comprehensive Annual Financial Report (CAFR).

Except for the financial information on pages 10, 12, 14 and 17, 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](http://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.

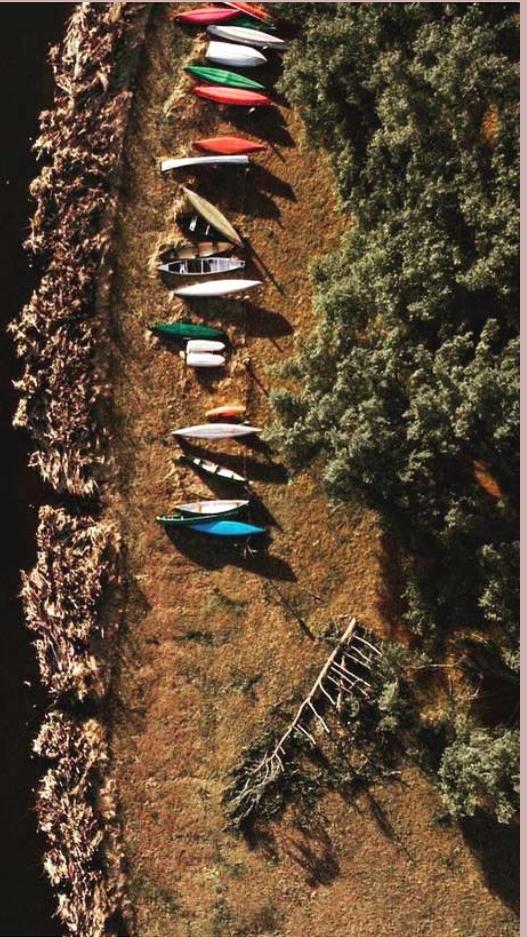
Alfred L. Whitcomb  
Controller of Cumberland County  
Email: [awhitcomb@ccpa.net](mailto:awhitcomb@ccpa.net)

# 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

The cover photograph of the historic Old Courthouse was taken in Carlisle, Cumberland County. Cover photograph is courtesy of Cumberland County Communications department. The photo on this page is courtesy of Kerwin Brackbill. The *left hand margin photographs* are courtesy of the Cumberland Valley Visitor Bureau and @cumberlandvalley 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 2018 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

- Supervises the County's fiscal affairs, per law.
- Authorizes, or investigates if warranted, fiscal transactions.
- Maintains the County's books and financial reporting.
- Administers the County's payroll, accounts payable, retirement, fraud hotline and internal audit function.



**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 2018.
- 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.
- 6,893 deeds and 9,148 mortgages were recorded in 2018.



**M.L. Ebert, Jr**  
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 4,583 transports for the courts in 2018.
- Managed 27,309 active licenses to carry concealed firearms in 2018.
- Served 1,386 warrants in 2018.
- 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 884 cases for manner of death in 2018.
- Investigated 1,488 cremation referral cases in 2018.



**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.
- 93,177 docket entries and 74,174 payment receipts pertinent to criminal court cases were processed in 2018.



**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 1,677 new cases were processed in 2018 including 1,438 new estates, 138 adoptions, 41 guardianships and 60 miscellaneous matters.
- Processed 1,229 marriage license applications in 2018.



**Dale Sabadish**  
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.
- 13,609 new civil court cases processed in 2018.
- 1,554 passports were processed in 2018.

*Appointed Position*



**Sandy Moyle**  
Chief Clerk

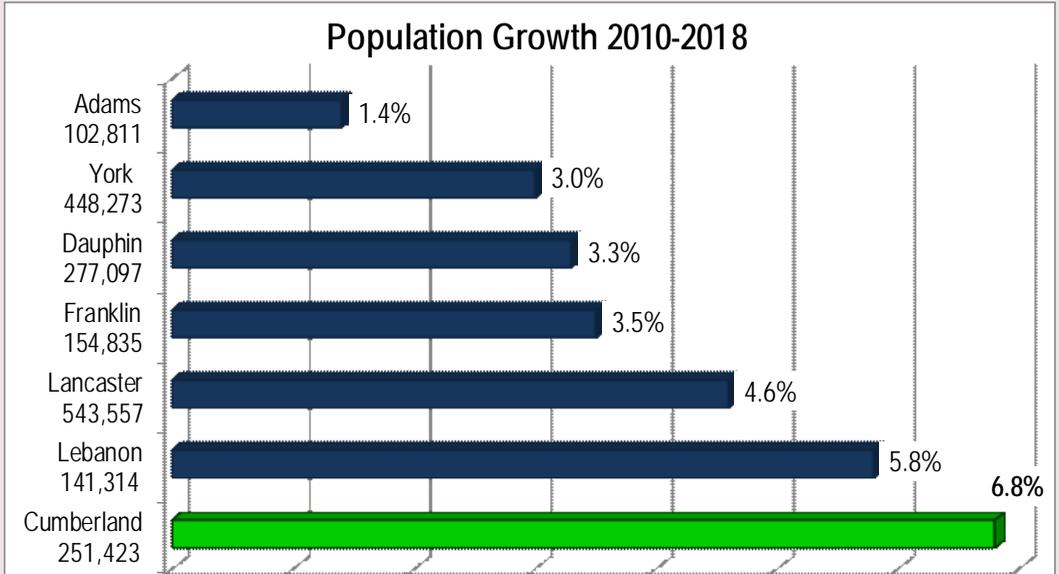
((717) 240-6150  
smoyle@ccpa.net

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

# Who we are & What we are doing...

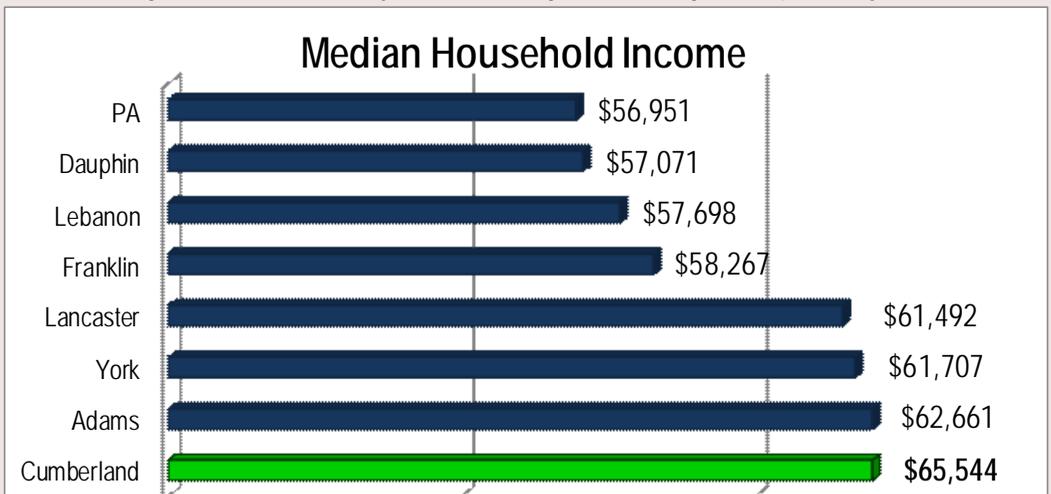
## People

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.



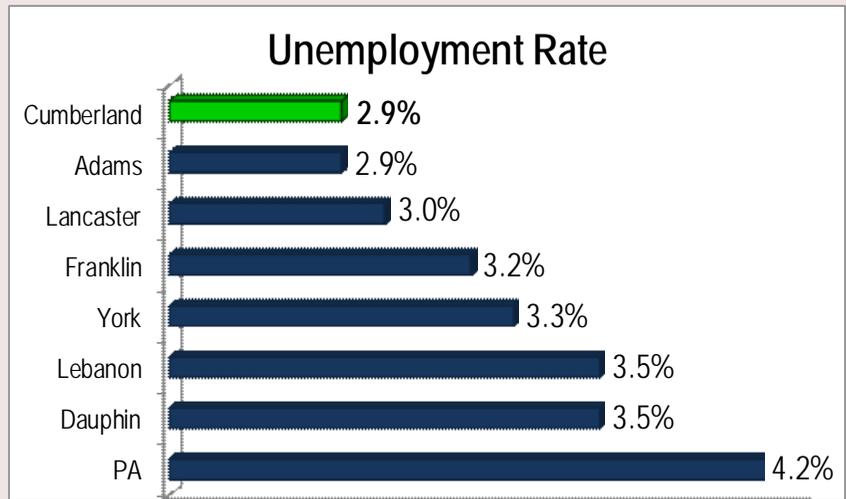
## Income

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 15% and 10% 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."*

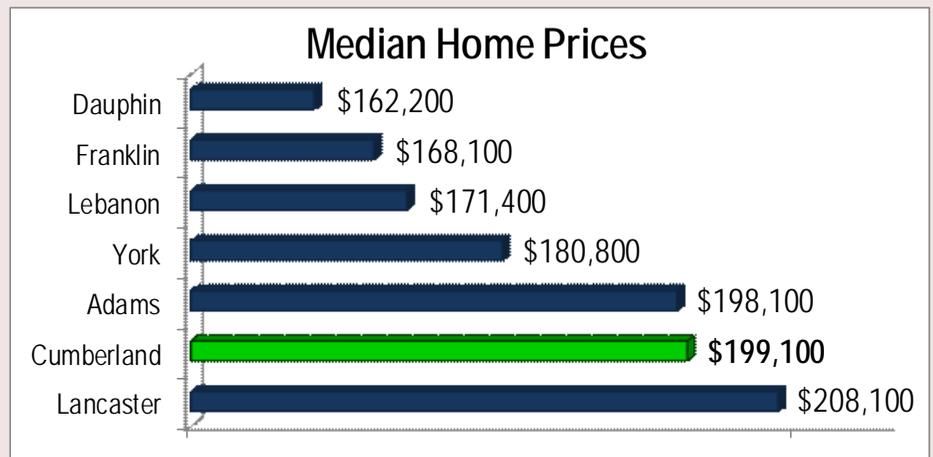


## Quality of Life

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 2018, 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, 12, 14 and 17 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, 12, 14 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. 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.

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## 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.

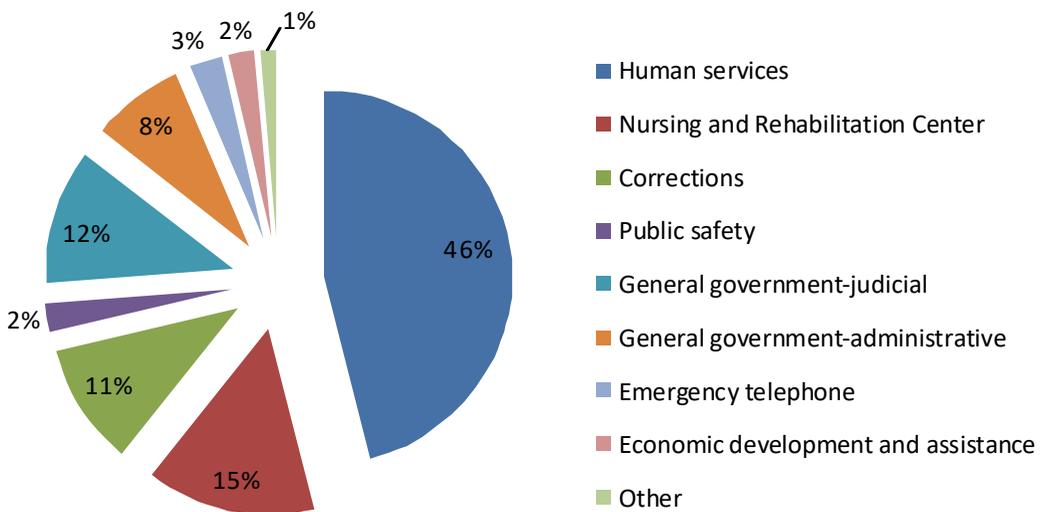
	2018	2017	2016
<b>Assets:</b>			
Current and other assets	\$ 87,375,980	\$ 86,773,351	\$ 69,357,167
Capital assets	88,570,765	89,017,845	85,246,106
Total assets	<u>175,946,745</u>	<u>175,791,196</u>	<u>154,603,273</u>
Deferred outflows of resources	<u>26,919,503</u>	<u>2,167,973</u>	<u>12,615,217</u>
<b>Liabilities:</b>			
Other liabilities	23,314,117	20,117,390	18,752,809
Long-term liabilities	63,935,912	42,011,853	53,769,390
Total liabilities	<u>87,250,029</u>	<u>62,129,243</u>	<u>72,522,199</u>
Deferred inflows of resources	<u>2,065,749</u>	<u>5,289,677</u>	-
Net position	<u>\$ 113,550,470</u>	<u>\$ 110,540,249</u>	<u>\$ 94,696,291</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.

	2018	2017	2016
<b>Revenues:</b>			
Charges for services	\$ 53,139,705	\$ 52,959,861	\$ 50,608,207
Grants	89,813,194	86,899,178	79,801,423
Real estate taxes	52,994,780	52,084,725	51,340,102
Hotel taxes and other	2,179,563	2,108,153	2,081,488
Investment earnings	1,089,648	519,425	253,327
Total revenues	<u>199,216,890</u>	<u>194,571,342</u>	<u>184,084,547</u>
<b>Expenses:</b>			
Salaries	57,871,481	55,559,873	54,364,179
Benefits and payroll taxes	27,748,941	21,525,453	24,954,365
Operating	110,586,247	105,091,254	100,339,404
Total expenses	<u>196,206,669</u>	<u>182,176,580</u>	<u>179,657,948</u>
<b>Change in net position</b>	<u>\$ 3,010,221</u>	<u>\$ 12,394,762</u>	<u>\$ 4,426,599</u>

The following pie chart breaks down 2018 expenses (\$196,206,669) by type along with the respective percentage. You can see further detail in the complete annual report available at our website.



# Major County Initiatives

## Economic development

Cumberland County entered into a Tax Increment Financing (TIF) District with the Borough of Carlisle. A TIF is a public financing method that assists in paying for redevelopment and infrastructure improvements. Taxing bodies commit to invest all or a portion of their “tax increment” to pay debt service on a loan used to fund the necessary improvements that directly benefit the TIF district. The types of public improvements that can be paid for are intersection improvements, street construction, public parks, multi-use trails, storm water enhancements, utility upgrades, etc.

The current TIF District is located at the old Masland/Leer manufacturing site. The County, Carlisle School District, and Carlisle Borough have pledged 100% of the tax increment revenue generated on the project for the purpose of paying the debt service on the bonds/notes over the next 20 years. The TIF will assist in developing this under-utilized property into a robust economic site. In addition to the increase in property values, the property is expected to have additional positive economic impact with an additional estimated impact of \$140 million to the local economy.

## Self Insurance for Health Benefits

To help control health insurance costs, the County implemented an incentive-driven wellness program to adopt healthier life

styles. It also levied a surcharge on employees on the County plan who carry spouses with access to insurance through their own employers. Both of these programs have been successful. We experienced rate reductions from our third-party vendor in 2017.

In 2018, the County transitioned the health insurance from a third-party vendor to “self-insurance.” We are expecting, over time, that moving to the self-insured platform will help to hold down the cost of the County’s health insurance benefits

## Criminal justice system

The growing population has placed a burden on the County criminal justice system. The County expanded the use of electronic monitoring for non-violent offenders. In order to reduce recidivism and alleviate prison concerns, the County expanded the use of intermediate punishments and other community correction strategies to hold offenders accountable while making progress towards becoming productive members of society. These programs continue to help manage the population of the prison and to avoid filling the prison with inmates that could be better served in the community. The implementation of these programs held the average daily population of the prison at no growth for two years. Additionally the following have been implemented:

- TOMS court—partnership between the mental health and criminal justice communities
- Opioid intervention court.

# 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	2018	2017	Percent Change- (Favorable) Unfavorable	County department	2018	2017	Percent Change- (Favorable) Unfavorable
Information management and technology	\$ 7.42	\$ 8.22	(10) %	Recorder of Deeds	(3.35)	(3.47)	3
County buildings and grounds	16.16	9.19	76	Treasurer	1.02	1.03	(1)
Finance	3.28	3.13	5	Coroner	3.85	3.86	0
Bureau of elections	3.32	3.32	0	Clerk of Courts	(1.18)	(0.94)	(26)
Tax administration	1.62	1.22	33	Prothonotary	(0.61)	(0.24)	(154)
Human resources	2.09	2.09	0	Sheriff	9.50	9.56	(1)
Administrative services	4.10	4.20	(2)	Security	1.01	0.94	7
<b>Total general government-administrative</b>	<b>37.99</b>	<b>31.37</b>		Register of Wills	(0.71)	(0.56)	(27)
District Attorney	11.50	12.06	(5)	<b>Total County row offices</b>	<b>13.73</b>	<b>14.48</b>	
District justices	8.55	8.24	4	<b>Other departments</b>	<b>0.97</b>	<b>1.06</b>	<b>(9)</b>
Criminal courts system	17.31	17.47	(1)	<b>Debt service</b>	<b>19.72</b>	<b>19.60</b>	<b>1</b>
Public defender	5.63	4.95	14	<b>Subsidy to county programs:</b>			
<b>Total general government-judicial</b>	<b>42.99</b>	<b>42.72</b>		Emergency telephone/911	1.28	1.22	5
County prison	42.53	40.29	6	Human services	17.28	21.11	(18)
Adult and juvenile probation	17.63	17.39	1	Domestic relations	4.26	3.96	8
<b>Total corrections</b>	<b>60.16</b>	<b>57.68</b>		Public safety	1.08	0.62	74
Public safety administration	1.99	2.02	(1)	General revenues	(226.70)	(222.12)	(2)
Conservation and planning	6.39	5.35	19	<b>Net deficit (surplus) per capita</b>	<b>\$(14.86)</b>	<b>\$(17.20)</b>	
Commissioners Office	4.00	3.73	7				
Controller	4.20	4.30	(2)				



# How does Cumberland County compare within South Central Pennsylvania?

The graphs on the next five pages compare the counties in south central Pennsylvania on core measures of taxation, funding resourcefulness, cost efficiency, staffing-level and debt load.



The graphs indicate the years which are compared. At the time of preparation of this report, 2018 data is not yet available from all counties, therefore 2017 is the most recent year compared.



South central Pennsylvania counties population estimates, as of July 1, 2018:

Lancaster County	543,557	Franklin County	154,835
York County	448,273	Lebanon County	141,314
Dauphin County	277,097	Adams County	102,811
Cumberland County	251,423 (the fastest growing county in PA over the past decade)		



## Conservative financial practices—credit rating

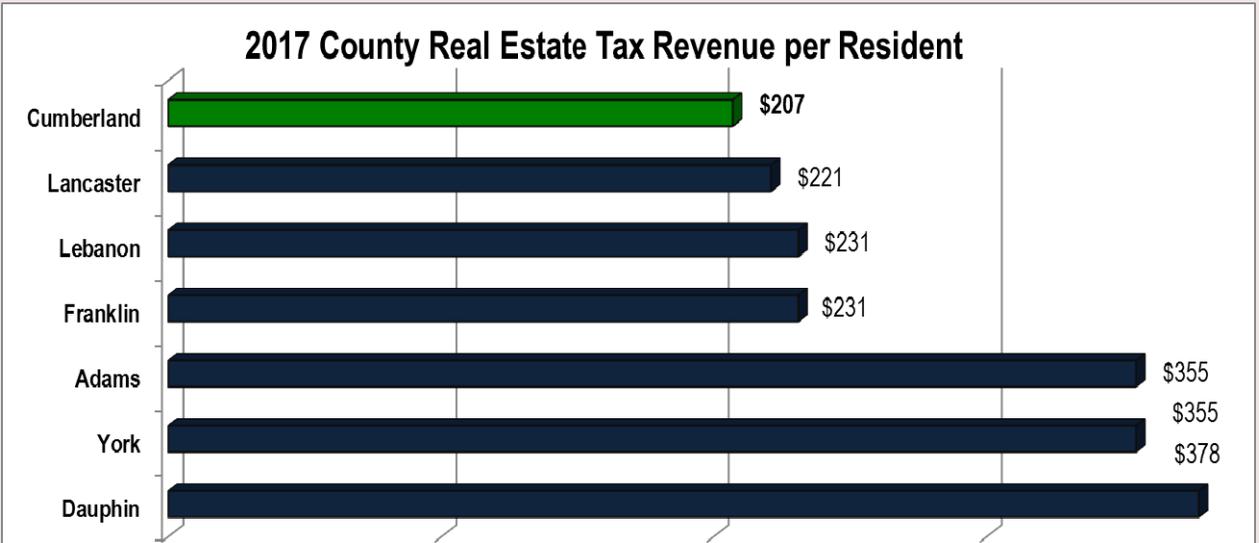
Cumberland County enjoys the low financing rates that a AAA debt rating affords. Cumberland County earned this highest rating as a result of sound comprehensive financial policies, conservative borrowing practices, and thorough long-term financial planning. 2018 marks eleven (11) years that Cumberland County has held its AAA credit rating, initially earned and awarded in 2008.



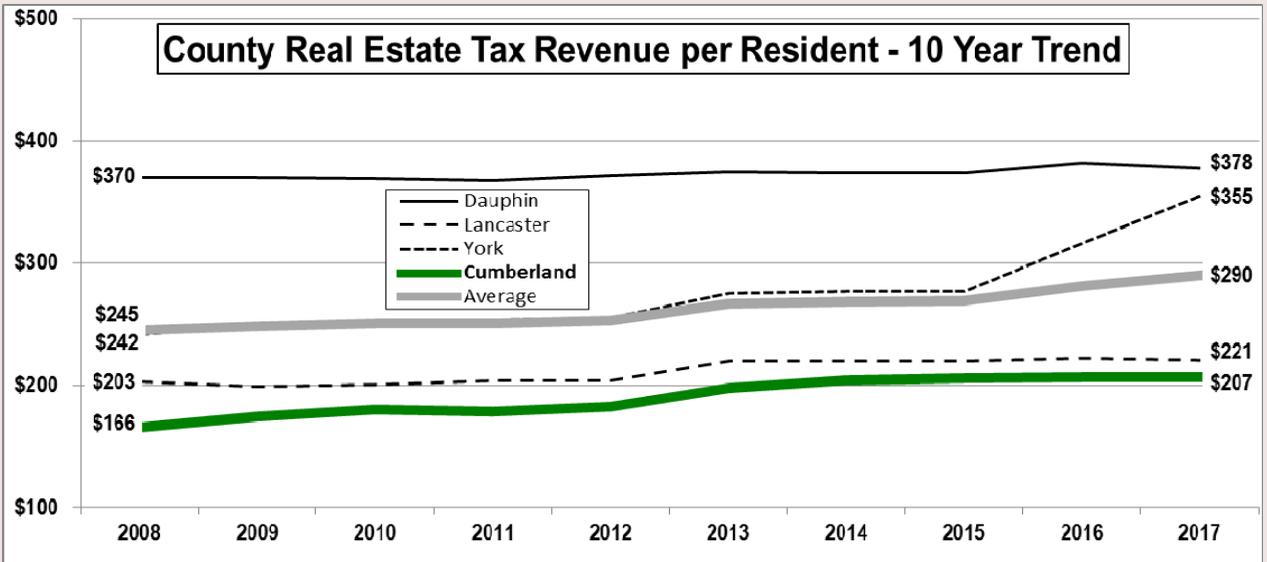
<i>South Central Pennsylvania County</i>	<i>Standard &amp; Poor's Rating Equivalents</i>
<b>Cumberland</b>	<b>AAA</b>
Lancaster	AA
York	AA
Adams	AA
Dauphin	A



# Compare Real Estate Taxes



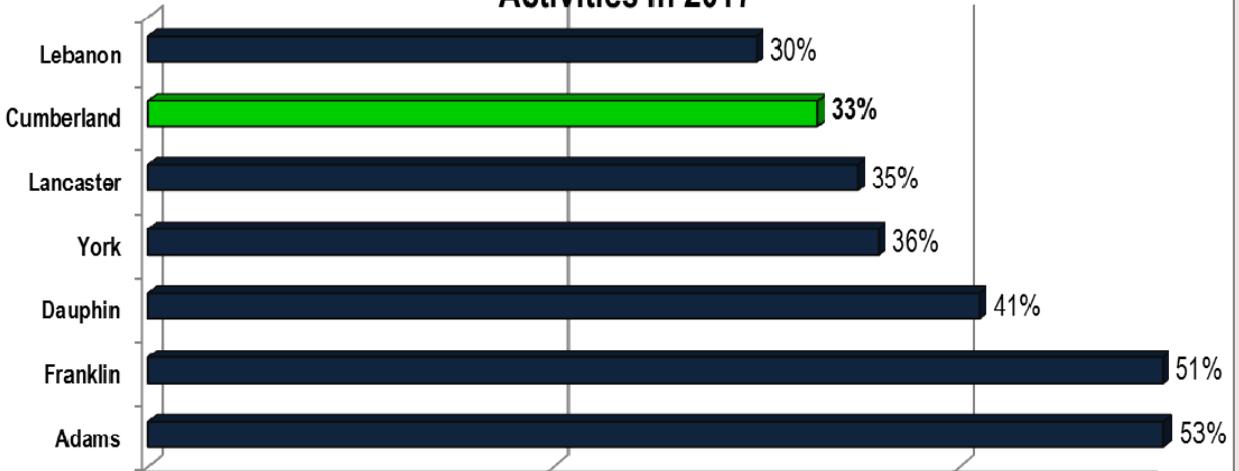
Cumberland County compares favorably; offering the lowest county tax rate in the Capital Region. Low county taxes, high quality services and many recreational opportunities make Cumberland County attractive to individuals, families and businesses considering relocating to the Capital Region.



Among our peer counties offering similar public services in south central Pennsylvania, Cumberland County has consistently provided the lowest county tax burden to its residents for greater than the past decade - on a per capita basis.

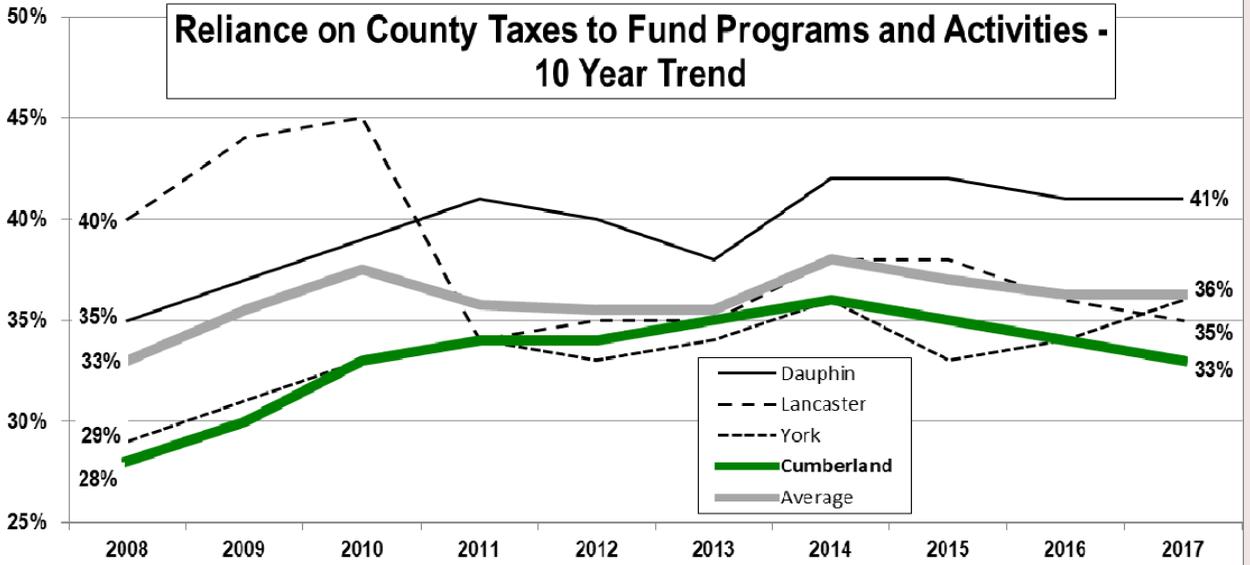
# Compare Resourceful Funding

## Reliance on Real Estate Taxes to Fund County Programs and Activities in 2017



Cumberland County exhibits resourcefulness in funding programs and activities for its residents by leveraging a larger share of, primarily, state and Federal funding than nearly all other counties in this region.

## Reliance on County Taxes to Fund Programs and Activities - 10 Year Trend



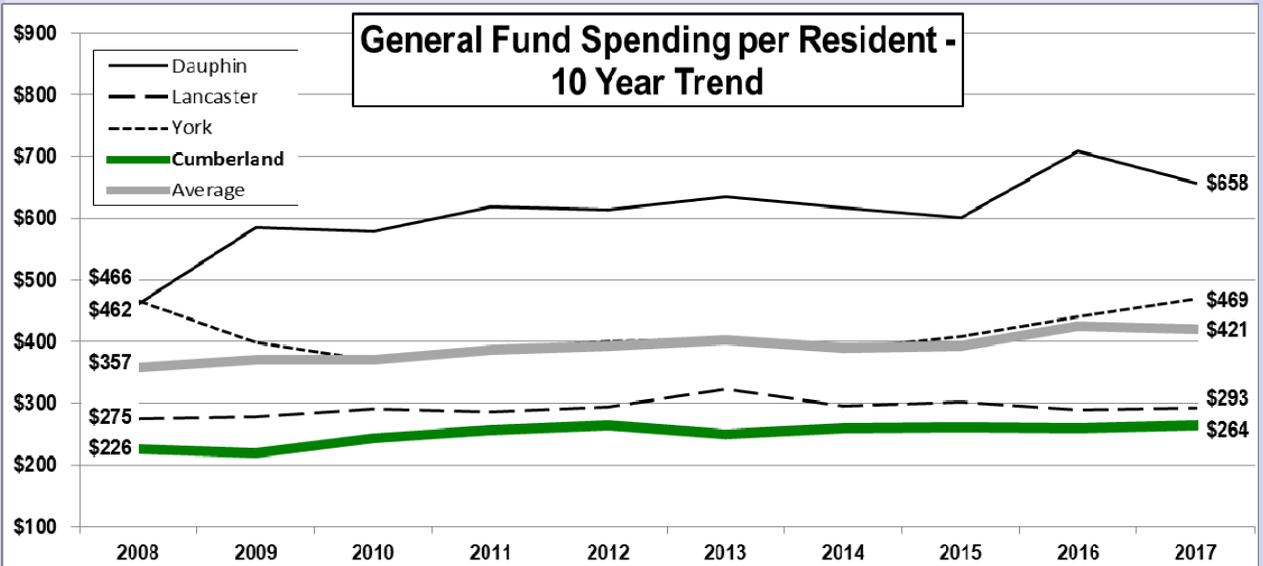
Among our large neighboring peer counties in south central Pennsylvania, Cumberland County has been one of the most resourceful over the past decade in leveraging state, Federal and private funding for the similar slate of programs and services offered residents.

# Compare Cost Efficiency

## 2017 General Fund Spending per Resident

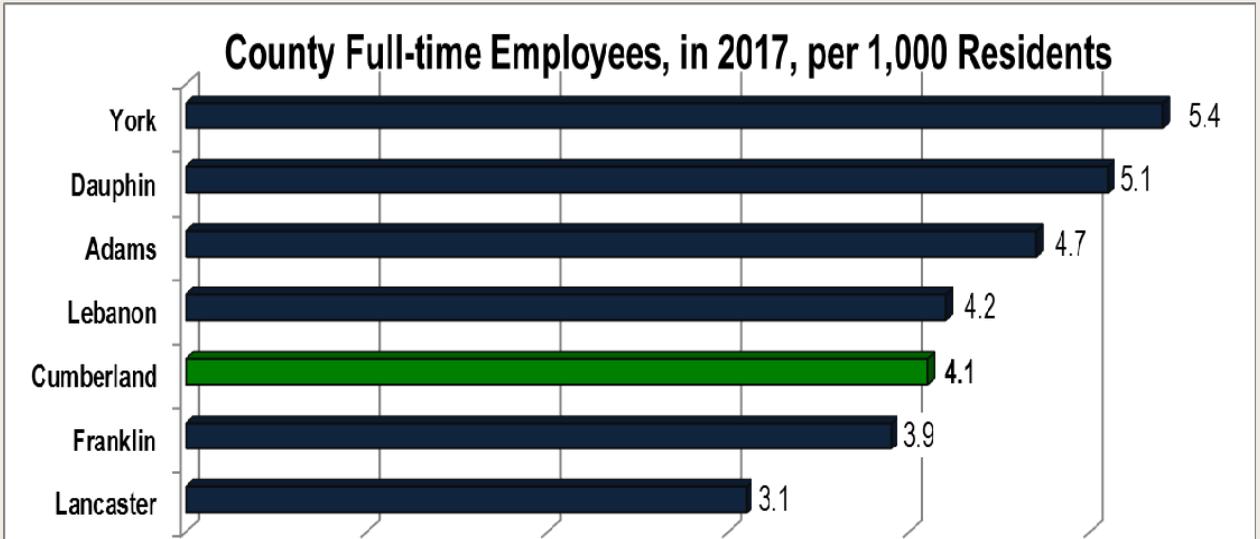


Through a combination of judicious programing and spending decisions and incentivizing employees to achieve cost efficiencies—Cumberland County provides the lowest county tax rate in the Capital Region.

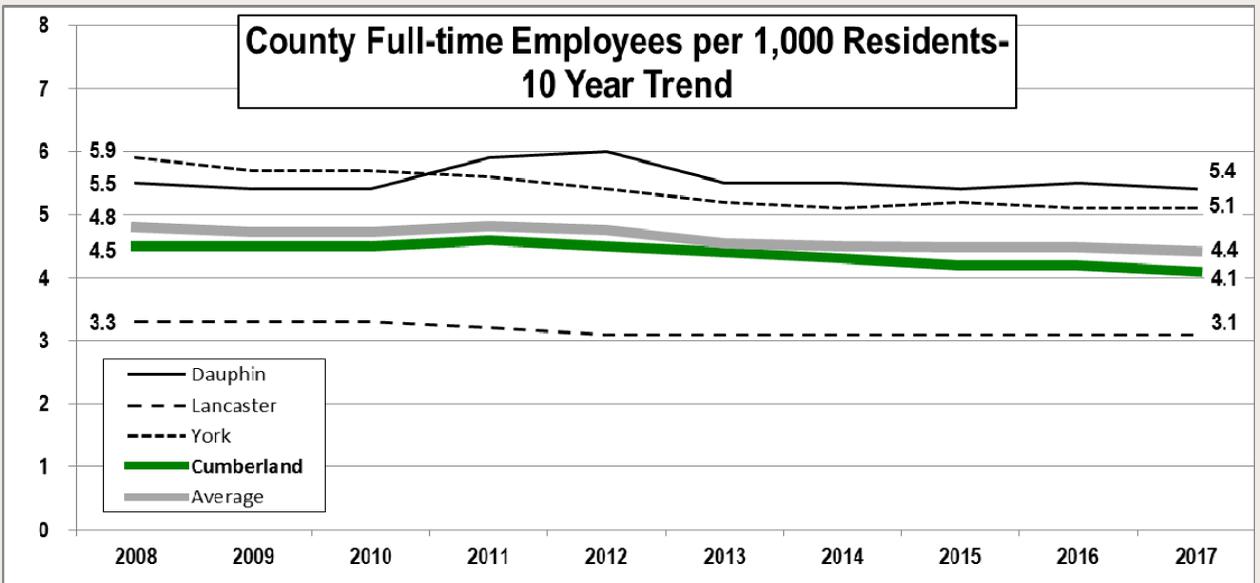


Cumberland County maintains the most cost efficient spending of all other counties in the region, on a per capita basis. Cumberland County's cost efficiency is achieved, in summary, by incorporating County objectives/strategies/metrics into both department and employee performance goals and expectations.

# Compare County Full-time Staff Ratio

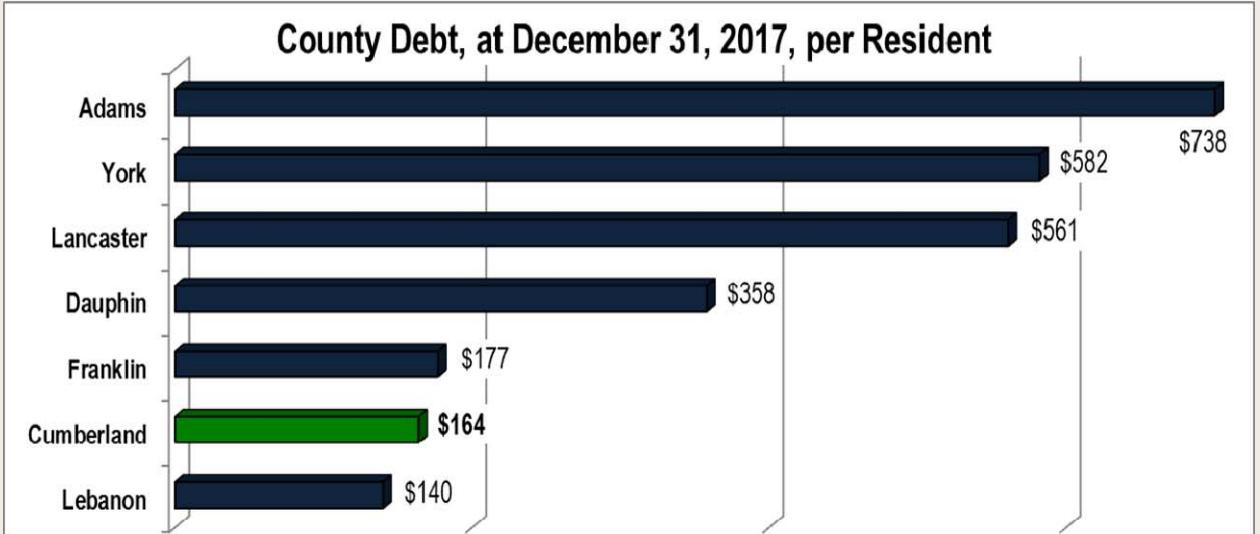


One measure of a county's efficiency in delivering programs and services, is its full-time staffing ratio—expressed above in terms of County residents served. Cumberland County compares favorably to other counties in the region on this measure. Not owning a nursing home helps explain Lancaster's lower employee count of 3.1 as compared to Cumberland County's ratio of 4.1 full-time staff per 1,000 residents.

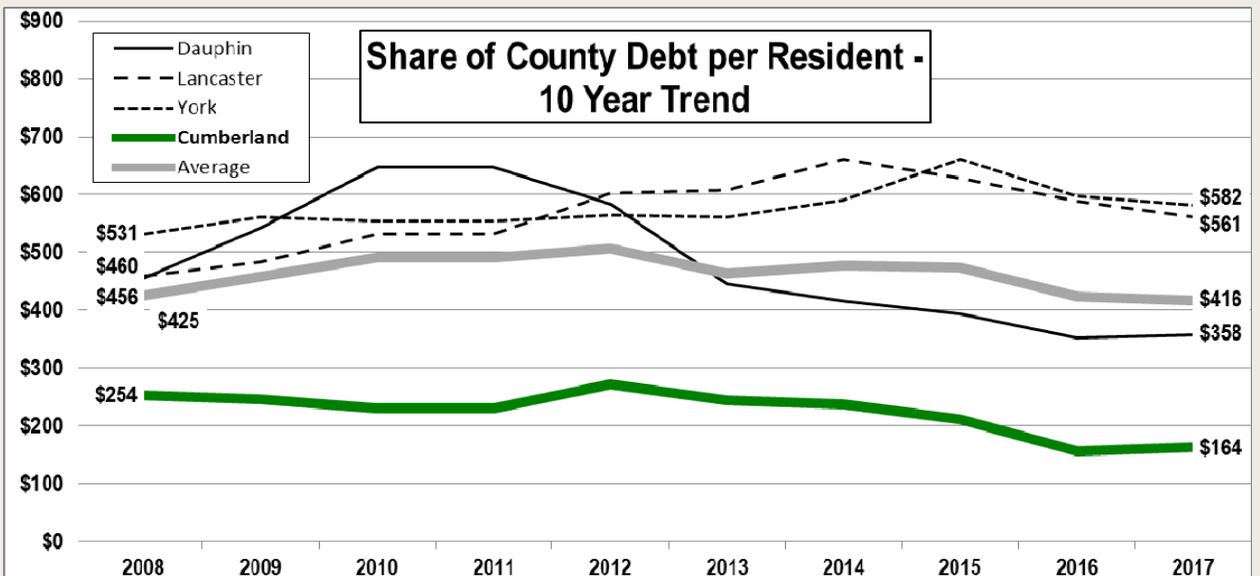


Cumberland County is one of the most efficiently staffed counties in south central Pennsylvania over the past decade; increasing its staffing efficiency nearly half a position per 1,000 residents since 2008.

# Compare County Debt Loads



The Cumberland County Commissioners have adopted a debt policy which institutionalizes important best practices such as prohibiting the use of frequently costly swaps and derivatives to manage interest rate risk, matching debt maturity to no more than the life of the asset acquired, prohibiting back loaded repayment terms and avoiding high interest rate tax anticipation notes and bank borrowings to pay bills.



Cumberland County not only carries the lowest debt load of counties in this region, but—over the past decade—has reduced its outstanding debt and, thereby, reduced the County’s debt service costs.

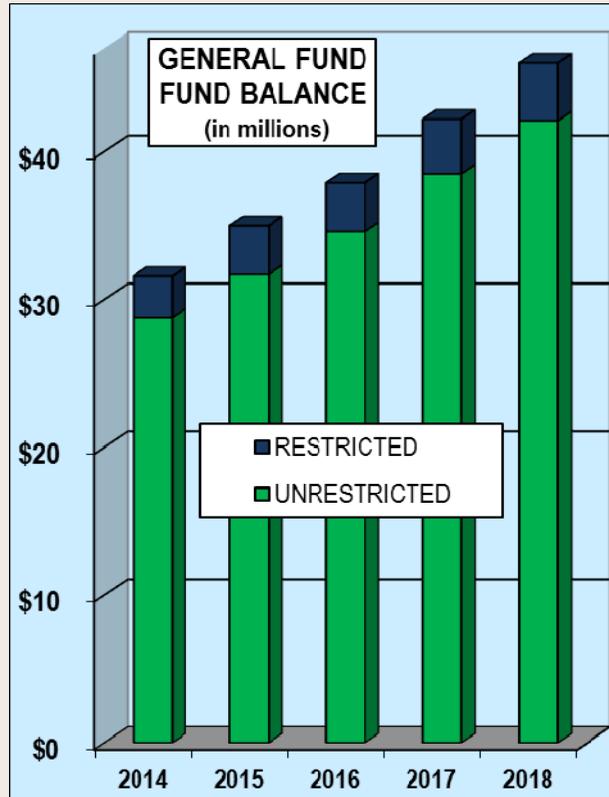
# How Strong are the County's Finances?

In 2018, Cumberland County's healthy level of fund balance in its general fund allowed it to maintain its strong financial position and retain the highest Standard & Poor's credit rating—AAA.

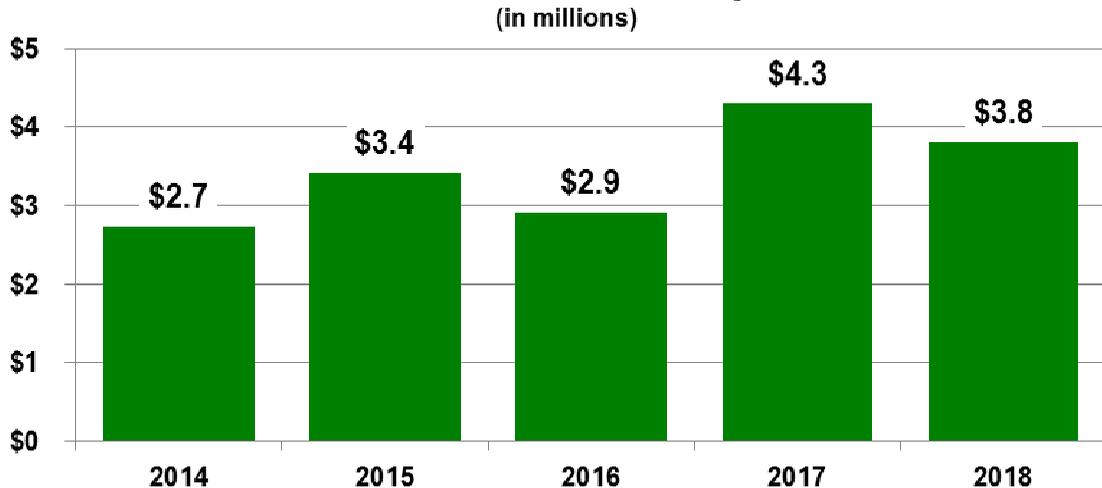
The Government Finance Officers Association recommends governments maintain a general fund unrestricted fund balance of at least two months of expenditures.

At December 31, 2018, Cumberland County's general fund unrestricted fund balance of \$42,098,033 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 tax rates.

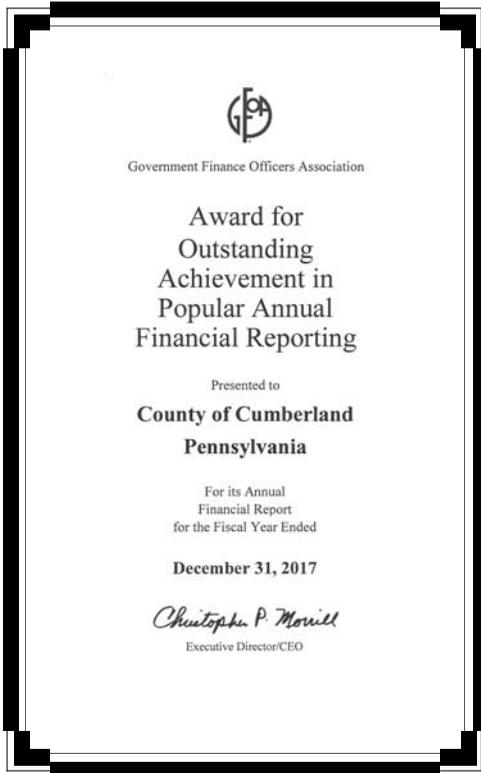
Cumberland County's total fund balance at December 31, 2018, including restricted and unrestricted, was \$46,039,697.



## Change in General Fund Total Fund Balance, by Year



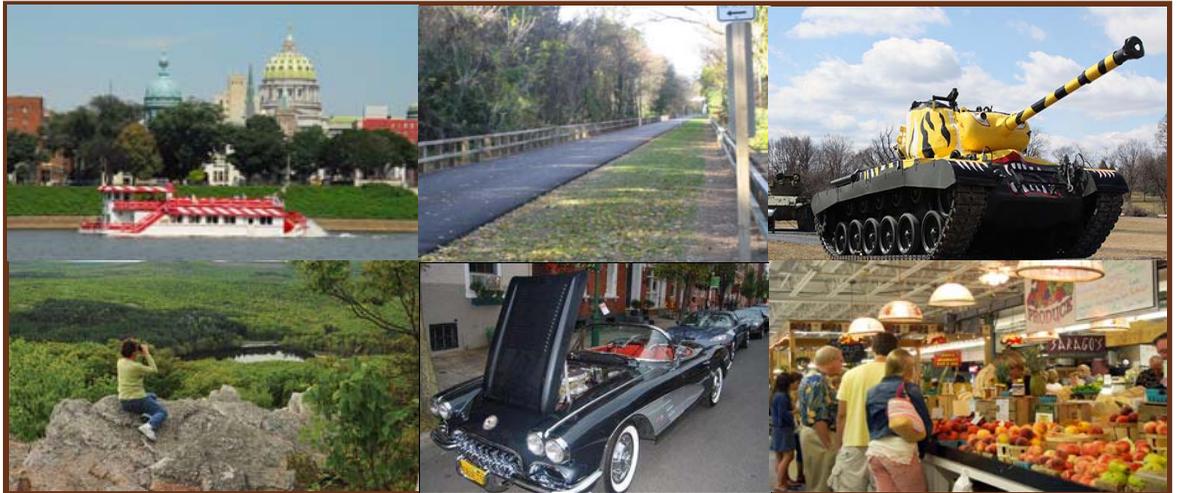
# Award



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, 2017. 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 fifteen 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](http://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)



For any observed fraud waste and abuse

- Report the following:
  - Person or persons involved
  - Physical location where fraud, waste and abuse is suspected.
  - 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](http://www.ccpa.net) and on the Controller page click on 'Fraud & Abuse Hotline'.
- 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