

County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2016

Prepared by the Office of the Controller

Brian K. Hurter, Controller



Controller's Office

150 North Queen Street
Suite #710
Lancaster, PA 17603
Phone: 717-299-8262
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Controller
Brian K. Hurter, CPA

To the residents of Lancaster County:

I am pleased and excited to provide you with our Annual Report Summary for the Fiscal Year Ended 2016. The information contained in this Report is a condensed and simplified overview of the County of Lancaster's audited Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016.

This Report presents selected basic information about Lancaster County's revenues, spending, and demographics in an informal, easy to understand format. This Report is not intended to replace the larger more detailed CAFR.

The Annual Report Summary is unaudited and does not conform to Generally Accepted Accounting Principles (GAAP) and governmental reporting standards and does not include component units of the County. This Report is presented as a means of increasing transparency and public confidence in County Government through easier, more user-friendly financial reporting. Above all else this Report is designed to help taxpayers better understand how their tax dollars are being utilized.

Readers desiring more detailed financial information can obtain the full, 158 page, CAFR on the Controller's website at www.co.lancaster.pa.us/132/Controllers-Office or call 717-299-8262.

I hope that you find this report interesting and informative.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller

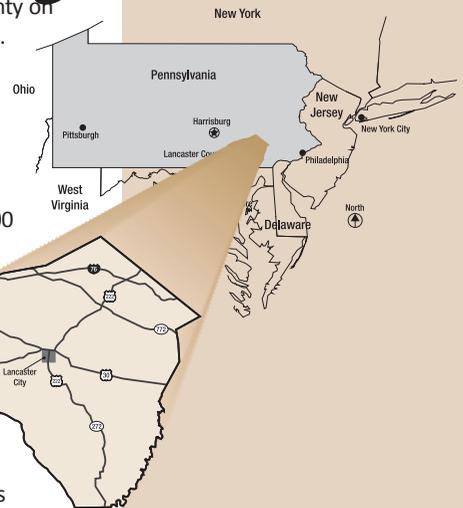


About Lancaster County

Named for Lancashire in England, Lancaster County was formed from Chester County on May 10, 1729, becoming the fourth county in the Commonwealth of Pennsylvania. It occupies a land area of 946 square miles and is in the south-central part of the state, approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. The County consists of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships and has been a third-class county since 1962. Lancaster County is the sixth most populous in the state behind only Philadelphia, Allegheny, Montgomery, Bucks and Delaware counties with approximately 538,500 people making it their home.

Economic growth in Lancaster County, as well as the nation, slowed in 2016 compared to 2015. Even with the slowed economic growth the County received positive results in both the housing market and unemployment rates. The County's housing market took an upswing with the number of homes sold rising, as well as the average and median sale prices. Pending home sales also hit a 10-year high in November. The County benefits from a well-diversified economy, low unemployment and a good supply of workers looking to enter the workforce. With significant business sectors in food processing, healthcare, pharmaceutical production and packaging, light manufacturing, agribusiness, professional services and a live events cluster, no one sector or company dominates the economy and it is that diversity which leads to our prosperity. The County's unemployment rate of 3.7% remains consistently lower than both the state and national averages of 5.4% and 4.7%, respectively. Centrally located in the New York - Washington D.C. corridor and within a 500-mile radius of more than half the buying power of the nation, the County benefits from its proximity to the major marketplaces and transportation hubs of the East Coast. The Lancaster Chamber of Commerce & Industry's most recent Prosperity Indicators report shows a diverse mix of industries offering more jobs for our growing population, which is good news for our economy and community.

Lancaster County is growing and diversifying, but the County's core is the same today as it has been since the arrival of the first European settlers. Agriculture continues to be a dominant industry that has a big economic impact. The County's farmlands feature some of the richest, most productive, non-irrigated soil in the United States. In addition to providing fresh, local food to residents, as well as people across the state and nation, the County's nearly 5,700 farms and the industries they support provide more than 51,000 jobs and contribute approximately \$6 billion to the local economy. The local agriculture industry is a well-diversified farm economy which is not dependent on any one area for its success. Dairy farming is the leading agricultural business but poultry, swine, beef, crop and vegetable production all contribute to the County's economic strength. One indication of the County's dedication to agriculture is that the Lancaster County Agricultural Preservation Board and the Lancaster County Farmland Trust have preserved 104,173 acres, or 163 square miles, of farmland. Land conservation offers many benefits to the County, including attracting jobs, enhancing property values, safeguarding a valuable way of life for generations to come, ensuring an adequate fresh food supply, and protecting the quality of the environment. Lancaster County is always evolving but the basics remain the same, hardworking farmers that are the backbone of Lancaster County.



Your County Real Estate Taxes

Lancaster County's 2016 millage rate of 3.735 mills means residents paid County real estate taxes of \$373.50 on \$100,000 of assessed value. The County's millage rate has remained the same for the past four years.

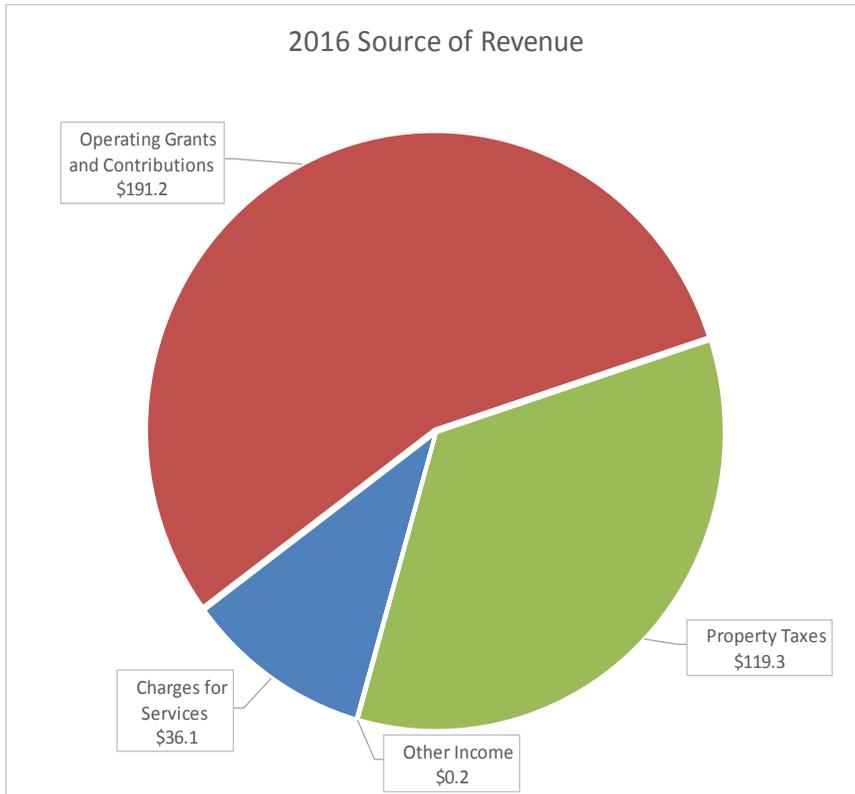
A large portion of the County's spending is funded by state and federal grants and charges for services. The remaining spending must be paid for primarily with your County real estate taxes. The illustration below shows how each dollar of your County real estate tax bill is spent.



Dollars In...

The following table shows a comparison of all monies received by the County for the past three years.

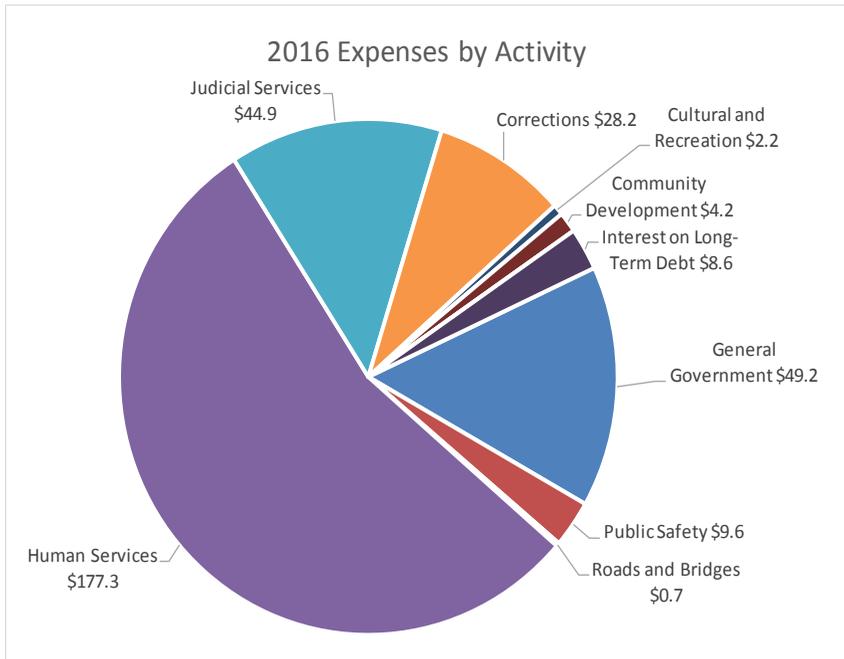
Revenues Taken In (expressed in millions)	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Revenues:			
Property Taxes	\$ 119.3	\$118.0	\$117.2
Unrestricted Investment Earnings	0.2	0.2	2.3
Program Revenues:			
Charges for Services	36.1	27.6	25.3
Operating Grants and Contributions	<u>191.2</u>	<u>175.1</u>	<u>173.6</u>
Total Revenues	<u>\$ 346.8</u>	<u>\$320.9</u>	<u>\$ 318.4</u>



Dollars Out...

The following table shows a comparison of all monies spent by the County for each of the major services it provides for the past three years. Explanations of specific services are shown in the following pages.

Services Provided (expressed in millions)	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government	\$49.2	\$49.3	\$47.7
Public Safety	9.6	15.8	15.0
Roads and Bridges	0.7	1.3	0.7
Human Services	177.3	156.7	156.2
Judicial Services	44.9	41.7	42.4
Corrections	28.2	26.7	26.4
Cultural and Recreation	2.2	1.6	2.4
Community Development	4.2	6.9	4.3
Bond Issuance Costs	-	-	0.1
Interest on Long-Term Debt	8.6	9.5	10.6
Total Service Expense	\$324.9	\$309.5	\$305.8



Services Provided

General Government – Services provided by the County for the benefit of the public and the governmental body as a whole. It includes the Office of the Controller, Commissioners, Treasurer and the Recorder of Deeds.

Public Safety – Services provided by the County for the safety and security of the public including emergency management, hazardous materials response and the operation and maintenance of the County's 9-1-1 emergency response communications system.

Roads and Bridges – Services for the inspection and maintenance of the 62 bridges owned by the County. Financing for this program is provided by the County's portion of the Pennsylvania state gasoline taxes.

Human Services – Services responsible for promoting the general health and well-being of the community as a whole. Their expenses relate to the cost to provide Federal and State mandated social service programs to County residents in need. This includes services such as Drug and Alcohol, Behavioral Health/Developmental Services, Office of Aging and Children and Youth.

Judicial Services – Services performed in the County's Court System which includes the Court of Common Pleas, Clerk of Courts, Prothonotary, Register of Wills, Adult/Juvenile Probation and Parole, Magisterial District Judges, Sheriff and District Attorney.

Corrections – Services that are used to support the County Prison and the Youth Intervention Center.

Cultural and Recreation – Services that provide County residents opportunities and facilities for cultural and recreational programs. This includes the Park system which consists of six regional parks and three recreational trails for a total of 2,055 acres.

Community Development – Services for the development of decent housing, a suitable living environment and expanded economic opportunities within the County.

Financial Position Summary

County Assets:

Cash is the amount of cash held by the County in checking, savings, and cash on demand certificates with maturity terms of less than 90 days.

Investments are funds not needed within 90 days and are invested to earn interest in accordance with the County's investment policy.

Accounts Receivable represent the amounts which are owed to the County and are expected to be collected within the next twelve months.

Capital Assets includes land, land improvements, buildings, building improvements, machinery and equipment, infrastructure, agricultural easements and construction in progress.

County Liabilities:

Amount Owed to Vendors and Employees represents amounts owed to vendors and employees where the expected payment is to be made within twelve months.

Unearned Revenue is monies received by the County for a service yet to be rendered. As the service is rendered, this balance will be reduced and recognized as revenue.

Long-term Liabilities represent County borrowing and other long-term obligations.

The Financial Position Statement, known in accounting terms as the "Statement of Net Position," is designed to provide a picture of the County's financial position as of the end of the year. The net assets figure represents the amount that the County owns versus the amount owed.

(expressed in millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets			
Cash	\$ 50.8	\$ 21.5	\$ 47.2
Investments	1.0	1.0	1.0
Accounts Receivable	23.0	44.1	21.3
Capital Assets	297.1	300.4	291.0
Total Assets	<u>371.9</u>	<u>367.0</u>	<u>360.5</u>
Deferred Outflows of Resources			
Deferred Outflows of Resources	18.3	27.1	8.3
Total Deferred Outflows of Resources	<u>18.3</u>	<u>27.1</u>	<u>8.3</u>
Liabilities			
Amount Owed to Vendors & Employees	18.5	24.0	12.4
Unearned Revenue	4.3	0.4	3.0
Long-term Liabilities	331.3	355.5	338.9
Total Liabilities	<u>354.1</u>	<u>379.9</u>	<u>354.3</u>
Net Position	<u>\$ 36.1</u>	<u>\$ 14.2</u>	<u>\$ 14.5</u>

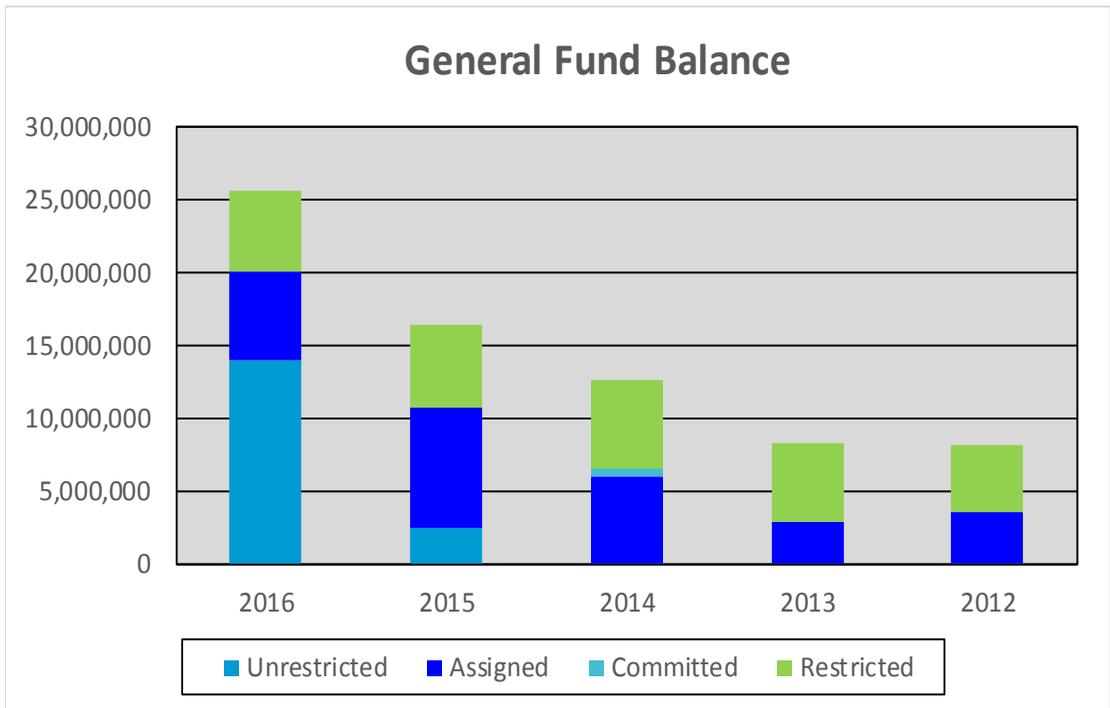
How Strong is the County's Financial Position?

It is important that the County maintain adequate net financial resources to protect against revenue shortfalls, unanticipated expenditures and to ensure a stable tax rate and help maintain the County's positive bond rating.

The following shows the levels of the County's unrestricted, assigned, committed, restricted and non-spendable net financial resources at the end of each of the last five years, as measured by the amount of the fund balance in the County's general fund.

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

The County's unrestricted fund balance of \$20.0 million (includes unrestricted and assigned) at December 31, 2016 represents approximately 12.9% of general fund revenues and 1 1/2 months of expenditures.

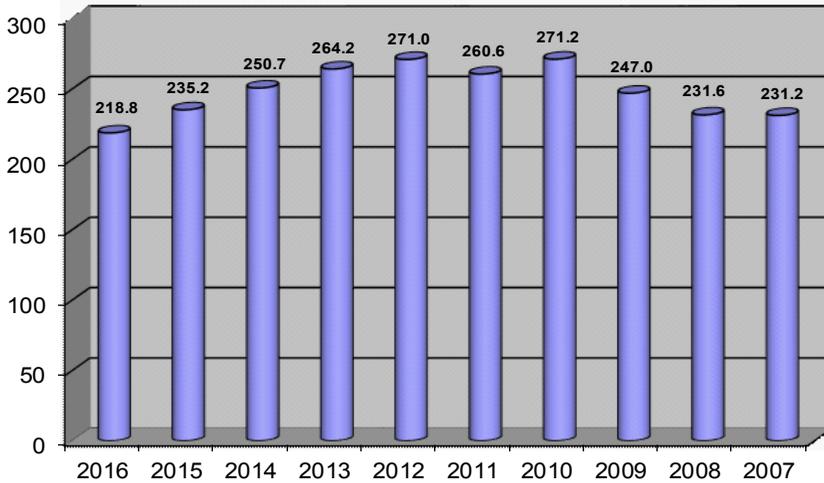


General Obligation Debt

General Obligation Bonds and Notes are long-term debt instruments which are repaid from the County's general revenue sources.

Lancaster County's outstanding general obligation bonds and notes at December 31, 2016 and the preceding nine years.

General Obligation Bonds and Notes



A summary of the County's total debt service commitments for general obligation bonds and notes is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 16,898,400	\$ 7,399,263	\$ 24,297,663
2018	17,539,700	6,851,780	24,391,480
2019	17,669,400	6,261,323	23,930,723
2020	17,411,400	5,786,100	23,197,500
2021	14,131,600	5,294,195	19,425,795
2022-2026	73,355,000	18,929,268	92,284,268
2027-2031	56,196,000	6,758,967	62,954,967
2032-2033	5,585,000	331,386	5,916,386
	<u>\$ 218,786,500</u>	<u>\$ 57,612,282</u>	<u>\$ 276,398,782</u>

County of Lancaster

ELECTED OFFICIALS at December 31, 2016

Clerk of Courts

Jacquelyn E. Pfursich 717-299-8275

Commissioners

Dennis P. Stuckey, Chairman 717-299-8300

Joshua G. Parsons, Vice Chairman 717-299-8300

Craig E. Lehman 717-299-8300

Controller

Brian K. Hurter, CPA 717-299-8262

Coroner

Stephen G. Diamantoni, MD 717-735-2123

District Attorney

Craig W. Stedman 717-299-8100

Prothonotary

Katherine E. Wood-Jacobs 717-299-8282

Recorder of Deeds

Bonnie L. Bowman 717-299-8238

Register of Wills

Ann L. Cooper 717-299-8243

Sheriff

Mark S. Reese 717-299-8200

Treasurer

Amber L. Green 717-299-8222