

# *County of Lancaster*

P E N N S Y L V A N I A



## ANNUAL REPORT SUMMARY

December 31, 2018

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  
[www.co.lancaster.pa.us](http://www.co.lancaster.pa.us)

**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 2018. 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, 2018.

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, 157 page, CAFR on the Controller's website at [www.co.lancaster.pa.us/132/Controllers-Office](http://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

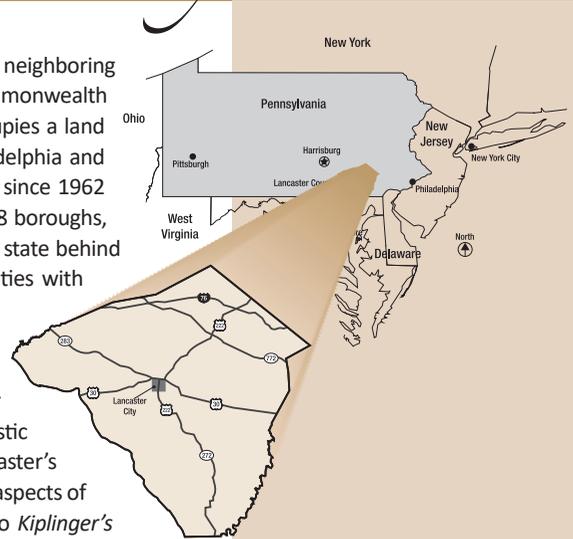


# About Lancaster County

Named for Lancashire in England, Lancaster County was formed from neighboring Chester County on May 10, 1729 making it the fourth county in the Commonwealth of Pennsylvania. Located in the south-central part of the state, it occupies a land area of 946 square miles and is approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. Lancaster has been a third-class county since 1962 and consists of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships. Lancaster County is the sixth most populous in the state behind only Philadelphia, Allegheny, Montgomery, Bucks, and Delaware counties with approximately 543,557 people calling it home.

Lancaster County is the envy of many, from regional partners and businesses to those much further away. The County's economy is larger than that of more than 100 countries in the world with a gross domestic product of \$25.17 billion reported in 2017. In 2018, one measure of Lancaster's strength has been the number of national publications that highlighted aspects of the County's economy and quality of life, from *The New York Times* to *Kiplinger's Personal Finance* to *Forbes*. Another measure is the considerable volume and diversity of businesses that are experiencing notable growth, as evidenced by physical expansions, capital investments, and new product development. No one sector or company dominates the economy and it is that diversity which leads to our prosperity. The County's unemployment rate of 3.0% remains consistently lower than both the state and national averages of 4.2% and 3.9% respectively. A key factor in Lancaster County's economic success is the combination of a conservative financial approach balanced with an entrepreneurial mindset.

In Lancaster County there is a strong awareness that agriculture has a major local economic impact well beyond its rural landscapes. The economic impact of agriculture spans a spectrum from on-farm production to equipment repair, veterinarians, law firms, bankers, and accountants, all the way to food processing. The County's farmlands boast some of the richest, most productive, non-irrigated agricultural soils in the United States. The data found in a once-every-five-years census just released by the U.S. Department of Agriculture shows that agriculture in Lancaster County is an industry in transition. It showed fewer farms but growing sales, a loss of cropland but increasing property value, less production of milk and pork but more eggs and organic vegetables. The County's 5,100 farms had total farm sales of \$1.5 billion with poultry and egg sales showing an almost 24% increase since 2012. The census' message of change means agriculture's vitality can't be taken for granted. Fortunate for us, the hard-working farm families continue to find ways to innovate and adjust to meet market demands and keep agriculture a significant part of the County's economy.

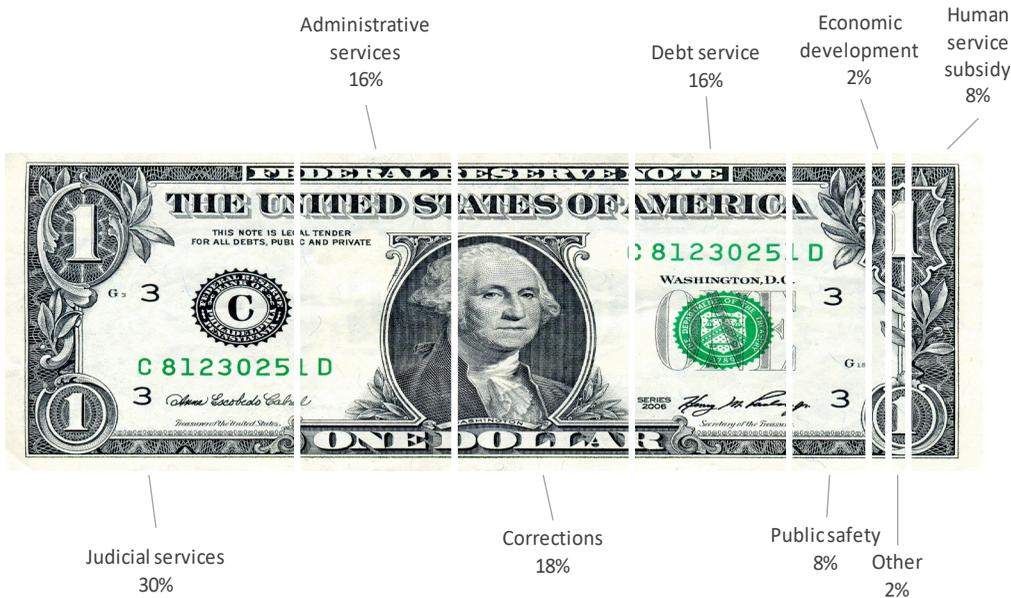


# Your County Real Estate Taxes

The County did a property reassessment for the 2018 tax year. As a result of reassessment, the County's property tax rate was reduced from 3.735 mills in 2017 to 2.911 mills in 2018.

Lancaster County's 2018 millage rate of 2.911 mills means residents paid County real estate taxes of \$291.10 on \$100,000 of assessed value.

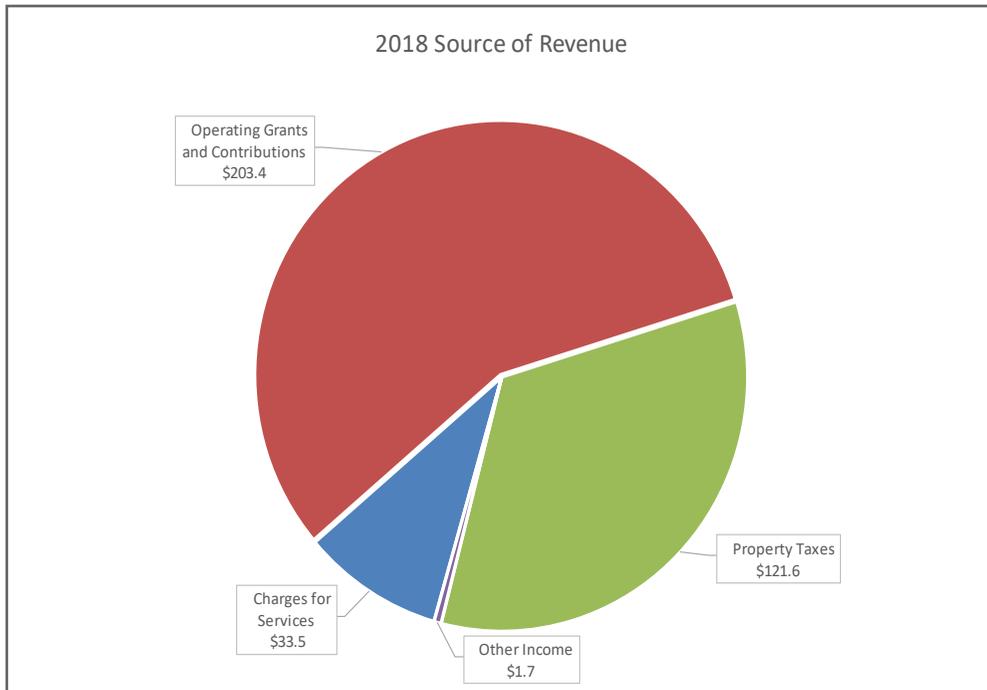
A large portion of the County's spending is funded by state and federal grants and charges for services. The remaining spending must be paid for primarily with your County real estate taxes.



# Dollars In...

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

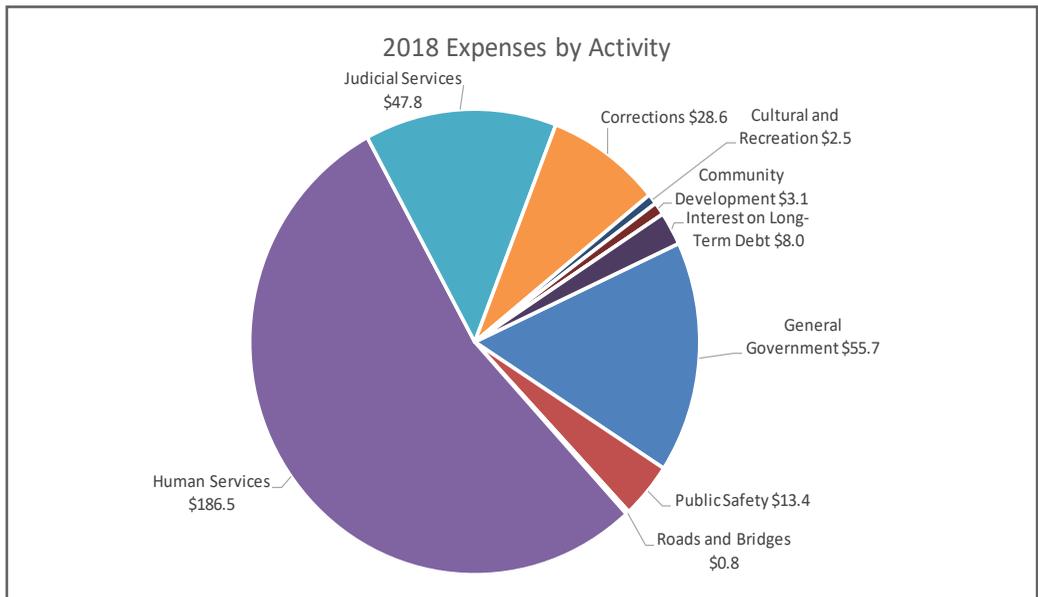
<b>Revenues Taken In</b> (expressed in millions)	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>General Revenues:</b>			
Property Taxes	\$ 121.6	\$120.3	\$119.3
Unrestricted Investment Earnings	1.7	0.6	0.2
Gain on Sale of Capital Assets (loss)	-	(0.1)	-
<b>Program Revenues:</b>			
Charges for Services	33.5	29.7	36.1
Operating Grants and Contributions	203.4	203.0	191.2
<b>Total Revenues</b>	<u>\$ 360.2</u>	<u>\$353.5</u>	<u>\$ 346.8</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.

<b>Services Provided</b> (expressed in millions)	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government	\$55.7	\$50.0	\$49.2
Public Safety	13.4	8.3	9.6
Roads and Bridges	0.8	1.2	0.7
Human Services	186.5	188.2	177.3
Judicial Services	47.8	47.8	44.9
Corrections	28.6	30.7	28.2
Cultural and Recreation	2.5	3.0	2.2
Community Development	3.1	3.8	4.2
Bond Issuance Costs	-	0.1	-
Interest on Long-Term Debt	8.0	8.0	8.6
<b>Total Service Expense</b>	<b>\$346.4</b>	<b>\$341.1</b>	<b>\$324.9</b>



# *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 64 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 and 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 and 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 and Investments** are the amount of funds held by the County in checking, savings, and cash on demand certificates with maturity terms of less than 90 days or funds not needed within 90 days and invested to earn interest in accordance with State Laws.

**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. The County's net position decreased \$77.6 million in 2018. This decrease was due to the County's adoption of GASB 75 "Accounting and Financial Reporting for Post-Employment Benefits Other than Pension" on January 1, 2018.

(expressed in millions)

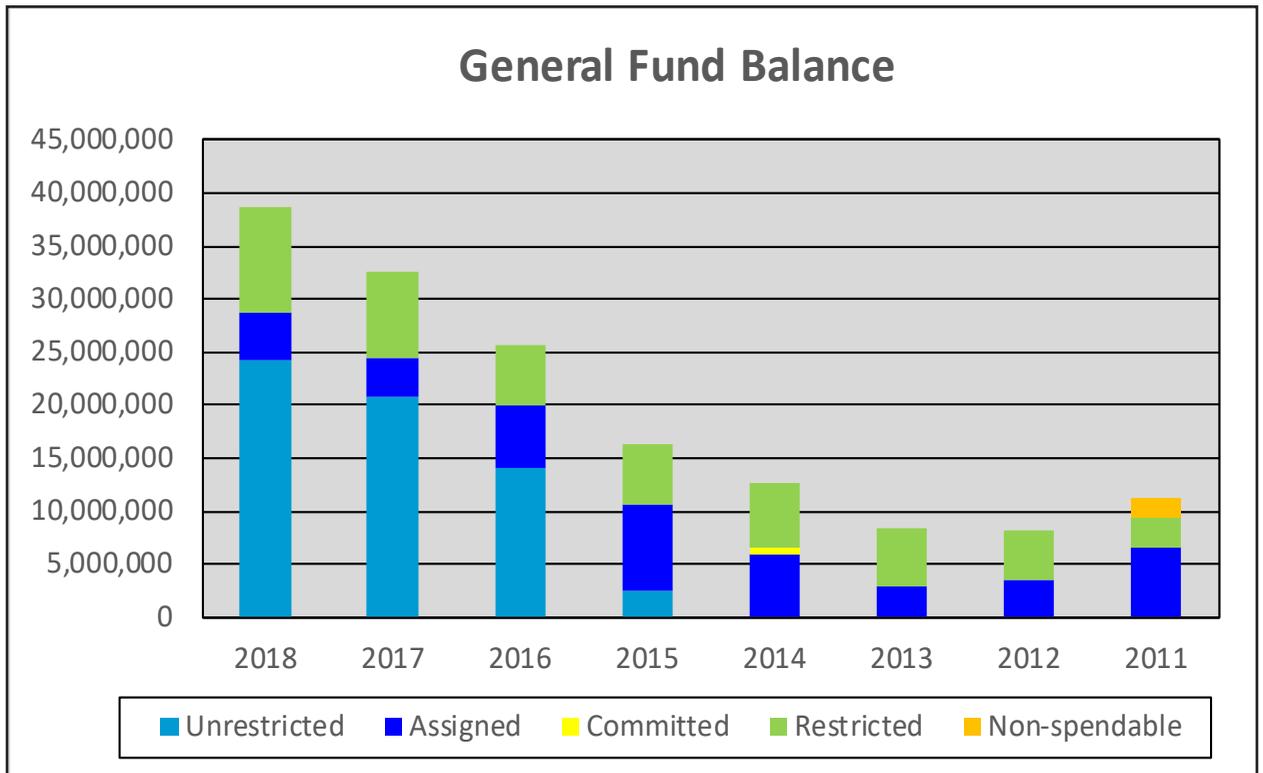
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
Cash and Investments	\$ 73.0	\$ 65.1	\$ 51.8
Accounts Receivable	23.4	24.5	23.0
Capital Assets	286.6	288.2	297.1
<b>Total Assets</b>	<b>383.0</b>	<b>377.8</b>	<b>371.9</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows of Resources	32.6	11.9	18.3
<b>Total Deferred Outflows of Resources</b>	<b>32.6</b>	<b>11.9</b>	<b>18.3</b>
<b>Liabilities</b>			
Amount Owed to Vendors & Employees	19.5	17.4	18.5
Unearned Revenue	5.1	4.5	4.3
Long-term Liabilities	404.1	308.7	331.3
<b>Total Liabilities</b>	<b>428.7</b>	<b>330.6</b>	<b>354.1</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows of Resources	16.0	10.6	-
<b>Total Deferred Inflows of Resources</b>	<b>16.0</b>	<b>10.6</b>	<b>-</b>
<b>Net Position</b>	<b>\$ (29.1)</b>	<b>\$ 48.5</b>	<b>\$ 36.1</b>

# 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. This starts with a responsible budget. The 2018 budget was the 6th consecutive structurally balanced budget passed by the County Commissioners. A structurally balanced budget means budgeted expenses did not exceed budgeted revenues.

The County of Lancaster's bond rating for 2018 was Aa3. It is recommended that governments with a Aa bond rating maintain an unrestricted fund balance in the general fund of 15-30% of general fund revenues and a general fund cash balance of 10-25% of general fund revenues. The County's unrestricted fund balance of \$28.6 million (includes unrestricted and assigned) at December 31, 2018 represents approximately 18% of general fund revenues. The County's general fund cash balance of \$38.3 million at December 31, 2018 represents approximately 24% of general fund revenues.

The following chart 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 eight years, as measured by the amount of the fund balance in the County's general fund.

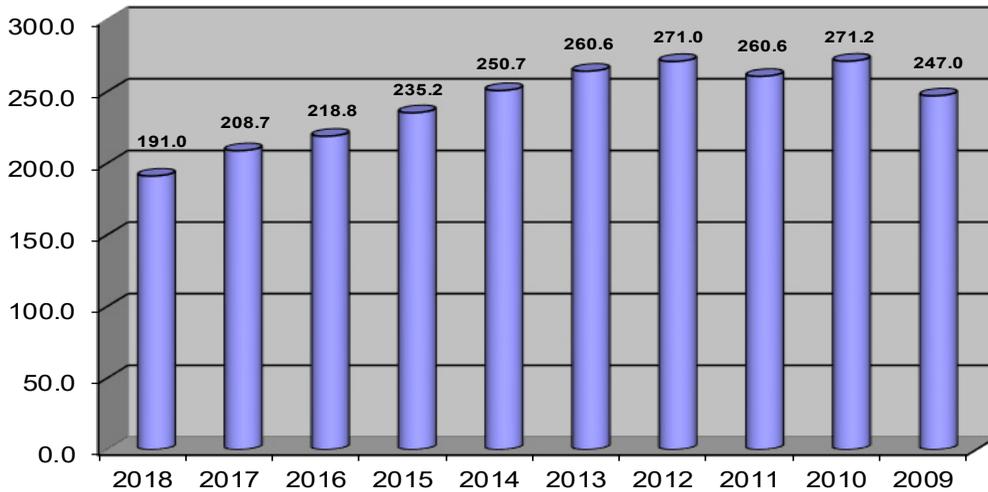


# General Obligation Debt

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, 2018 and the proceeding 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>
2019	\$ 16,904,400	\$ 6,900,176	\$ 23,804,576
2020	16,991,400	6,435,364	23,426,764
2021	14,526,600	5,909,492	20,436,092
2022	15,300,000	5,403,211	20,703,211
2023	15,936,000	4,839,835	20,775,835
2024-2028	71,283,000	15,358,710	86,641,710
2029-2033	38,257,000	3,343,617	41,600,617
2034-2038	1,790,000	165,650	1,955,650
	<u>\$ 190,988,400</u>	<u>\$ 48,356,055</u>	<u>\$ 239,344,455</u>

## **Clerk of Courts**

Jacquelyn E. Pfursich 717-299-8275

## **Commissioners**

Joshua G. Parsons, Chairman 717-299-8300

Dennis P. Stuckey, Vice Chairman 717-299-8300

Craig E. Lehman 717-299-8300

## **Controller**

Brian K. Hurter 717-299-8262

## **Coroner**

Stephen G. Diamantoni 717-735-2123

## **District Attorney**

Craig W. Stedman 717-299-8100

## **Prothonotary**

Katherine E. Wood-Jacobs 717-299-8282

## **Recorder of Deeds**

Ann M. Hess 717-299-8238

## **Register of Wills**

Anne L. Cooper 717-299-8243

## **Sheriff**

Christopher R. Leppler 717-299-8200

## **Treasurer**

Amber L. Martin 717-299-8222

# Fraud, Waste, and Abuse Hotline

- Report Suspected Fraud and Theft
- Information Is Confidential
- Remain Anonymous

The Lancaster County Controller has established a Fraud, Waste, and Abuse Hotline. The purpose of this hotline is to allow anyone to report in confidence, information regarding any fraud, waste, or abuse having to do with *County of Lancaster* assets. This includes: 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, spending in excess of what is reasonable and necessary, violations of the County's purchasing policy, or any other suspected fraud or abuse.

## Report suspected fraud one of three ways:

- Via the hotline at (717) 824-8570
- Electronically at <https://co.lancaster.pa.us/1077/Fraud-Waste-Abuse-Hotline>
- Through the mail at the address noted below



**County of Lancaster Controller's Office**  
150 North Queen Street • Suite #710 • Lancaster, PA 17603  
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