

County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2019

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

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 2019. 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, 2019.

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, 167 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

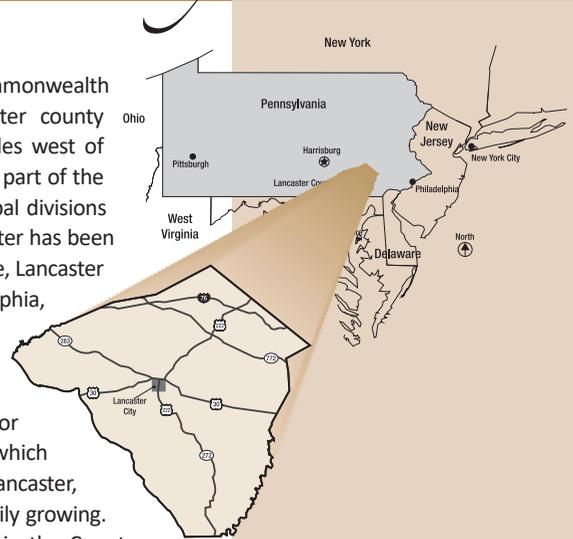


About Lancaster County

On May 10, 1729, Lancaster County became the fourth county in the Commonwealth of Pennsylvania. The county was formed from neighboring Chester county and named for Lancashire in England. Located approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh, it is in the south-central part of the state and occupies a land area of 946 miles. Consisting of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships, Lancaster has been a third-class county since 1962. Home to approximately 545,724 people, Lancaster County is the sixth most populous in the state behind only Philadelphia, Allegheny, Montgomery, Bucks, and Delaware counties

Lancaster County's economy has remained strong due to a few key factors. Its economy is very resilient and does not rely on one main sector or company. The County has a large base of manufacturing businesses which account for 15% of the jobs but farms, tourist attractions, downtown Lancaster, and many other industries have all helped to keep our economy steadily growing. According to the Bureau of Labor and Statistics, occupation growth in the County increased 1.8% for the '17-'18 fiscal year, outpacing the growth of both the nation and state. In addition, the population has grown steadily for decades which helps bring new businesses to the area and means there are plenty of workers. The County's unemployment rate of 3.3% remains consistently lower than both the state and national averages of 4.6% and 3.5% respectively. Lancaster City has seen a massive revitalization with the addition of many new businesses and restaurants in the past decade. Most recently some large buildings that have been sitting mostly idle for years like the Stahr Armory and the Bulova building have found new life thanks to significant development and investment. The Stahr Armory is now home to Decades bowling alley and amusement center and the Bulova building is part of a more extensive revitalization of the former Lancaster Square that encompasses several buildings, businesses, and organizations. These factors, plus Lancaster County's tradition of successful businesses built on strong values, make the economy vibrant.

From one perspective, Lancaster County is the land that time left behind. Carefully tilled farms are worked by horse-drawn equipment with animals cared for in cozy barns in much the same way as they have been for generations. But Lancaster County is also on the cutting edge with cows milked by robots and bio-digesters collecting methane gas from manure to produce electricity. It is a land where productive soil is farmed with the latest precision technologies, using GPS and other tools to help put seed and fertilizer where it can most efficiently be utilized. Agriculture helps to support our economy and attracts tourists from around the world. Farms improve our environment and enhance our quality of life while providing food and fiber for people around the world. Farmers have had to learn to diversify with an increase in egg and poultry production, as well as organic vegetables, meat goats, and industrial hemp. They also use stream-bank fencing, riparian buffers, cover crops, no-till planting, and other conservation practices to ensure that the land will be here for future generations. The County is fortunate to have such hard-working farm families that continue to find ways to innovate and adjust to meet the ever-changing market and make agriculture a significant part of our economy.



Your County Real Estate Taxes

The County's property tax rate for 2019 remained unchanged at 2.911 mills.

Lancaster County's 2019 millage rate of 2.911 mills means residents paid County real estate taxes of \$291.10 on \$100,000 of assessed value.

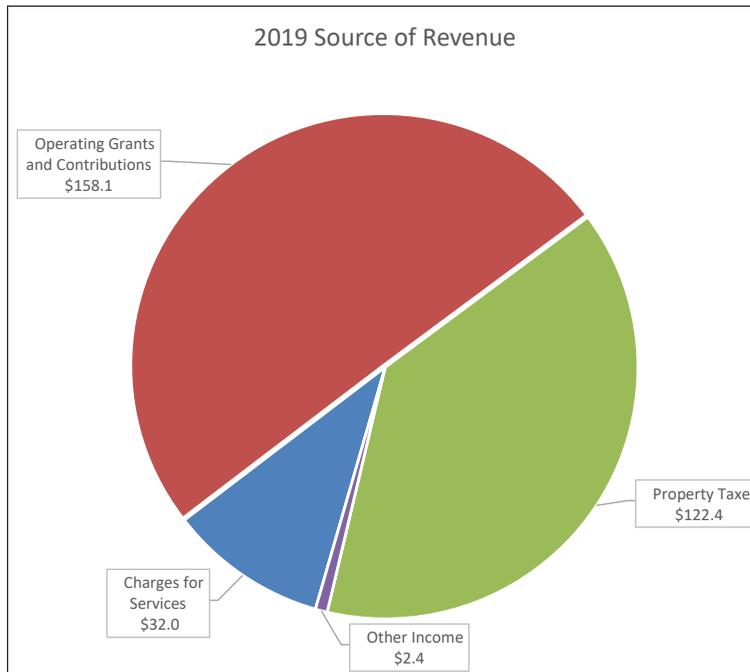
A large portion of the County's spending is funded by state and federal grants and charges for services. The remaining spending must be paid for primarily with your County real estate taxes. The illustration below shows how each dollar of your County real estate tax bill is spent.



Dollars In...

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

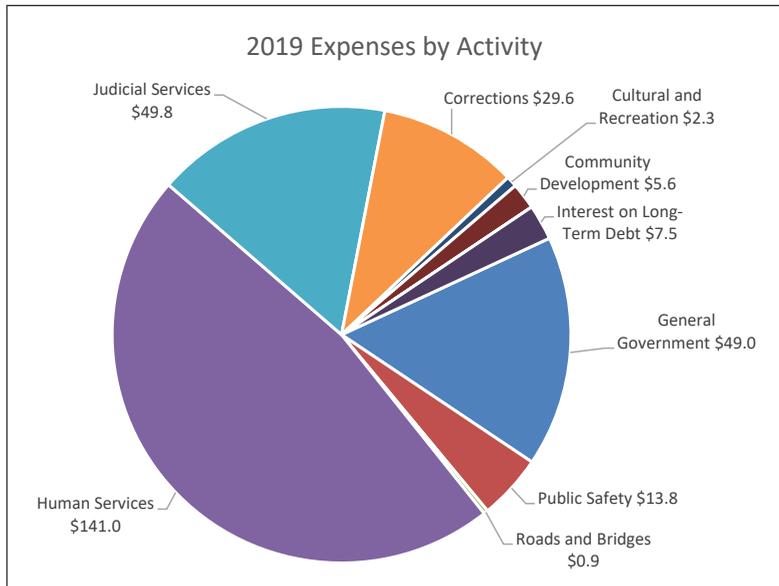
Revenues Taken In (expressed in millions)	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Revenues:			
Property Taxes	\$ 122.4	\$121.6	\$120.3
Unrestricted Investment Earnings	2.4	1.7	0.6
Gain on Sale of Capital Assets (loss)	-	-	(0.1)
Program Revenues:			
Charges for Services	32.0	33.5	29.7
Operating Grants and Contributions	158.1	203.4	203.0
Total Revenues	<u><u>\$ 314.9</u></u>	<u><u>\$360.2</u></u>	<u><u>\$ 353.5</u></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>2019</u>	<u>2018</u>	<u>2017</u>
General Government	\$49.0	\$55.7	\$50.0
Public Safety	13.8	13.4	8.3
Roads and Bridges	0.9	0.8	1.2
Human Services	141.0	186.5	188.2
Judicial Services	49.8	47.8	47.8
Corrections	29.6	28.6	30.7
Cultural and Recreation	2.3	2.5	3.0
Community Development	5.6	3.1	3.8
Bond Issuance Costs	-	-	0.1
Interest on Long-Term Debt	7.5	8.0	8.0
Total Service Expense	<u>\$299.5</u>	<u>\$346.4</u>	<u>\$341.1</u>



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.

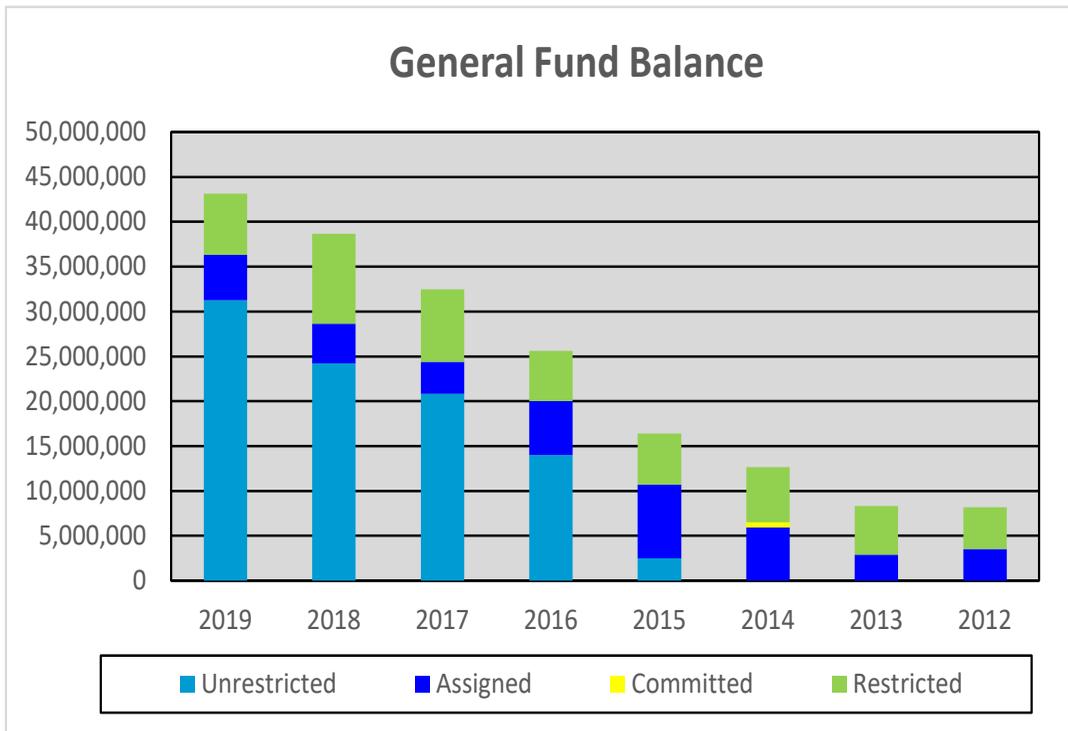
(expressed in millions)	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Cash and Investments	\$ 80.8	\$ 73.0	\$ 65.1
Accounts Receivable	23.3	23.4	24.5
Capital Assets	290.9	286.6	288.2
Total Assets	<u>395.0</u>	<u>383.0</u>	<u>377.8</u>
Deferred Outflows of Resources			
Deferred Outflows of Resources	17.8	32.6	11.9
Total Deferred Outflows of Resources	<u>17.8</u>	<u>32.6</u>	<u>11.9</u>
Liabilities			
Amount Owed to Vendors & Employees	16.4	19.5	17.4
Unearned Revenue	5.4	5.1	4.5
Long-term Liabilities	357.8	404.1	308.7
Total Liabilities	<u>379.6</u>	<u>428.7</u>	<u>330.6</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources	46.9	16.0	10.6
Total Deferred Inflows of Resources	<u>46.9</u>	<u>16.0</u>	<u>10.6</u>
Net Position	<u>\$ (13.7)</u>	<u>\$ (29.1)</u>	<u>\$ 48.5</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. This starts with a responsible budget. The 2019 budget was the 7th 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 2019 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 \$36.3 million (includes unrestricted and assigned) at December 31, 2019 represents approximately 22% of general fund revenues. The County's general fund cash balance of \$42.5 million at December 31, 2019 represents approximately 26% of general fund revenues.

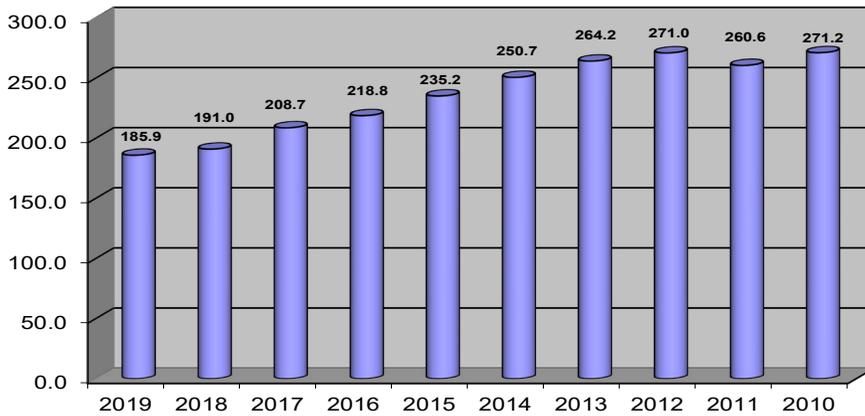
The following chart shows the levels of the County's unrestricted, assigned, committed, and restricted net financial resources at the end of each of the last eight years, as measured by the amount of the fund balance in the County's general fund.



Debt Service Commitments

General obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements are long-term debt instruments which are repaid from the County's general revenue sources.

Lancaster County's outstanding general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements at December 31, 2019 and the proceeding nine years.



A summary of the County's total debt service commitments is as follows:

	Principal	Interest	Total
2020	\$ 16,896,400	\$ 6,791,930	\$ 23,688,330
2021	14,851,600	6,280,843	21,132,443
2022	15,630,000	5,774,667	21,404,667
2023	16,291,000	5,187,232	21,478,232
2024	14,515,000	4,549,320	19,064,320
2025 – 2029	72,606,000	14,249,698	86,855,698
2030 – 2034	27,519,000	3,392,018	30,911,018
2035 – 2039	4,185,000	1,052,953	5,237,953
2040 – 2044	3,400,000	378,812	3,778,812
	<u>\$ 185,894,000</u>	<u>\$ 47,657,473</u>	<u>\$ 233,551,473</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
717-299-8262 • www.co.lancaster.pa.us