

County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2006

Prepared by the Office of the Controller
Dennis P. Stuckey, Controller

LANCASTER COUNTY

CONTROLLER'S OFFICE



50 NORTH DUKE STREET
PO BOX 83480
LANCASTER, PA 17608-3480
TELEPHONE: 717-299-8262

DENNIS P. STUCKEY
Controller

To the residents of Lancaster County:

I am pleased and excited to provide you with our Annual Report Summary for the Fiscal Year Ended 2006. 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, 2006.

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 openness 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, 141 page, CAFR from the County Controller's Office, 50 North Duke Street, PO Box 83480, Lancaster, PA 17608-3480 or on the County's website at www.co.lancaster.pa.us under "Controller/Comprehensive Annual Financial Report" or call 717-299-8262.

I hope that you find this report interesting and informative.

Sincerely,

Dennis P. Stuckey
Controller, Lancaster County



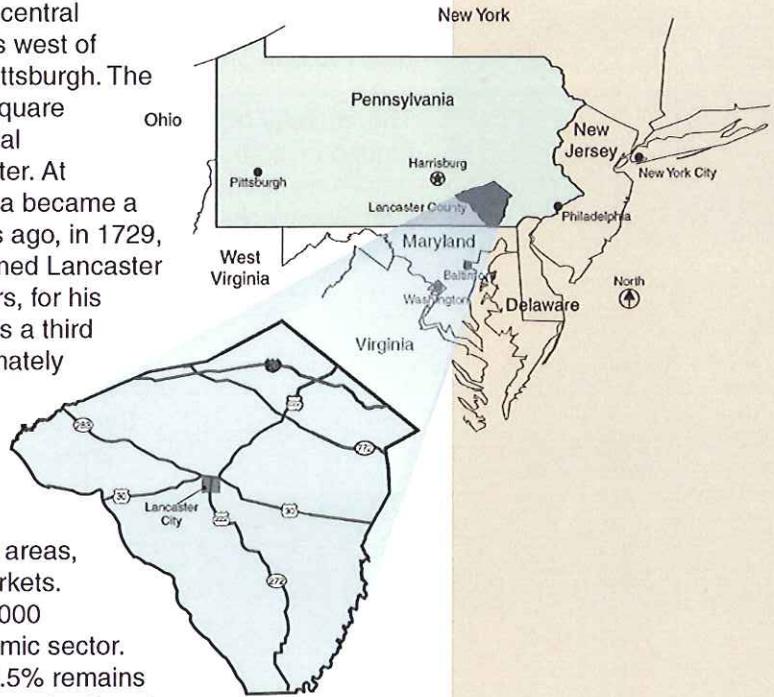
About Lancaster County

Lancaster County is located in south central Pennsylvania, approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. The county occupies a land area of 946 square miles and is comprised of 60 municipal divisions including the City of Lancaster. At first a part of Chester County, the area became a separate county more than 276 years ago, in 1729, the fourth in Pennsylvania. It was named Lancaster by John Wright, one of the first settlers, for his native Lancashire, England. Today it is a third class county that is home to approximately 494,486 people.

Lancaster County is one of the leading industrial areas in the state. It is considered a prime location for manufacturing, away from congested areas, yet close to the major East Coast markets. The county is home to more than 11,000 companies representing every economic sector. The county's unemployment rate of 3.5% remains consistently lower than both the state and national averages of 4.7% and 4.5%, respectively. For these reasons, Lancaster County is a desirable place to locate and expand a business.

The County is one of the most fertile agricultural areas in the country and produces more agricultural products and yields more food than any other non-irrigated county in the nation. Thanks to the Agricultural Preserve Board and the Lancaster Farmland Trust, Lancaster County ranks second in the United States with approximately 70,000 acres of preserved farmland.

Due to the area's historic sites, the city's architectural charm, the county's rolling, well-kept farmlands, and the large Amish community, Lancaster County continues to be a popular destination for many tourists. Each year some 8.3 million people visit the area spending approximately \$1.2 billion and generating \$2.3 billion in indirect activity.



Your County Real Estate Taxes

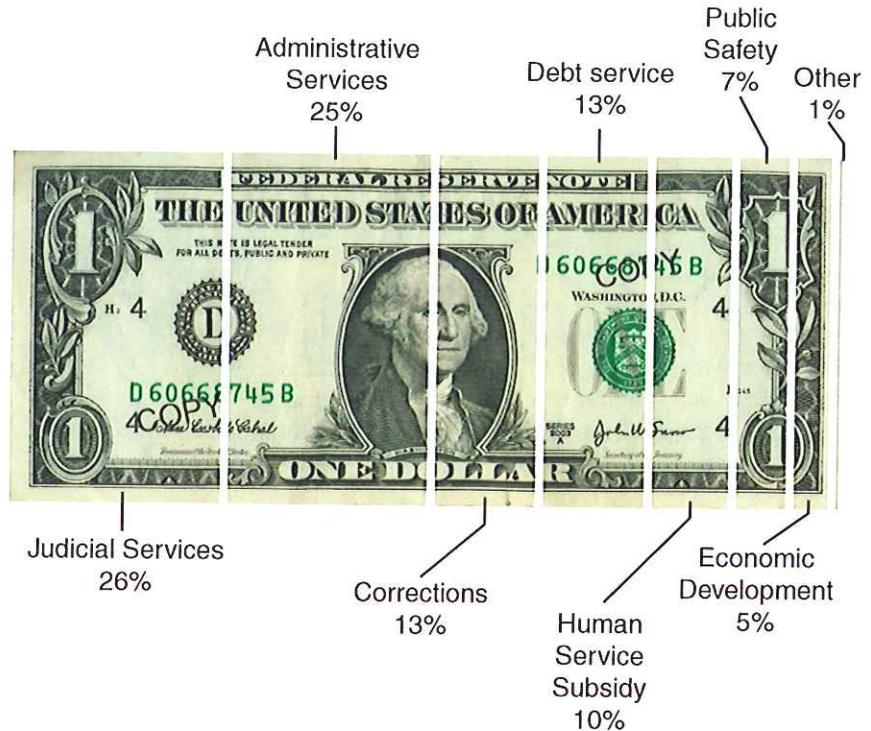
Did You Know?



Located near the Lancaster County Central Park is the Hans Herr House. Built in 1719 it is the oldest surviving dwelling place of European settlers. The house is also the oldest still-standing Mennonite meeting house in the Western Hemisphere.

Lancaster County residents paid County real estate taxes of \$296.20 on \$100,000 of assessed value in 2006.

The majority (62% or \$149.6 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$90.4 million) 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.

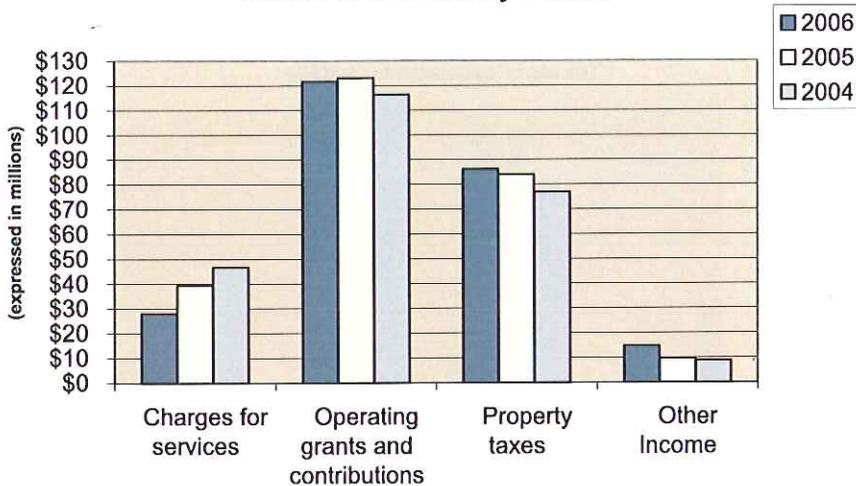


Dollars In...

The following statement represents all the money received by the County for the year.

Revenues Taken In (expressed in millions)	2006	2005	2004
Program Revenues:			
Charges for services	\$ 28.0	\$ 39.3	\$ 46.7
Operating grants and contributions	121.6	123.0	116.3
General Revenues:			
Property taxes	86.2	84.0	76.9
Departmental revenues	9.0	5.6	7.5
Investment earnings	5.8	2.6	1.3
Gain on sale of capital assets	0	1.5	-
Total Revenues	\$ 250.6	\$ 256.0	\$ 248.7

Trends of Revenue by Source



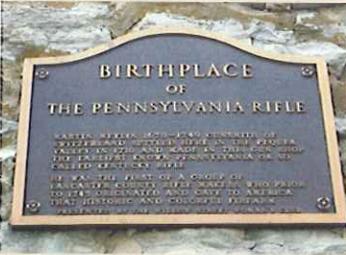
Did You Know?



Lancaster County has 28 covered bridges, more than any other county in PA. While sometimes called kissing bridges, the real reason to the covering is to protect the bridge's truss design from the weather. The longest covered bridge in the world was built in Lancaster County in 1814. It spanned the Susquehanna River between Columbia and Wrightsville (York Co.). Its distance was over a mile at 5,960 feet. The bridge was destroyed in 1832 by ice and high water.

Dollars Out...

Did You Know?

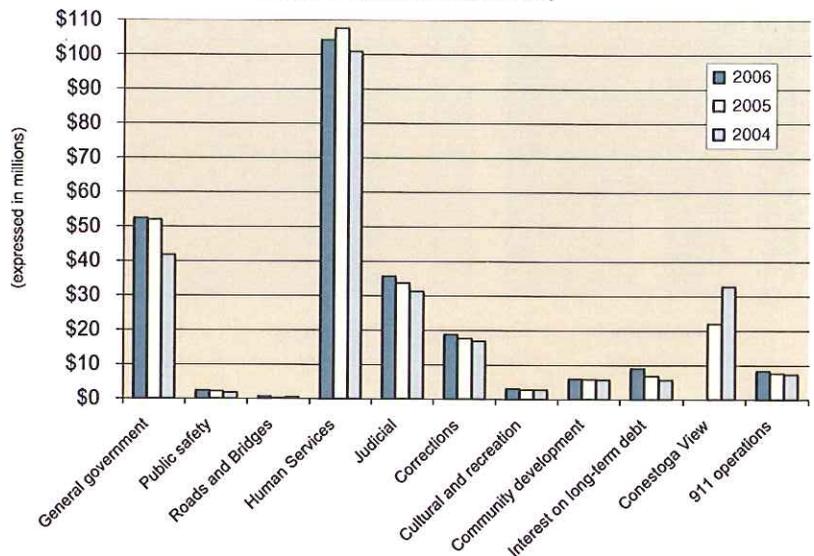


The Pennsylvania long rifle was an adaptation of a German hunting rifle developed in Lancaster County. Its superior accuracy was so well recognized that by 1776 gunsmiths were duplicating it in Virginia, Georgia, North Carolina and Maryland.

The following statement represents all the money spent by the County for each of the major services it provides. Explanations of specific services are shown in the following pages.

Services Provided (expressed in millions)	2006	2005	2004
General Government	\$ 52.4	\$ 52.0	\$ 41.8
Public safety	2.4	2.2	1.8
Roads and bridges	0.6	0.2	0.5
Human services	104.2	107.6	100.9
Judicial	35.6	33.7	31.3
Corrections	18.7	17.6	16.8
Cultural and recreation	3.1	2.7	2.8
Community development	5.9	5.8	5.7
Interest on long-term debt	8.9	6.8	5.6
Conestoga View	-	22.0	32.8
911 operations	8.2	7.6	7.3
Total Service Expense	\$ 240.0	\$ 258.2	\$ 247.3

Trends of expenses by activity



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 and hazardous materials response.

Roads and bridges – These services are 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 state gasoline taxes.

Health, education, and welfare – These services are 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.

Judicial services – These are services performed in the County's court system.

Corrections – These services 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.

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

911 Operations – These services are for the operation and maintenance of the County's 9-1-1 emergency response communications system.

Did You Know?



Today there are over 25 different Amish, Mennonite and Brethern church groups in Lancaster County, all holding to slightly different traditions and their own interpretations of the Bible. These traditional groups wear plain clothing styles, which has earned them the name "Plain People".

The Amish have a strong sense of community involvement, and often come to the aid of neighbors in need. An example of this is when they give of their time and talents to have a barn raising. Some Amish men are active members of their local volunteer fire department.

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 represents 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.

Funds held as fiduciary represent restricted cash held by the County for residents at its nursing home.

Long-term liabilities represents County borrowing and other long-term obligations.

The Financial Position Statement, known in accounting terms as the "Statement of Net Assets," 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>2006</u>	<u>2005</u>	<u>2004</u>
Assets			
Cash	\$ 91.9	\$ 60.3	\$ 51.9
Investments	1.3	2.2	4.4
Accounts receivable	29.2	17.7	24.2
Capital assets	169.6	156.3	146.8
Other assets	2.4	2.0	1.8
Total Assets	<u>294.4</u>	<u>238.5</u>	<u>229.1</u>
Liabilities			
Amount owed to vendors & employees	18.1	18.4	17.5
Unearned revenue	3.2	2.7	7.5
Funds held as fiduciary	-	-	0.2
Long-term liabilities	246.6	201.5	185.8
Total Liabilities	<u>267.9</u>	<u>222.6</u>	<u>211.0</u>
Net Assets	<u>\$ 26.5</u>	<u>\$ 15.9</u>	<u>\$ 18.1</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.

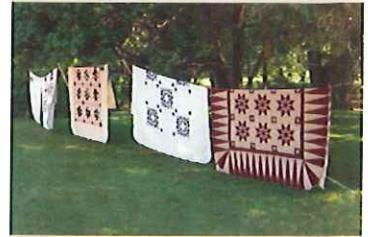
The following shows the levels of the County's designated and undesignated net financial resources at the end of each of the last five years, as measured by the amount of unreserved fund balance in the County's general fund.

Designations represent current net financial resources earmarked to fund the Commissioner's future plans.

It is recommended that governments maintain an unreserved 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.

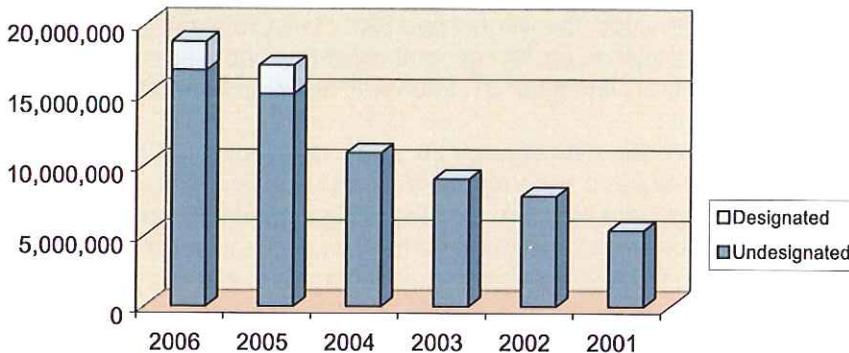
The County's unreserved fund balance of \$18.8 million at December 31, 2006 represents approximately 16% of general fund revenues and 2 months of expenditures.

Did You Know?



Located in downtown Lancaster the Lancaster Quilt & Textile Museum showcases a permanent collection of handmade quilts. These quilts were sewn by Amish women between 1870 and 1940. The museum also has an interactive exhibit where both children and adults can learn about the defining characteristics of Lancaster County Amish quilts and the process of making them.

General Fund Unreserved Fund Balance



General Obligation Debt

The County's Future Debt Payments

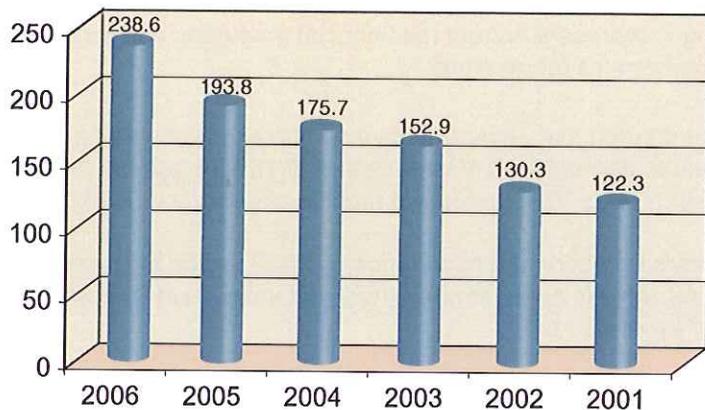
Shown below are the annual debt principal and interest payments for the next five years and thereafter in five-year increments on long-term debt outstanding as of December 31, 2006 for the County as a whole.

Debt Year	Debt Payment
2007	\$ 18,571,893
2008	18,568,374
2009	18,567,235
2010	18,576,963
2011	18,595,847
2012-2016	93,533,850
2017-2021	84,945,385
2022-2026	58,083,666
2027-2031	33,091,977
2032-2036	1,461,263

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, 2006 and the preceding four years:

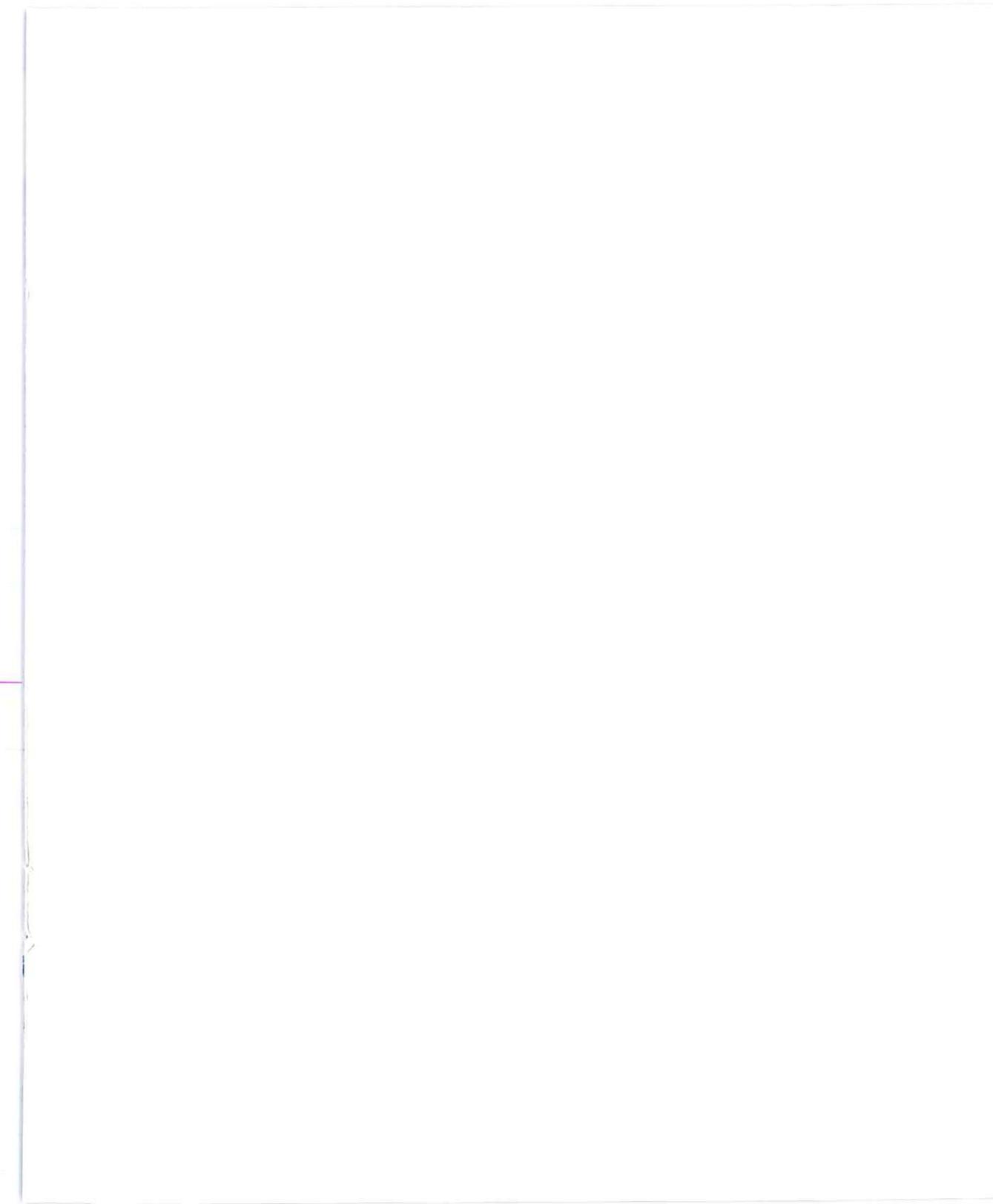
General Obligation Bonds and Notes



At December 31, 2006, the County had \$238,610,173 of net general obligation debt outstanding. Net general obligation debt per capita (per County resident) at December 31, 2006 was approximately \$482.54

Subsequent events- On February 28, 2007, the County terminated three interest rate basis swap agreements with respect to the General Obligation Notes Series 2001A, General Obligation bonds Series 2003 and General Obligation bond Series 2004A. In connection with and in consideration for entering into these swap agreements, the County received upfront payments of \$785,000, \$1,032,000, and \$719,500, respectively. Upon termination, the County paid amounts of \$555,000, \$701,600, and \$481,400, respectively, to terminate the swaps. The gains associated with these swap termination transactions will be reflected in the County's 2007 basic financial statements.

On Feb. 16, 2007 Commissioner Howard "Pete" Shaub resigned from office. His vacancy was filled by appointed commissioner Sharron V. Nelson. Commissioner Nelson will serve until January 2008.



County of Lancaster

ELECTED OFFICIALS at December 31, 2005

Clerk of Courts

Dale E. Denlinger 717-299-8275

Commissioners

Richard M. Shellenberger, Chairman 717-299-8300

Molly S. Henderson 717-299-8300

Howard "Pete" Shaub 717-299-8300

Controller

Dennis P. Stuckey 717-299-8262

Coroner

Dr. G. Gary Kirchner 717-735-2123

District Attorney

Donald R. Totaro 717-299-8100

Jury Commissioners

Judith Saylor 717-299-8041

Diane Collier 717-299-8041

Prothonotary

Randall O. Wenger 717-299-8282

Recorder of Deeds

Stephen J. McDonald 717-299-8238

Register of Wills

Donna S. Reinaker 717-299-8243

Sheriff

Terry A. Bergman 717-299-8200

Treasurer

Craig A. Ebersole 717-299-8222

County of Lancaster Controller's Office

50 North Duke Street • P.O. Box 83480 • Lancaster, PA 17608-3480
717-299-8262 • www.co.lancaster.pa.us