

County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2007

Prepared by the Office of the Controller
Walter L. Rogers, Acting Controller



Controller's Office

50 North Duke Street
P.O. Box 83480
Lancaster, PA 17608-3480
Phone: 717-299-8262
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Acting Controller
Walter L. Rogers

To the residents of Lancaster County:

I am pleased and excited to provide you with our Annual Report Summary for the Fiscal Year Ended 2007. 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, 2007.

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, 134 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,

Walter L. Rogers
Acting Controller, Lancaster County



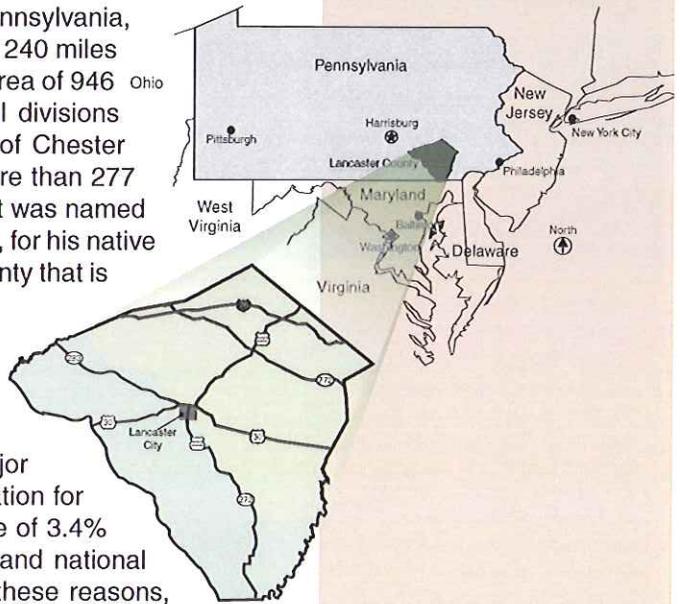
About Lancaster County

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 277 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 498,465 people.

Lancaster County is the third largest industrial area in Pennsylvania, trailing only the metropolitan areas of Philadelphia and Pittsburgh. With its close proximity to major metropolitan markets the County is a prime location for manufacturing. The county's unemployment rate of 3.4% remains consistently lower than both the state and national averages of 4.4% and 5.0%, respectively. For these reasons, Lancaster County's business and industrial communities continue to thrive as they adapt to an ever-changing market.

With the most productive non-irrigated farmland in the United States, Lancaster County is known as the "garden spot". The County is home to just under 5,300 farms with total cash receipts of \$914 million. Agriculture and agribusiness are responsible for creating one in five jobs in the County and generates almost \$2,000 in sales per acre. The County has a strong agricultural preservation effort in place to ensure that farm families have the opportunity to keep their valuable farmland in production for generations to come. Through the combined efforts of the County Ag Preserve Board and the Lancaster Farmland Trust, Lancaster County is second in the nation in number of acres of preserved farmland, with more than 70,000 acres preserved.

Lancaster County's lush, rolling farmland; charming historic districts; and historical landmarks help to attract an estimated seven million visitors each year who spend approximately \$1.6 billion. The County is a short drive from Philadelphia, Baltimore and Washington D. C., making it an ideal destination for day trips, weekend escapes and even extended vacations. With its relaxing atmosphere, peaceful scenery, and the variety of the many unique attractions and family activities Lancaster County is one of America's favorite travel destinations.



Your County Real Estate Taxes

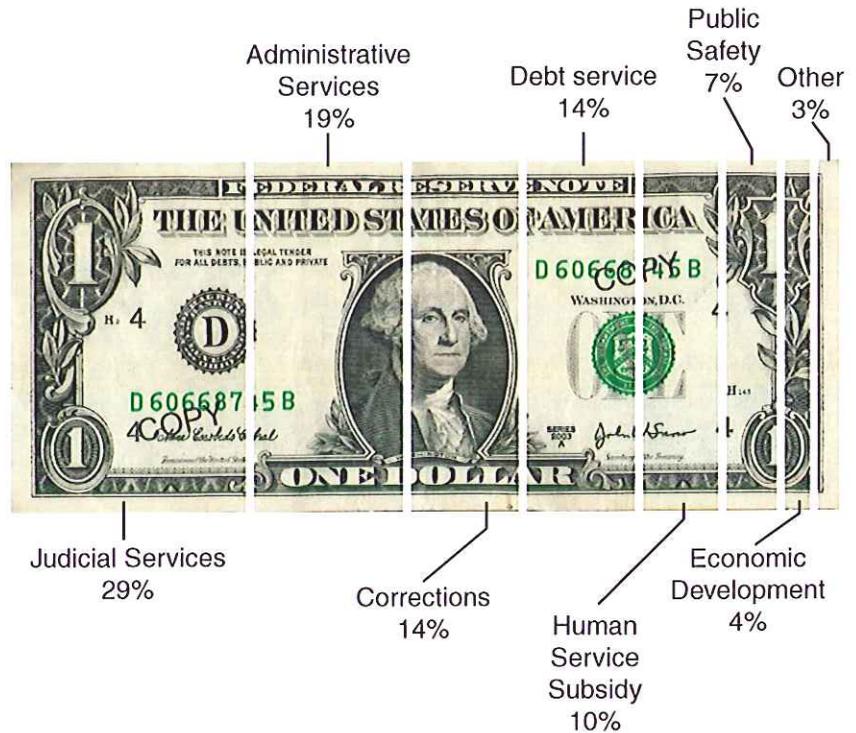
Did You Know?



The Fulton Opera House, located in downtown Lancaster, is considered to be the nation's oldest continuously operating theatre. It is one of only eight theatres to be named a National Historic Landmark. Many of the "greats" of the American and International stage have performed on her boards. The list is extensive and includes most of the Barrymore family, Sarah Bernhardt, W. C. Fields, Alfred Lunt, Al Jolson, and Irene Dunne, Mark Twain, a young actress named Helen Brown (later known as Helen Hayes), Marcel Marceau and hundreds more.

Lancaster County residents paid County real estate taxes of \$318.90 on \$100,000 of assessed value in 2007.

About half (\$135.8 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$136.2 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.

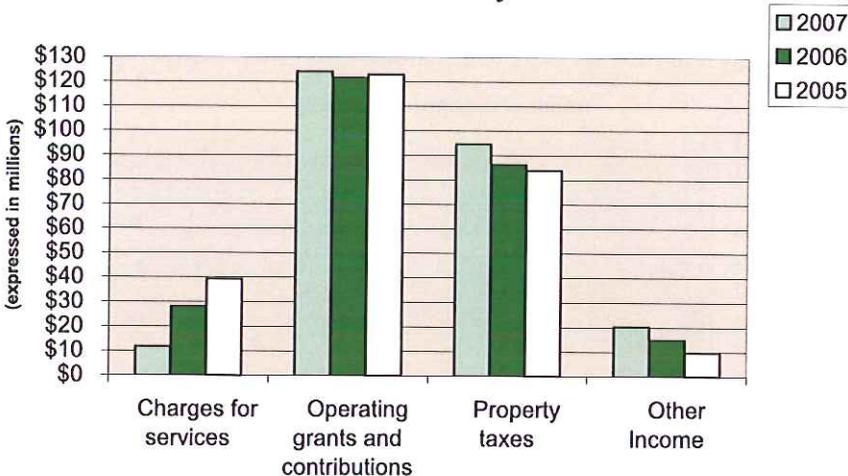
Revenues Taken In (expressed in millions)	<u>2007</u>	<u>2006</u>	<u>2005</u>
Program Revenues:			
Charges for services	\$ 11.7	\$ 28.0	\$ 39.3
Operating grants and contributions	124.1	121.6	123.0
General Revenues:			
Property taxes	94.7	86.2	84.0
Departmental revenues	14.5	9.0	5.6
Investment earnings	5.8	5.8	2.6
Gain on sale of capital assets	-	-	1.5
Total Revenues	<u>\$ 250.8</u>	<u>\$ 250.6</u>	<u>\$ 256.0</u>

Did You Know?



Lancaster's Central Market is a true American treasure. As the country's oldest farmers' market, it is housed in an 1889 "Romanesque Revival" building designed by James H. Warner. The 60+ Market stand holders offer a wide variety of foods during the three market days-Tuesdays, Fridays and Saturdays. The Market also includes non-food gift items.

Trends of Revenue by Source



Dollars Out...

Did You Know?



Fire company sales have been a regular event here in Lancaster County since the mid-1960's. These auctions help local volunteer fire companies raise funds. Since many of the items are sold outside during the Spring, these events have affectionately become known as "mud sales".

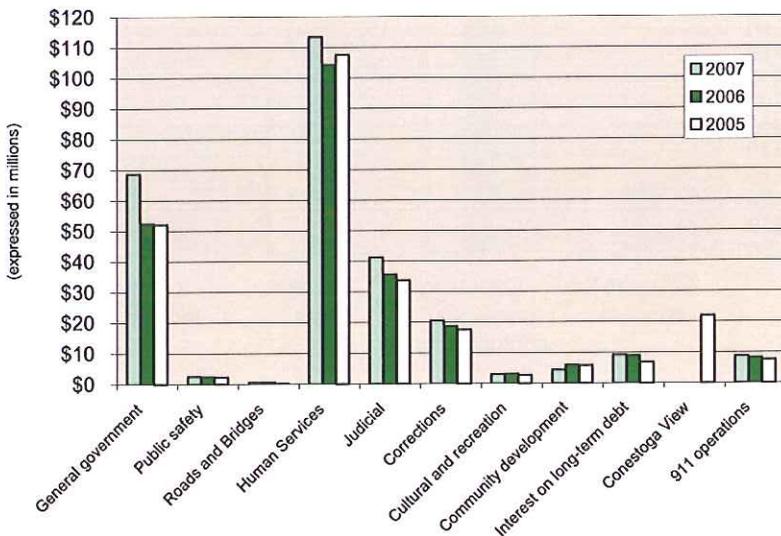
Often both inside and outside auctions take place simultaneously, and sometimes numerous auctions take place at once throughout the grounds. The Winter and early Spring dates work out best for local farmers. That's when they have more time available.

Items sold vary from auction to auction and include a wide variety of donated goods and consignment merchandise. Auctioned items often include: furniture, craft items, quilts, building materials, livestock, buggies and carriages, tools, farming supplies, garden items, and more.

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)	2007	2006	2005
General Government	\$68.6	\$ 52.4	\$ 52.0
Public safety	2.5	2.4	2.2
Roads and bridges	0.5	0.6	0.2
Human services	113.4	104.2	107.6
Judicial	41.2	35.6	33.7
Corrections	20.5	18.7	17.6
Cultural and recreation	3.0	3.1	2.7
Community development	4.4	5.9	5.8
Interest on long-term debt	9.2	8.9	6.8
Conestoga View	-	-	22.0
911 operations	8.7	8.2	7.6
Total Service Expense	\$272.0	\$ 240.0	\$ 258.2

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?



The Lancaster County Department of Parks and Recreation seeks to preserve and manage significant tracts of land and water for recreation and for conservation of scenic, historical, geological and ecologically significant areas. With six regional parks and two recreational trails, the Department manages a total of 2,003 acres. Regional parks range in level of development from Central Park's more urban setting to the Theodore Parker Natural Area's rural setting in the woodlands along Stewart Run in the southeastern part of the County. All County parks and services are open to residents and non-residents alike.

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.

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>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Cash	\$ 73.1	\$ 91.9	\$ 60.3
Investments	0.4	1.3	2.2
Accounts receivable	18.0	29.2	17.7
Capital assets	193.2	169.6	156.3
Other assets	2.3	2.4	2.0
Total Assets	<u>287.0</u>	<u>294.4</u>	<u>238.5</u>
Liabilities			
Amount owed to vendors & employees	21.5	18.1	18.4
Unearned revenue	7.7	3.2	2.7
Long-term liabilities	252.5	246.6	201.5
Total Liabilities	<u>281.7</u>	<u>267.9</u>	<u>222.6</u>
Net Assets	<u>\$ 5.3</u>	<u>\$ 26.5</u>	<u>\$ 15.9</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.

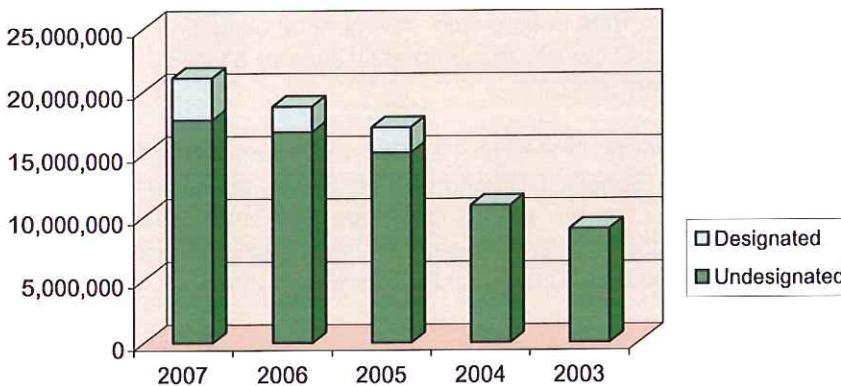
The County's unreserved fund balance of \$21.1 million at December 31, 2007 represents approximately 17% of general fund revenues and 2 months of expenditures.

Did You Know?



Following a 44-year absence, professional baseball made its triumphant return to Lancaster on May 11, 2005 when the Lancaster Barnstormers began play at state-of-the-art Clipper Magazine Stadium. The Barnstormers franchise has welcomed more than 1.1 million fans in its first three seasons, becoming one of the elite franchises in North America's premier independent baseball league.

General Fund Unreserved Fund Balance



General Obligation Debt

The County's Future Debt Payments

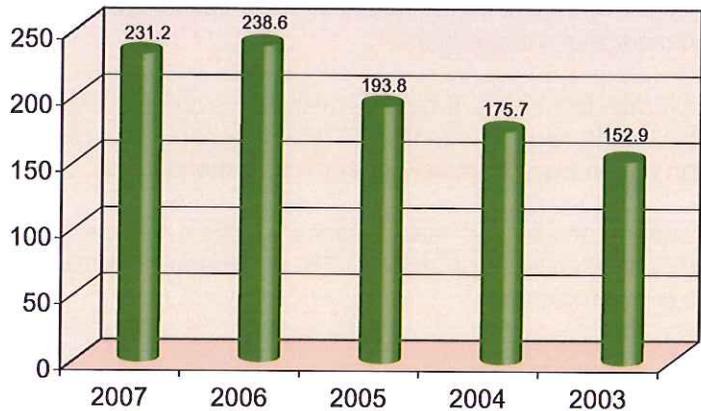
Shown below are the annual debt principal and interest payments for the next five years and thereafter in five-year increments on long-term debt outstanding as of December 31, 2007 for the County as a whole.

Debt Year	Debt Payment
2008	17,843,832
2009	18,185,300
2010	18,207,091
2011	18,238,568
2012	18,255,689
2013-2017	92,073,590
2018-2022	78,143,654
2023-2027	53,197,898
2028-2032	25,588,032

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, 2007 and the preceding four years:

General Obligation Bonds and Notes



At December 31, 2007, the County had \$231,171,253 of net general obligation debt outstanding. Net general obligation debt per capita (per County resident) at December 31, 2007 was approximately \$463.77

Subsequent events- On March 19, 2008, the County issued variable rate interest-bearing General Obligation Bonds Series of 2008 in the amount of \$8,800,000 to finance various capital projects and to pay the cost of issuing the bonds. Principal is payable annually, ranging in amounts from \$205,000 to \$555,000 from March 2009 to March 2033.

On March 9, 2005, the County entered into an interest rate swap agreement to coincide with the anticipated issuance of the General Obligation Bonds Series of 2008. The agreement became effective March 5, 2008.



County of Lancaster

ELECTED OFFICIALS at December 31, 2007

Clerk of Courts

Dale E. Denlinger 717-299-8275

Commissioners

Richard M. Shellenberger, Chairman 717-299-8300

Sharron V. Nelson 717-299-8300

Molly S. Henderson 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

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