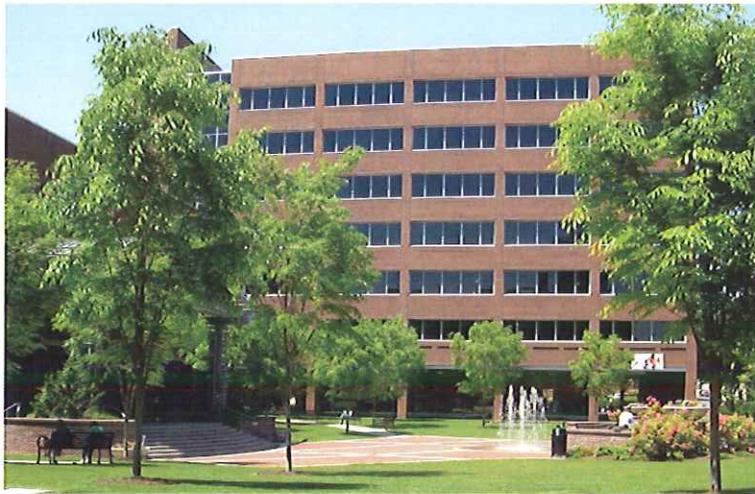


County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2008

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



Controller's Office

150 North Queen Street
Suite #710
Lancaster, PA 17603
Phone: 717-299-8262
www.co.lancaster.pa.us

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 2008. 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, 2008.

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, 130 page, CAFR from the County Controller's Office, 150 North Queen Street, Suite 710, Lancaster, PA 17603 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



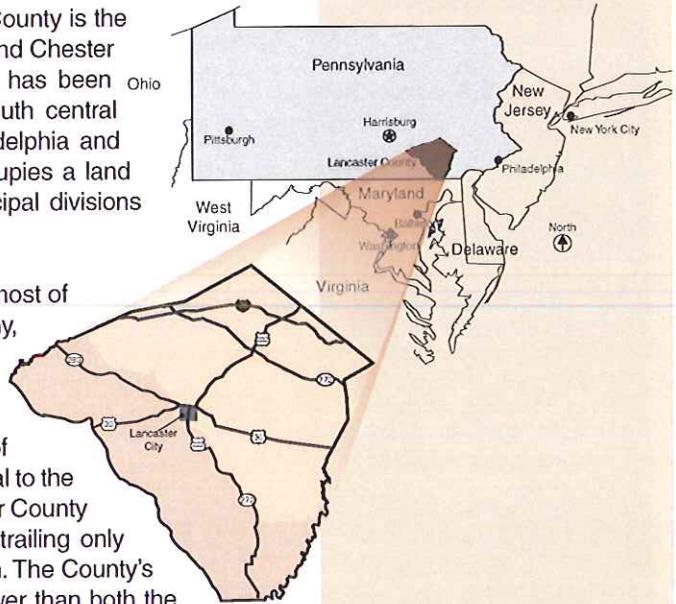
About Lancaster County

Home to approximately 502,370 people, Lancaster County is the third fastest growing county in Pennsylvania just behind Chester and York counties. Established in 1729, the county has been a third class county since 1962. It is located in south central Pennsylvania approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh. Lancaster County occupies a land area of 946 square miles and consists of 60 municipal divisions including the City of Lancaster.

Lancaster County's economic outlook is better than most of the rest of the Country. The County's diverse economy, which includes manufacturing, agriculture, and tourism, has helped shield the area from some of the effects of the ongoing recession. The close proximity to major metropolitan markets and the Ports of Baltimore, Philadelphia and Wilmington is fundamental to the County's ability to move products to market. Lancaster County is the third largest industrial area in Pennsylvania, trailing only the metropolitan areas of Philadelphia and Pittsburgh. The County's unemployment rate of 5.3% remains consistently lower than both the state and national averages of 6.4% and 7.2%, respectively. These factors have helped Lancaster County's business and industrial communities remain vibrant as they adapt to an ever-changing market.

The area has the most productive non-irrigated farmland in the United States making it one of the top food producers in the nation. Lancaster County is home to just under 5,300 farms with total cash receipts of \$914 million. Agriculture is 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 rich and valuable farmland in production for generations to come. This effort has resulted in Lancaster County being first in the nation in number of acres of preserved farmland, with nearly 80,000 acres preserved on nearly 1,000 individual farms. Preservation in the County has been spearheaded by the Lancaster County Agricultural Preservation Board and the Lancaster Farmland Trust.

Lancaster County's lush and productive farmland and the culture it represents are top draws for a dynamic tourism industry which attracts an estimated seven million visitors and brings in approximately \$1.6 billion annually. Only a short drive from Philadelphia, Baltimore and Washington D.C., the County is an ideal destination for day trips, weekend escapes or extended vacations. With its relaxing atmosphere, peaceful scenery, and the variety of the many unique attractions and family activities it is no surprise that many people return year after year to visit Lancaster County.



Your County Real Estate Taxes

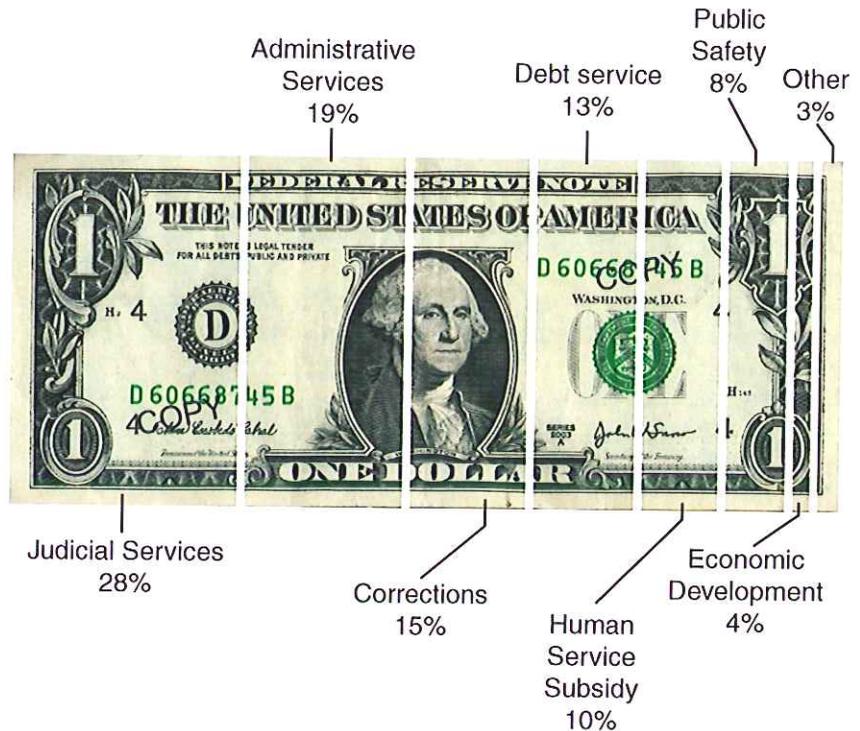
Did You Know?



The Demuth Tobacco Shop, located in downtown Lancaster, is the oldest operating tobacco shop in the nation. Opened in 1770 by Christopher Demuth, the tobacco shop was passed down through the family for over 200 years. In the 1920's noted Lancaster architect Emlen Urban designed the interior and exterior as the shop appears today. Now, the historic properties and business archives are maintained by the Demuth Foundation. The Demuth Tobacco Company continues to operate the Demuth Tobacco Shop as a retail business selling quality tobacco products and supplies. You can visit the shop at 114 East King Street.

Lancaster County residents paid County real estate taxes of \$341.60 on \$100,000 of assessed value in 2008.

Over half (\$163.4 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$108.3 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.

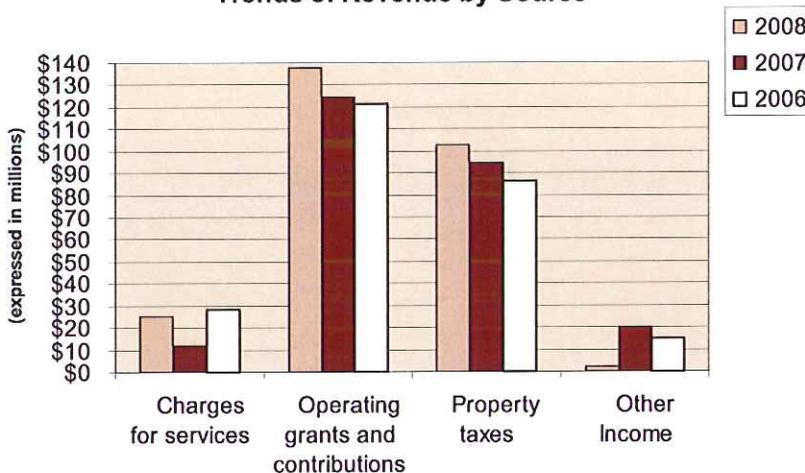


Dollars In...

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

Revenues Taken In (expressed in millions)	2008	2007	2006
Program Revenues:			
Charges for services	\$ 25.4	\$ 11.7	\$ 28.0
Operating grants and contributions	138.0	124.1	121.6
General Revenues:			
Property taxes	102.5	94.7	86.2
Departmental revenues	-	14.5	9.0
Investment earnings	2.2	5.8	5.8
Total Revenues	\$ 268.1	\$ 250.8	\$ 250.6

Trends of Revenue by Source



Did You Know?



In 1883, Milton S. Hershey returned to Lancaster and established the Lancaster Caramel Company. The company quickly became an outstanding success. It was that business which established him as a candy maker and set the stage for his future accomplishments. Hershey sold the Lancaster Caramel Company for \$1 million in 1900 to concentrate exclusively on his chocolate business.

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Dollars Out...

Did You Know?



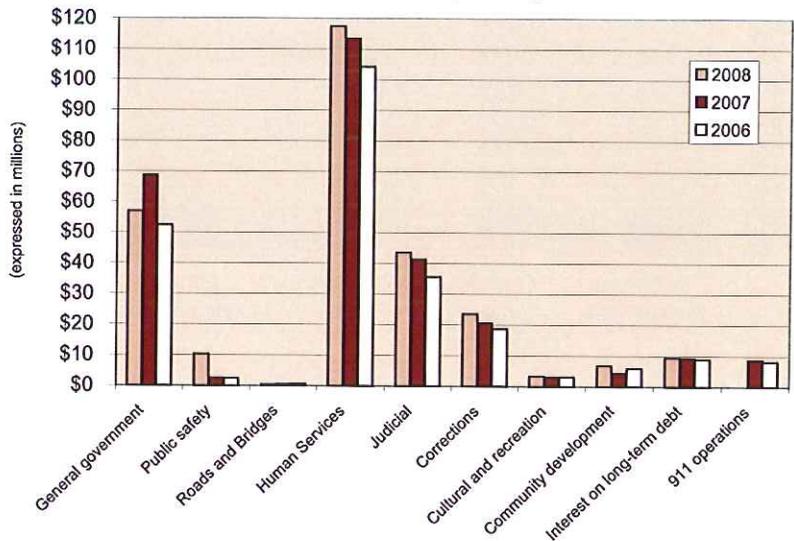
Lancaster City proudly served as the capital of the nation when the Continental Congress vacated Philadelphia and held a session in the old Court House on September 27, 1777. The day after, seeking better shelter, it moved to York. Lancaster became the capital of Pennsylvania in 1799, again making use of the Court House and what is now the Heritage Center Museum, until Harrisburg was designated in 1812.

Photo Source: *The Heritage of Lancaster*, by John Ward Willson Loose, Windsor Publications, Woodland Hills, CA, 1978.

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)	2008	2007	2006
General Government	\$56.9	\$68.6	\$ 52.4
Public safety	10.3	2.5	2.4
Roads and bridges	0.4	0.5	0.6
Human services	117.4	113.4	104.2
Judicial	43.6	41.2	35.6
Corrections	23.6	20.5	18.7
Cultural and recreation	3.3	3.0	3.1
Community development	6.8	4.4	5.9
Interest on long-term debt	9.4	9.2	8.9
911 operations	-	8.7	8.2
Total Service Expense	\$271.7	\$272.0	\$ 240.0

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, hazardous materials response and the operation and maintenance of the County's 9-1-1 emergency response communications system.

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.

Did You Know?



In 1901, Christian F. Kunzler, a German immigrant used his life savings of \$700 to purchase a meat company at 652 Manor Street in Lancaster, PA. The company's headquarters remain at this location to this day. Over a century later, Kunzler & Co. is managed by the third and fourth generations of the family. The company has three manufacturing facilities which produce everything from hot dogs, bacon and hams to sliced deli meats and specialty items like scrapple. Kunzler & Co. produces enough hot dogs in one year to circle the Earth 3.5 times!

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 Receivables 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 revenues are 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 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>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Cash	\$47.5	\$ 73.1	\$ 91.9
Investments	0.5	0.4	1.3
Accounts receivable	27.9	18.0	29.2
Capital assets	208.4	193.2	169.6
Other assets	2.3	2.3	2.4
Total Assets	<u>286.6</u>	<u>287.0</u>	<u>294.4</u>
Liabilities			
Amount owed to vendors & employees	20.1	21.5	18.1
Unearned revenue	6.5	7.7	3.2
Long-term liabilities	258.3	252.5	246.6
Total Liabilities	<u>284.9</u>	<u>281.7</u>	<u>267.9</u>
Net Assets	<u>\$ 1.7</u>	<u>\$ 5.3</u>	<u>\$ 26.5</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.

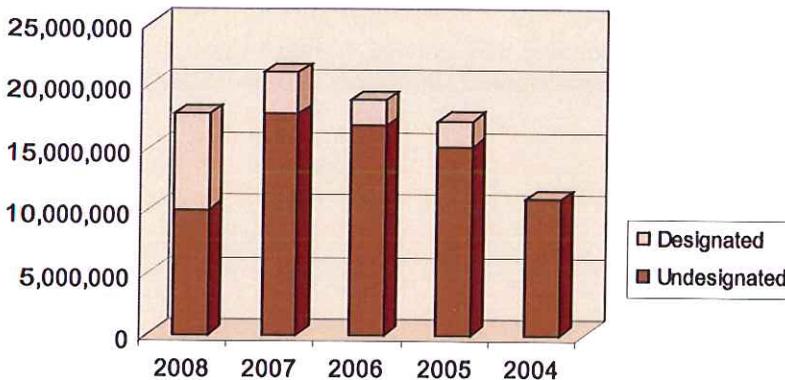
The following shows the levels of the County's designated and undesignated net financial resources at the end of each of the last five years, as measured by the amount of unreserved fund balance in the County's general fund.

Designations represent current net financial resources earmarked to fund the Commissioners' 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 \$17.7 million at December 31, 2008 represents approximately 13% of general fund revenues and 2 months of expenditures.

General Fund Unreserved Fund Balance



Did You Know?



The National Watch and Clock Museum located in Columbia, PA was officially opened to the public in 1977 with fewer than 1,000 items. Since that time, the collection has increased to over 12,000 items and the museum has undergone several expansion projects. The latest expansion opened in October 1999 and featured an entirely new and redesigned exhibit space, as well as a new two-story addition. Today, the museum is recognized as the largest and most comprehensive horological collection in North America.

General Obligation Debt

The County's Future Debt Payments

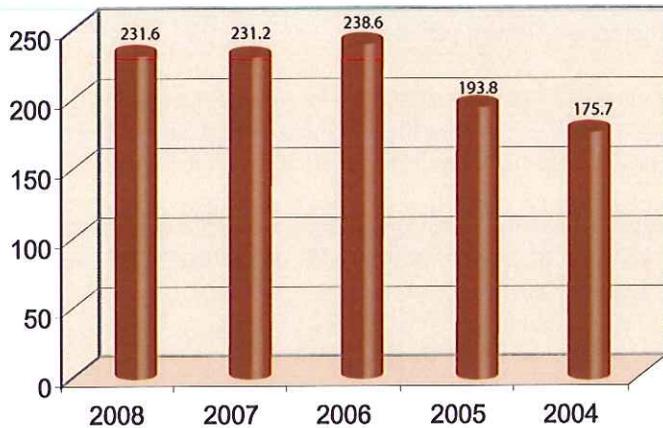
Shown below are the annual debt principal and interest payments for the next five years and thereafter in five-year increments on long-term debt outstanding as of December 31, 2008 for the County as a whole.

Debt Year	Debt Payment
2009	17,603,217
2010	17,639,316
2011	17,680,339
2012	17,712,097
2013	17,782,160
2014-2018	89,929,214
2019-2023	71,548,560
2024-2028	47,886,708
2029-2033	21,107,180

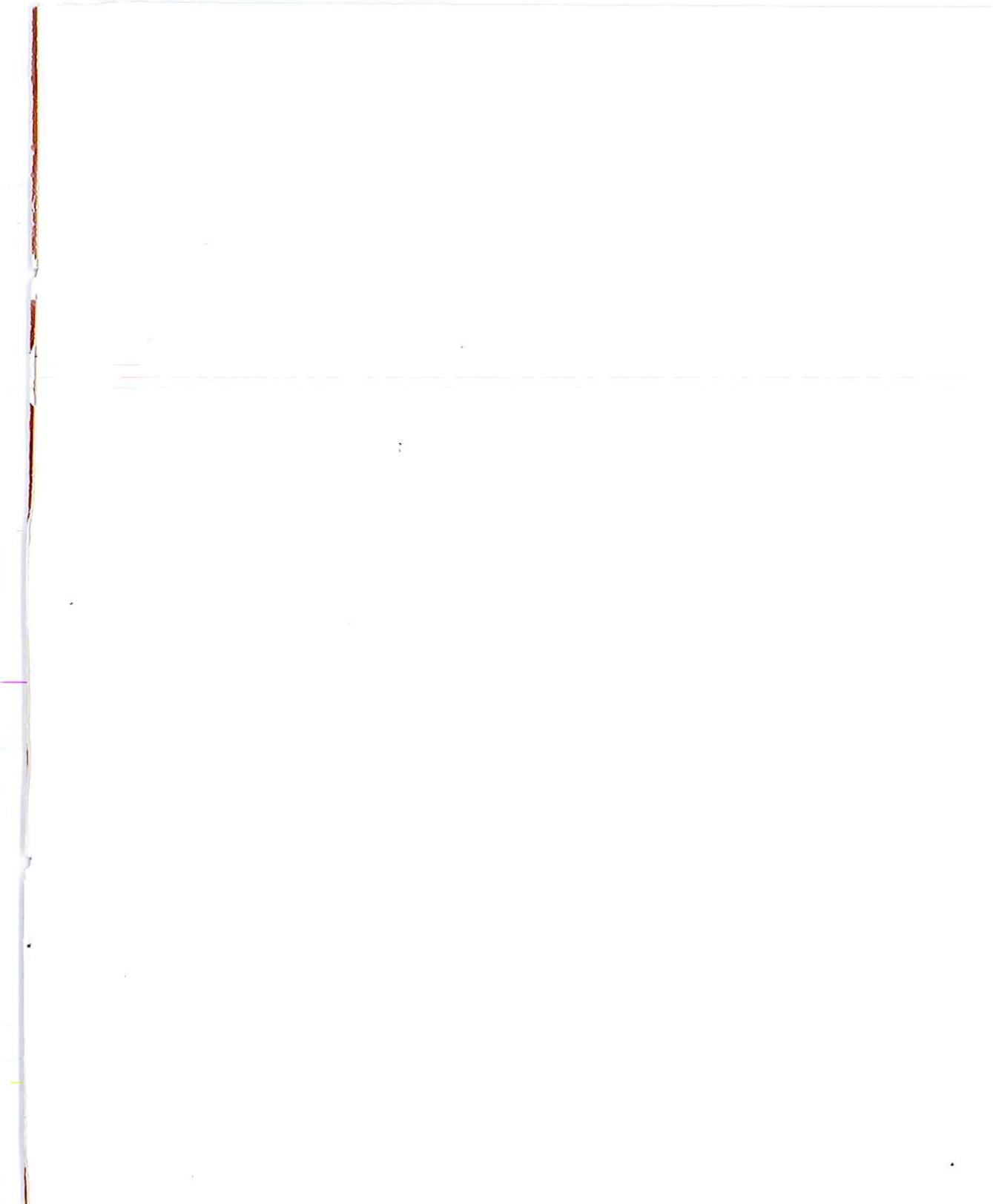
General Obligation Bonds and Notes are long-term debt instruments which are repaid from the County's general revenue sources.

Lancaster County's outstanding general obligation bonds and notes at December 31, 2008 and the preceding four years:

General Obligation Bonds and Notes



At December 31, 2008, the County had \$231,591,789 of net general obligation debt outstanding. Net general obligation debt per capita (per County resident) at December 31, 2008 was approximately \$461.00



County of Lancaster

ELECTED OFFICIALS at December 31, 2008

Clerk of Courts

Ryan P. Aument 717-299-8275

Commissioners

Dennis P. Stuckey, Chairman 717-299-8300

Scott Martin, Vice Chairman 717-299-8300

Craig Lehman 717-299-8300

Controller

Walter L. Rogers, Acting Controller 717-299-8262

Coroner

Steve Diamantoni, MD 717-735-2123

District Attorney

Craig W. Stedman 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

Mary Ann Gerber 717-299-8243

Sheriff

Terry A. Bergman 717-299-8200

Treasurer

Craig A. Ebersole 717-299-8222

County of Lancaster Controller's Office

150 North Queen Street • Suite #710 • Lancaster, PA 17603

717-299-8262 • www.co.lancaster.pa.us