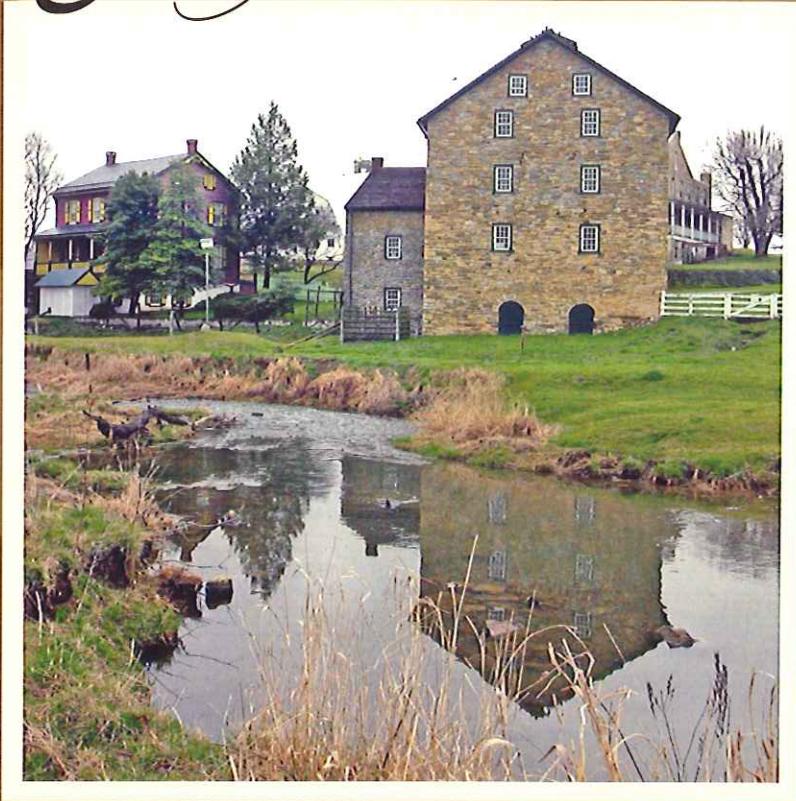


County of Lancaster

PENNSYLVANIA



ANNUAL REPORT SUMMARY

December 31, 2009

Prepared by the Office of the Controller
Keith J. Greiner, Controller



Controller's Office

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

Controller
Keith J. Greiner, 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 2009. 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, 2009.

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, 132 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,

Keith J. Greiner, CPA
Lancaster County Controller



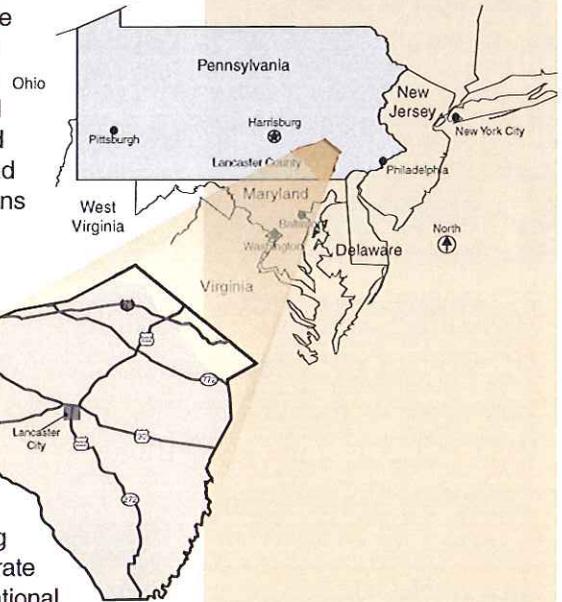
About Lancaster County

Home to approximately 507,766 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.

In comparison to the rest of the United States, Lancaster County's economy has retained a very strong base in manufacturing. In fact, the County is the third largest industrial area in Pennsylvania behind only Pittsburgh and Philadelphia. The County's close proximity to major metropolitan markets and the Ports of Baltimore, Philadelphia and Wilmington makes it an ideal location for business growth and success. Within 500 miles of half the buying power in the nation, the County's access to these growing markets offers many possibilities. The County's unemployment rate of 7.5% remains consistently lower than both the state and national averages of 8.8% and 10.0%, respectively. These factors have helped Lancaster County's business and industrial communities remain vibrant as they adapt to the ever-changing market.

Agriculture contributes significantly to the economy as well as the County's quality of life. Every dollar of agriculture-related products that leave Lancaster County's farms boost our economy by \$6.00; a value of \$6 billion per year. With the most productive non-irrigated farmland in the United States, it is no surprise that the County is one of the top food producers in the nation. Due to a well-balanced mix of crops and livestock, products such as dairy, poultry, swine, beef, corn, hay, fruit and vegetables are distributed to millions of people worldwide. To ensure that farmers have the opportunity to keep their rich and valuable farmland in production for generations to come, the County has a strong agricultural preservation effort in place. Spearheaded by the Lancaster County Agricultural Preservation Board and the Lancaster Farmland Trust, this effort has resulted in Lancaster County being first in the nation in number of acres of preserved farmland, with approximately 85,300 acres preserved on nearly 1,100 individual farms.

In addition to manufacturing and agriculture, tourism plays a big part in the economy. Lancaster County's farmland and culture are the main reason why seven million tourists a year visit the County, spending nearly \$1.6 billion. Only a short drive from Philadelphia, Baltimore and Washington D.C., the County is an ideal destination for day trips, weekend getaways or extended vacations. The County's cultural and natural attractions combine education and recreation for a one of a kind tourist experience



Your County Real Estate Taxes

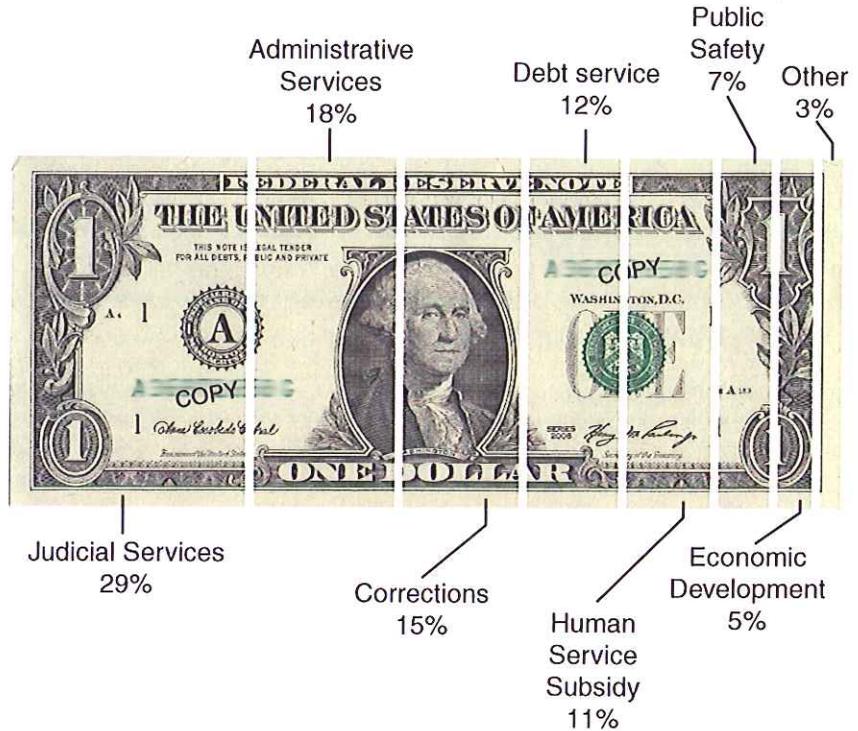
Did You Know?



The Pennsylvania Rifle, misnamed the Kentucky Rifle, was developed in Lancaster by Swiss gunsmith, Martin Meylin. Meylin put spiraling grooves in the barrel, known as "rifling". The rifling made it extremely accurate up to 300 yards. The long rifle was an important tool for American frontiersmen in the 17th and 18th centuries. The rifle put food on the table, protected homes, and helped win battles in the Revolutionary War and the War of 1812.

Lancaster County residents paid County real estate taxes of \$341.60 on \$100,000 of assessed value in 2009.

Over half (\$136.1 million) of the County's spending is funded by state and federal grants and charges for services. The remaining spending (\$114.9 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.

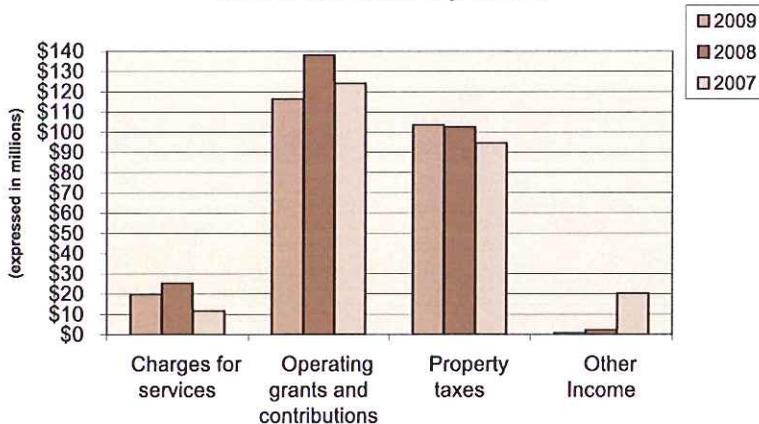


Dollars In...

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

Revenues Taken In (expressed in millions)	2009	2008	2007
Program Revenues:			
Charges for services	\$ 19.8	\$ 25.4	\$ 11.7
Operating grants and contributions	116.3	138.0	124.1
General Revenues:			
Property taxes	103.6	102.5	94.7
Departmental revenues	-	-	14.5
Unrestricted investment earnings	0.8	2.2	5.8
Total Revenues	\$ 240.5	\$ 268.1	\$ 250.8

Trends of Revenue by Source



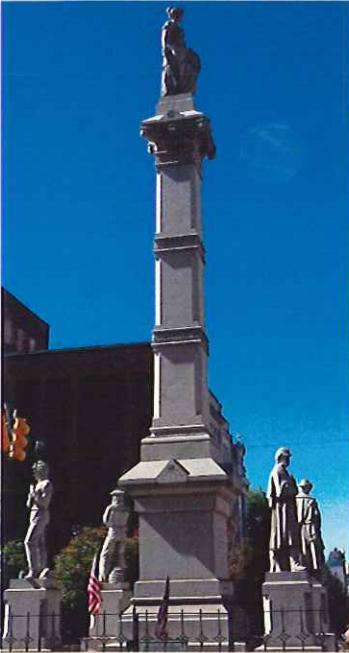
Did You Know?



The Hans Herr House, built in 1719, is the oldest building in Lancaster County and the oldest remaining original site of Mennonite worship in North America. The Museum includes the charming stone house, a reconstructed blacksmith shop, an 18th century outdoor bake oven and smokehouse, and a large agricultural exhibit. Herr was the "aged patriarch" of a group of Swiss Mennonites who had come to America to escape the persecution they had endured for 200 years. The house, actually built by Han's son Christian, served as the family residence and a congregational meeting place.

Dollars Out...

Did You Know?

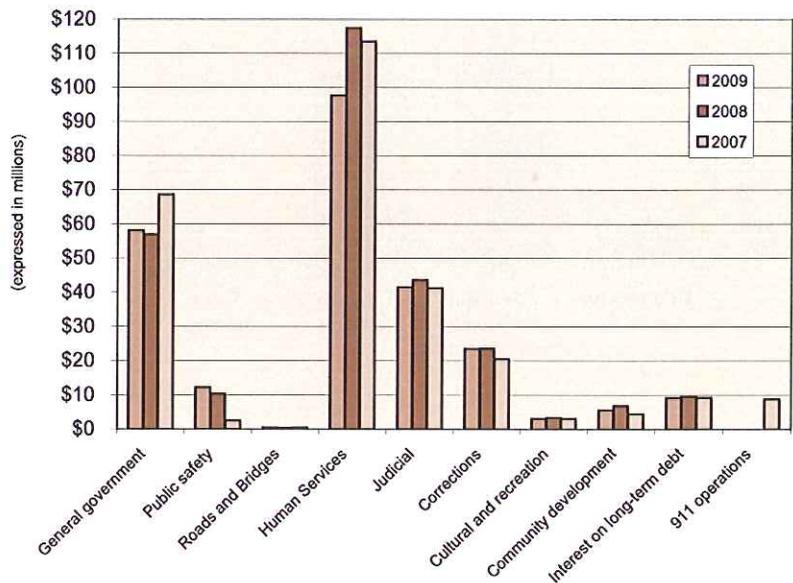


The Soldiers and Sailors Monument is a 43-foot (13 m) tall Gothic Revival memorial which stands in Penn Square in downtown Lancaster. It was dedicated on July 4, 1874, at its present site on the Northeast intersection of King and Queen Streets. The monument's original intention was to pay tribute to Lancasterian Union soldiers killed during the American Civil War. However, today the Soldiers and Sailors Monument represents all those killed in every American military conflict since its 1874 dedication.

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)	2009	2008	2007
General Government	\$58.0	\$56.9	\$68.6
Public safety	12.2	10.3	2.5
Roads and bridges	0.5	0.4	0.5
Human services	97.6	117.4	113.4
Judicial	41.5	43.6	41.2
Corrections	23.4	23.6	20.5
Cultural and recreation	3.0	3.3	3.0
Community development	5.6	6.8	4.4
Interest on long-term debt	9.2	9.4	9.2
911 operations	-	-	8.7
Total Service Expense	\$251.0	\$271.7	\$272.0

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?



Wheatland, an 1828 Federal mansion house, was the rural Lancaster County home of James Buchanan, the 15th President of the United States. The mansion served as Democratic headquarters during the 1856 presidential campaign and he gave his first campaign address to townspeople gathered on the front lawn. This National Historic Landmark has been restored to show life during the years of Buchanan's occupancy (1848-1868).

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 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 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>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Cash	\$37.0	\$47.5	\$ 73.1
Investments	0.5	0.5	0.4
Accounts receivable	28.6	27.9	18.0
Capital assets	223.5	208.4	193.2
Other assets	2.2	2.3	2.3
Total Assets	<u>291.8</u>	<u>286.6</u>	<u>287.0</u>
Liabilities			
Amount owed to vendors & employees	19.3	20.1	21.5
Unearned revenue	6.1	6.5	7.7
Long-term liabilities	275.2	258.3	252.5
Total Liabilities	<u>300.6</u>	<u>284.9</u>	<u>281.7</u>
Net Assets	<u>(\$ 8.8)</u>	<u>\$ 1.7</u>	<u>\$ 5.3</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.

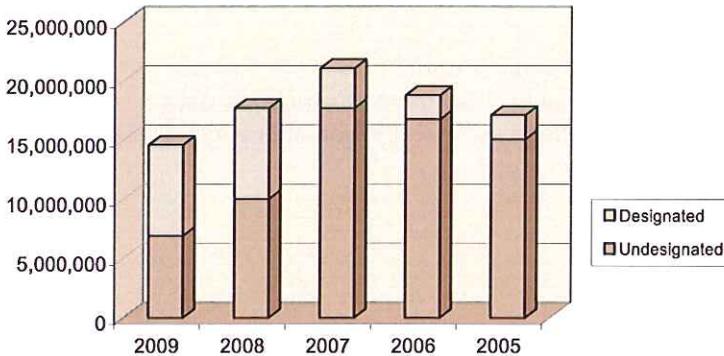
The following shows the levels of the County's designated and undesignated net financial resources at the end of each of the last five years, as measured by the amount of unreserved fund balance in the County's general fund.

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 \$14.6 million at December 31, 2009 represents approximately 11% of general fund revenues and 1.5 months of expenditures.

General Fund Unreserved Fund Balance



Did You Know?



The Railroad Museum of Pennsylvania is located on Route 741 just east of Strasburg. The Museum houses one of the most significant collections of historic railroad artifacts in the world and is devoted to preserving and interpreting the broad impact of railroad development on society. The museum's more than 100 historic locomotives and railroad cars chronicle American society on the move. Visitors may take the throttle on a simulated run in a real freight locomotive cab, climb aboard a caboose, inspect a 62-ton locomotive from underneath, view restoration activities via closed-circuit television, and enjoy interactive educational programs.

General Obligation Debt

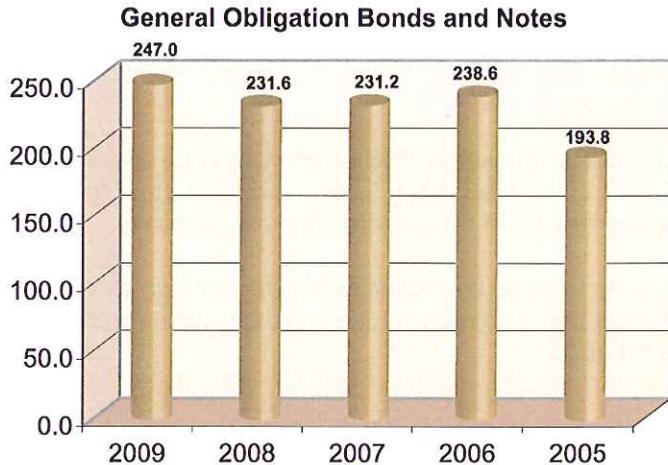
The County's Future Debt Payments

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, 2009 for the County as a whole.

Year	Payment
2010	19,146,130
2011	19,878,971
2012	19,879,225
2013	19,937,045
2014	19,942,540
2015-2019	99,702,030
2020-2024	74,279,650
2025-2029	55,094,019
2030-2034	14,297,641

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, 2009 and the proceeding four years:



At December 31, 2009, the County had \$247,014,571 of net general obligation debt outstanding. Net general obligation debt per capita (per County resident) at December 31, 2009 was approximately \$486.00



County of Lancaster

ELECTED OFFICIALS at December 31, 2009

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