

County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2013

PREPARED BY THE OFFICE OF THE CONTROLLER
ALFRED L. WHITCOMB, CONTROLLER
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25 Years

Certificate
Of Achievement
For
Excellence In Financial Reporting



Alfred L. Whitcomb
Controller



COUNTY OF CUMBERLAND, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

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ALFRED L. WHITCOMB, CONTROLLER

COUNTY OF CUMBERLAND, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page(s)</u>
Letter of Transmittal	1-7
Certificate of Achievement for Excellence in Financial Reporting	8
Organizational Chart	9
List of Elected Officials	10
Map of the County	11
<u>FINANCIAL SECTION</u>	
Report of Independent Auditors	13-15
Management’s Discussion and Analysis	16-28
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position	30-31
Statement of Activities	32
Fund Financial Statements	
Description of Major Governmental Funds	33
Balance Sheet – Governmental Funds	34-35
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	36
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	37
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	38
Description of Major Proprietary Funds	39
Statement of Net Position – Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	41
Statement of Cash Flows – Proprietary Funds	42-43
Description of Fiduciary Funds	44
Statement of Fiduciary Net Position – Fiduciary Funds	45
Statement of Changes in Fiduciary Net Position– Pension Trust Fund	46

COUNTY OF CUMBERLAND, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
Notes to the Financial Statements	48-88
 <u>Required Supplementary Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	90-91
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Mental Health/Intellectual and Developmental Disabilities	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Children and Youth	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – HealthChoices-Cumberland County	94
Employees’ Retirement Plan and Other Postemployment Benefits Schedules of Funding Progress and Employees’ Retirement Plan Schedule of Employer’s Contributions	95-96
Notes to Required Supplementary Information	97-98
 <u>Supplementary Information</u>	
Description of Nonmajor Governmental Funds	101-102
Combining Balance Sheet – Nonmajor Governmental Funds	103-105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	106-108
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Liquid Fuels Tax	110
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Domestic Relations Office	111
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Office of Aging	112
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Human Services Development	113
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Food and Shelter	114

COUNTY OF CUMBERLAND, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Drug and Alcohol	115
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Fiscal Employer Agent	116
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Witness Assistance	117
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Witness Assistance – VOCA	118
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – ARD/DUI Program	119
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Records Improvement	120
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Recycling and Waste	121
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Affordable Housing	122
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Hotel Tax	123
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Debt Service	124
Nonmajor Governmental Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Capital Projects	125
Description of Other General Fund Programs	127
Other General Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Insurance Fraud Prevention Authority	128
Other General Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Criminal Justice Planning	129
Other General Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Offender Supervision	130
Other General Fund Schedules of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – STOP Grant	131

COUNTY OF CUMBERLAND, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
Other General Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – Human Services Administration	132
Description of Nonmajor Enterprise Funds	134
Combining Statement of Net Position – Nonmajor Enterprise Funds	135
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds	136
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	137
Description of Internal Service Funds	138
Combining Statement of Net Position – Internal Service Funds	139
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	140
Combining Statement of Cash Flows – Internal Service Funds	141
Description of Agency Funds	143
Combining Statement of Assets and Liabilities – Agency Funds	144-145
Combining Statement of Changes in Assets and Liabilities – Agency Funds	146-149
 <u>STATISTICAL SECTION</u>	
Description of Statistical Section	151
Financial Trends	
Net Position by Component	152-153
Changes in Net Position	154-159
Fund Balances of Governmental Funds	160-161
Changes in Fund Balances of Governmental Funds	162-165
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	166
Direct and Overlapping Property Tax Rates	167-168
Principal Property Taxpayers	169
County Real Estate Tax Levies and Collections	170

COUNTY OF CUMBERLAND, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
Library Tax Levies and Collections	171
Debt Capacity	
Ratio of Outstanding Debt by Type	172
Ratios of General Bonded Debt Outstanding	173
Direct and Overlapping Governmental Activities Debt	174
Legal Debt Margin Information	176-177
Demographic and Economic Information	
Demographic and Economic Information	178
Principal Employers – Ten Years Ago and Current	179
Operating Information	
Full-Time Equivalent County Employees by Function/Program	180-181
Operating Indicators by Function	182-185
Capital Asset Statistics by Function	186-187

PHOTOGRAPHY CREDITS

The cover photograph is of the historic Old Courthouse building located in downtown Carlisle, Cumberland County. Cover photograph is courtesy of Tina Malick, with assistance from Chris Sechrist.

Controller of Cumberland County

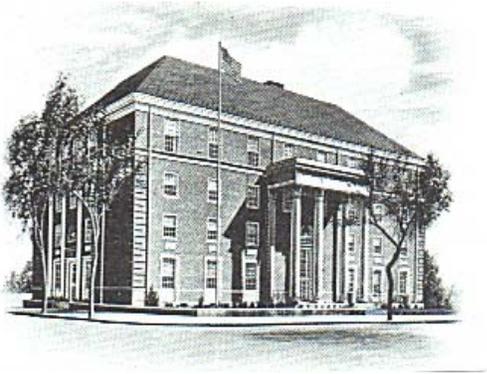
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AUDIT MANAGER

TINA L. MALICK
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

June 18, 2014

TO: THE COMMISSIONERS AND CITIZENS OF CUMBERLAND COUNTY

County Code requires the elected County Controller to prepare an annual financial report and audit of the County's books on or before the first day of July of the following year. The Controller publishes a Comprehensive Annual Financial Report (CAFR) as part of satisfying this requirement. Cumberland County's Controller independently prepares the County's CAFR in accordance with U.S. generally accepted accounting principles (GAAP). The CAFR's basic financial statements are audited by an independent firm of certified public accountants in cooperation with the Controller's audit staff.

This report consists of County management's representations concerning the finances of Cumberland County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal control should not outweigh its benefits, the County's internal control has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As the Controller, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

Two "government-wide" financial statements are included in the County's CAFR: the Statement of Net Position and the Statement of Activities. These financial statements are discussed more fully in Note 1 to the financial statements.

These government-wide financial statements help taxpayers:

- Assess the finances of the County in its entirety, including the year's operating results.
- Determine whether the County's overall financial position improved or deteriorated.

- Evaluate whether the County’s current-year revenues were sufficient to pay for current-year services.
- See the County’s cost of providing services to its citizenry.
- See how the County finances its programs – through user fees and other program revenues versus County tax revenues.
- Understand the extent to which the County has invested in capital assets, including bridges.
- Make better comparisons between governments.

The County’s basic financial statements have been audited by KPMG LLP in cooperation with the Controller. KPMG LLP is a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County as of and for the year ended December 31, 2013, are free of material misstatement. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the County is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COUNTY

Introduction

Cumberland County is a third class county founded January 27, 1750. It is governed by an elected Board of Commissioners consisting of three members elected to four year terms. The Commissioners are the responsible managers and administrators of the County’s fiscal affairs. The law provides for the Controller to act as a “check and balance” on County management and administrators by supervising the County’s fiscal affairs by keeping the books, auditing, settling and adjusting the accounts, and reporting the County’s financial results.

Cumberland County government provides its residents with a wide variety of services in areas such as emergency telephone, prison, courts, probation, road and bridge maintenance, Claremont Nursing and Rehabilitation Center, and human services which include mental health and intellectual and developmental disabilities, HealthChoices, children and youth, aging and others.

The County is located in the south central part of the state, between two Appalachian Mountain Ranges. Generally, the County's boundaries follow definite physical features. It is bounded on the North by the Blue Mountain Range, on the East by the west bank of the Susquehanna River, on the South its southeastern boundary follows the Yellow Breeches Creek from the Susquehanna River to Williams Grove with the remainder of its southeastern and southern boundary following Mains Run, Gum Run, Middle Spring Creek and Laughlin Run.

There are eleven boroughs and twenty-two townships in the County. Harrisburg, the Capital of Pennsylvania, is located in the county adjacent to Cumberland County. The County has a land area of 555 square miles and an estimated 2013 population of 241,212. Sixteen percent of the land is vacant, which includes wooded areas in mountainous areas and 43 percent is agricultural land. It is the 16th most populous county in the state and ranks 41st of 67 counties in size.

Cumberland County offers its residents and guests a rich history, quaint downtowns, exciting shopping opportunities, a thriving artistic community, lakes and streams for fishing and boating, beautiful state parks with new amenities and many miles of scenic hiking trails. The popular Carlisle Events car shows held throughout the year and the Army Heritage and Education Center, with its hands-on displays, large and unique collection of military artifacts and special events, attract more visitors to Cumberland County each year.

Cumberland County is the central hub of the region's many cultural, historical and entertainment attractions such as Gettysburg with its Civil War Battlefield, Lancaster, and nearby Hershey with its well-known Hersheypark and sport and concert venues. Cumberland County is just a 2 to 3 hour drive away from Washington, D.C., the nation's capital, Philadelphia, Inner Harbor in Baltimore, Maryland and New York City.

Component Units

The County adheres to Government Accounting Standards Board (GASB) Statement No.'s 14 and 61 criteria in determining which activities and entities to include in the County's financial statements based on their financial accountability and nature of relationship to the County.

The Cumberland County Recycling & Waste Authority, a legally separate governmental entity qualifies as a blended component unit and is reported as special revenue fund of the County.

The Cumberland Area Economic Development Corporation, the Cumberland County Conservation District and the Industrial Development Authority entities qualify as discretely presented component units of the County.

Budget

By law, the County budget is required to be adopted by the County Commissioners not later than December 31st of the previous year. The proposed budget is required to be available for public inspection for at least twenty days prior to its adoption. The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose. Appropriations lapse at the close of the fiscal year to the extent not expended.

The County Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

Budgets are legally adopted for all County governmental funds, except for the Cumberland Area Economic Development Corporation, a legally separate governmental not-for-profit, and the Industrial Development Authority, a discretely presented component unit of the County.

Local Economy

The local economy in Cumberland County is driven in great part by the approximately 6,000 businesses that employ nearly 116,000 people. The economy also benefits from the regional presence of federal, state and local government operations. Cumberland County ended 2013 with a December unemployment rate of 5.3% percent – the 4th lowest unemployment rate among Pennsylvania’s 67 counties - whereas statewide unemployment rate was 6.9% percent. (Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information & Analysis, December not seasonally adjusted rate.)

Employment levels are boosted by the presence of major employers in the insurance, healthcare, manufacturing, and transportation and warehousing industries. The County’s five largest employers include the U.S. Government – Naval Inventory Control Point and Carlisle Barracks, Highmark Blue Shield, Giant Foods, Holy Spirit Hospital and Commonwealth of Pennsylvania.

Cumberland County incomes exceed the state and national averages with the county’s average income at \$46,206, Pennsylvania’s average at \$45,083 and the national average at \$43,735 (2012 data from the U.S. Department of Commerce, Bureau of Economic Analysis, as 2013 data is unavailable).

Long-term Planning

2013 was a year of reviewing recent financial history in order to set a successful course for the next 3 – 5 years. As 2013 drew to a close, the County concluded a mission review as part of an early intervention program sponsored by the Commonwealth. The purpose of the review is to ensure that the County maintains its fiscal health going forward. This was done through an assessment of the scope of its mission, the cost of delivering services, and ascertaining how citizens prioritize the services the County delivers.

The County has maintained a planning process using ERP-based financial data for many years. In looking at long term projections, it has become clear to all parties that the County faces a long term structural imbalance between revenues and expenses. Simply put, expenses are growing at a faster rate than revenues, which are constricted by reliance on property taxes. Projections show that if not addressed now, the imbalance will worsen through 2017 and beyond at a significant rate.

The mission review should result in a pro-active, strategic approach to addressing the imbalance that gives the County more time to engineer a solution based on enhanced quality of services and improved productivity. Delaying will force the County into a situation with fewer and more severe options.

The County has benefited from a fiscally prudent approach to its finances. County tax/millage rates are the lowest among comparable counties. The County’s bond rating is pristine at AAA rating as it’s avoided borrowing to cover operating expenses and kept capital borrowing to manageable levels at low interest rates. Services are provided to thousands of County residents with generally positive levels of customer satisfaction.

But what has worked in the past may not be sufficient to address the challenge posed by the structural imbalance. It is time to re-examine the traditional approaches to fiscal management that served the County well in the past in light of this growing imbalance. Since the economic downturn in 2008, stories abound of Pennsylvania counties and municipalities who have dealt with these same types of imbalances with varying degrees of success. The County wants to be creative, flexible, timely and thorough, and have the opportunity to sustain its financial health and the services citizens value going forward with a minimum of displacement.

Because the County remains committed to fiscal solvency, it is looking to thoughtful ways to “bend the cost curve down”. Secondly, it is looking for ways to increase revenues through better collections of fees, fines and costs; as well as updating fees as needed to cover the costs of providing services. It cannot justify an approach of going to the taxpayers of the County for more funds to simply cover the cost of doing “business as usual”. Any increase in taxes must be accompanied by significant commitments to greater cost effectiveness over the next 3 – 5 years.

The County Strategy

The County Strategy had not been updated significantly since it was adopted in 2008. The County Scorecard reflects the concept that a “balanced” approach to planning plus an alignment of priorities and service strategies across the organization will yield better outcomes for County residents. However, the context in which it was developed has changed significantly. This makes 2014 an important time to reassess and where appropriate, modify.

1. The Scorecard was developed when the economy was relatively robust. Budget surpluses were high. Non-tax sources of revenue were readily available from the Federal and State government.
2. The Scorecard reflected the state of the economy. County objectives were framed in terms of expanding to meet a broad range of needs, with emphasis on quality and efficiency.
3. Even as the economy slipped into recession, it was viewed as short-term. When cuts in Federal and State funding came, the belief was that they would be restored quickly.

As it became apparent that the economic downturn was not short term and that non-tax revenues would not be restored quickly, the County Mission had to be achieved under conditions of prolonged austerity. This required shifts in emphasis:

- From expansion and modernization of services to consolidation of scope of government based on reassessing priorities.
- From expansion of infrastructure (including technology) to concern about overcapacity.
- From subsidizing functions to requiring self-sufficiency.

Major Initiatives

What to do? A partial list of actions currently in place and/or under consideration by the County include:

- An ongoing assessment of recommendations coming out of the mission review to ascertain which hold the most potential and how they can be best implemented.
- A freeze on new positions.
- A close out of all approved positions that have been vacant for more than 3 months.
- A continued freeze on the County’s “steps” increases, which are not based on performance.
- A short term update of the County’s Strategy and Balanced Scorecard to better reflect the financial goals related to diminishing the structural imbalance.
- A reduction in the incidence and cost of overtime and on-call arrangements both with union and non-union departments.
- A replacement of the current, vast array of performance measures with a shorter list of key goals and objectives that tie to the County’s updated objectives; ensuring that individual and department goals will be “in the line of sight” of the County’s objectives.
- The development of 2014 performance goals for all Department Heads aligned clearly with the County’s updated objectives.

- A plan to use the performance goals, begin the implementation of a Pay for Performance compensation arrangement to replace the current system. The pay for performance system will reward the most productive teams and individuals and not reward those who do not achieve acceptable levels of performance. The new system will be tested in 2014 and rolled out on January 1, 2015.
- Gain sharing programs that incentivize staff to look for ways to work smarter and increase productivity without increasing staff.
- A review of all requests to fill vacancies to encourage management to look for gain sharing opportunities wherever possible.
- Continuous quality improvement that seeks to re-engineer all workflows and business processes to improve efficiency, quality and customer satisfaction on an ongoing basis.
- Continued efforts to increase operational efficiencies on top of many notable and ongoing cost savings already achieved by County departments.
- Where appropriate, increasing user fees and collections for specific services.
- Looking to share services that require large infrastructure/overhead with neighboring counties to achieve better economies of scale.
- Developing a more clearly defined and assertive approach to smart and balanced economic development for the County.

The County views this as the first step in a strategic approach over the next 3 – 5 years to address the forces driving the growing structural imbalance. Actions resulting from the mission review, reassessment of compensation, and user fees will help contain expenses this coming year, and broaden in subsequent years. Programs associated with quality improvement, economic development, and regional partnerships will have a noticeable impact starting in 2015.

Financial Policies and Practices

The Cumberland County Commissioners have formally adopted a financial philosophies policy setting forth objectives intended to guide financial decisions. The Commissioners have also formally adopted financial policies in the areas of financial planning, fund balance, budgeting, debt management and electronic banking.

The County Commissioners and the Retirement Board have both formally adopted investment policies governing County and Pension Trust Fund investments, respectively.

The County Commissioners have formally adopted purchasing policies encompassing legal compliance and encouraging competitive and economical procurement of goods and services.

The County has implemented other key fiscal practices such as well documented monthly financial close processes, monthly budget versus actual activity monitoring and a separate evaluation and approval process for both grants and capital spending.

Financial Reporting Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cumberland County for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the twenty-

fifth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Cumberland County for its popular annual financial report for the year ended December 31, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a governmental unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Cumberland County has received a Popular Award for the last ten consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Distinguished Budget Presentation Award

The GFOA awarded their Distinguished Budget Presentation Award to Cumberland County for its annual budget document, prepared by the County Finance Office, for the fiscal year beginning January 1, 2013. This is the sixth consecutive year the County has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Controller's Office, the Finance Office and all department fiscal officers. Credit must also be given to the Commissioners for maintaining the highest standards of professionalism in the management of Cumberland County's finances.

Respectfully submitted,



Alfred L. Whitcomb
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

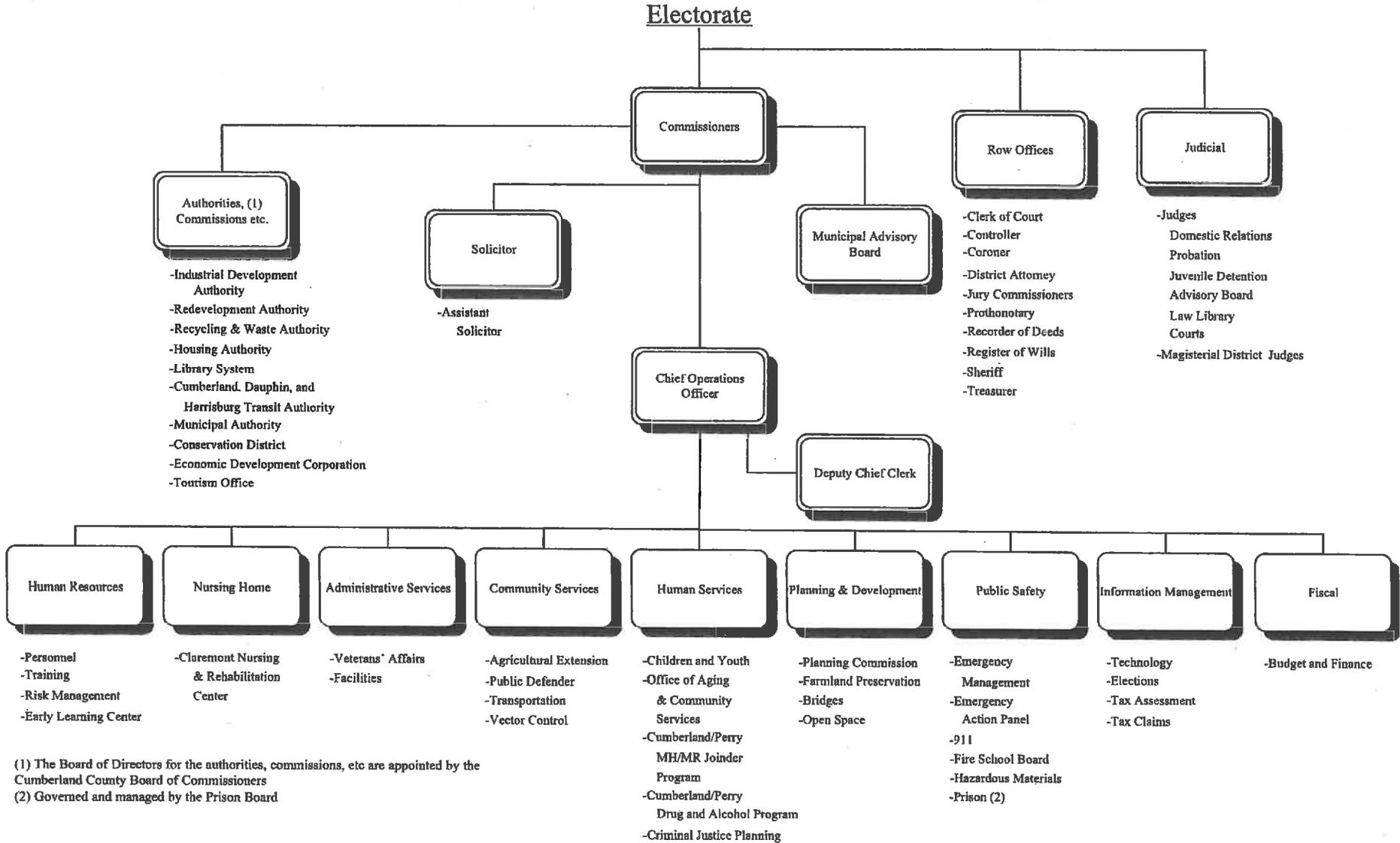
**County of Cumberland
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

Cumberland County, Pennsylvania Organizational Chart



(1) The Board of Directors for the authorities, commissions, etc are appointed by the Cumberland County Board of Commissioners
 (2) Governed and managed by the Prison Board

COUNTY OF CUMBERLAND
LIST OF ELECTED OFFICIALS
AS OF DECEMBER 31, 2013

COMMISSIONERS

Barbara B. Cross, Chairperson
James Hertzler
Gary Eichelberger

PROTHONOTARY

David D. Buell

CLERK OF COURT

Dennis E. Lebo

JUDGES OF COURT

Honorable Kevin A. Hess, President Judge
Honorable Edward E. Guido
Honorable M.L. "Skip" Ebert
Honorable Albert H. Masland
Honorable Christie Lee Peck
Honorable Thomas Placey

TREASURER

John C. Gross, II

SHERIFF

Ronny R. Anderson

*NEW OFFICE HOLDER EFFECTIVE 1/1/2014

Register of Wills – Lisa M. Grayson
Recorder of Deeds – Tammy Shearer

(1) On December 22, 2011, the Board of Commissioners abolished the Jury Commissioner positions, effective at the expiration of the current Jury Commissioner term, to wit January 5, 2014.

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS *

Glenda Farner-Strasbaugh

CORONER

Charles E. Hall

RECORDER OF DEEDS *

Robert P. Ziegler

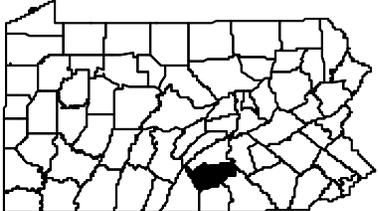
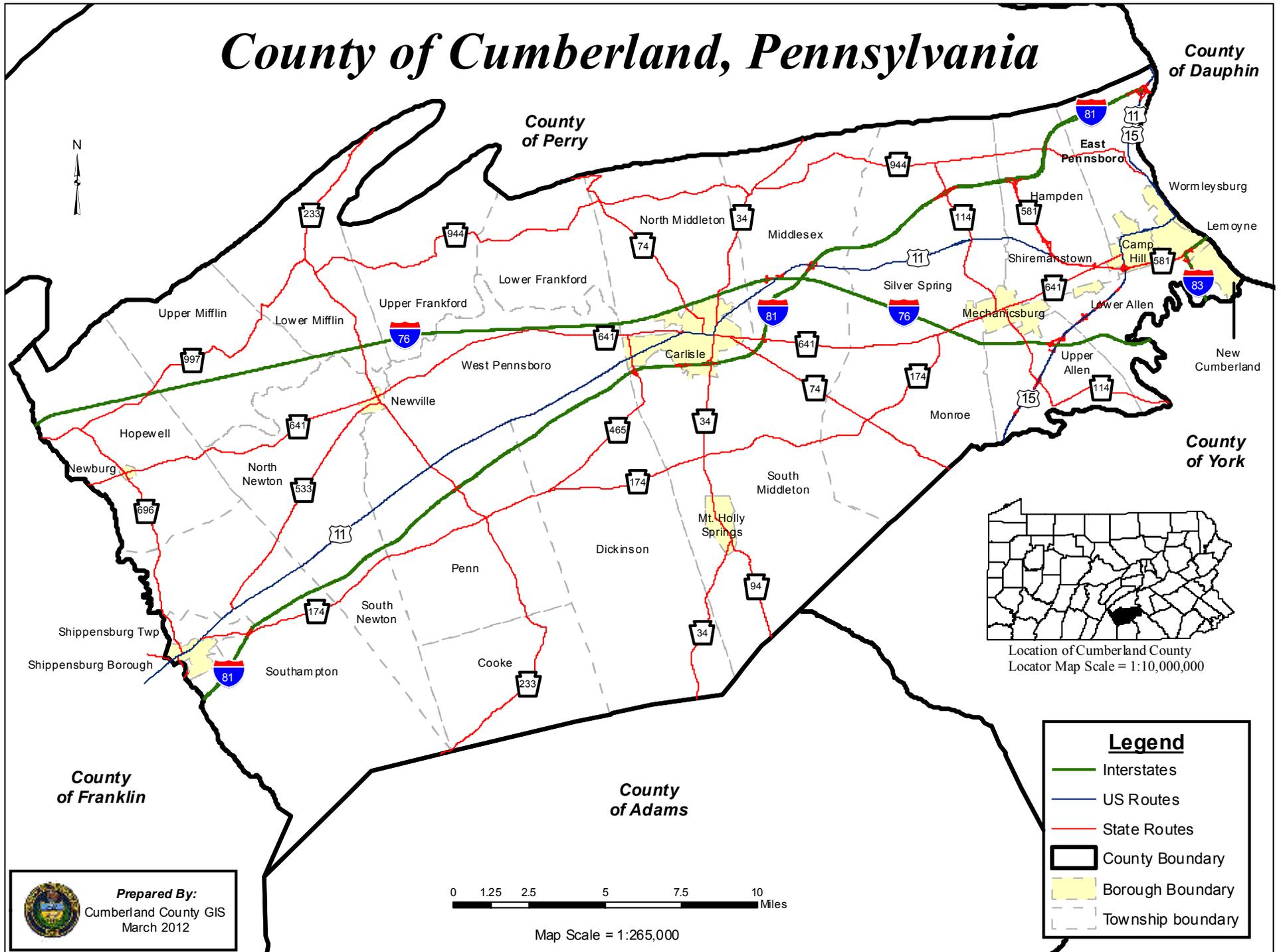
JURY COMMISSIONERS (1)

Vacant

DISTRICT ATTORNEY

David J. Freed

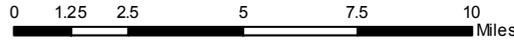
County of Cumberland, Pennsylvania



Location of Cumberland County
Locator Map Scale = 1:10,000,000

Legend

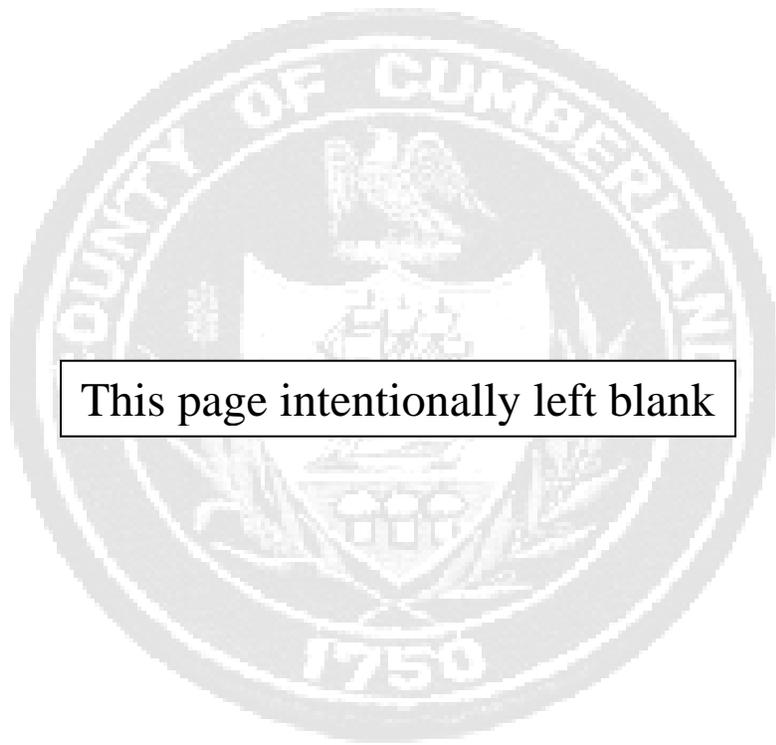
- Interstates
- US Routes
- State Routes
- County Boundary
- Borough Boundary
- Township boundary



Map Scale = 1:265,000

Prepared By:
Cumberland County GIS
March 2012





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KPMG LLP
Suite 1000
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PO Box 1190
Harrisburg, PA 17108-1190

Independent Auditors' Report

County Commissioners
County of Cumberland, Pennsylvania
Carlisle, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Pennsylvania (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the entities within the aggregate discretely presented component units, which include the Conservation District, the Industrial Development Authority, and the Cumberland Area Economic Development Corporation (CAEDC). Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Pennsylvania, as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Change in Accounting Principle Resulting from Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, effective January 1, 2013, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion, and analysis and budgetary comparison information, employee's retirement plan and other postretirement benefits schedules of funding progress and the employee's retirement plan schedule of employer's contributions on pages 16–28 and 90–98 (collectively referred to as "required supplementary information") be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section,



supplementary information, and statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

Harrisburg, Pennsylvania
June 20, 2014

As management of Cumberland County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the most recent fiscal year by \$71,008,968 (*net position*). Of this amount, \$30,630,540 (*unrestricted net position*) may be used to meet the County's general ongoing obligations to citizens and creditors, whereas an additional \$8,345,285 of *restricted net position* are available for funding specific activities benefiting the citizens.
- As of December 31, 2013, Cumberland County's governmental funds reported combined ending fund balances of \$34,971,311, an increase of \$1,013,206, due primarily to a combination of expenditure reductions and a property tax millage adjustment. Approximately 75 percent of the total amount (\$26,558,896) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- The government's total net position increased by \$5,586,823 in 2013, which represents approximately three percent of total expense, due to the aforementioned reasons.
- The County's general fund total fund balance was \$28,840,845 at the end of 2013, up 15% or \$3,677,582 which compares favorably to the budgeted 2013 drawdown of \$6.6 million. The favorable budgetary results were in part because of a savings in salaries and benefits and reduction of subsidies to County programs of \$1,768,960 and \$2,753,648, respectively.
- At the end of 2013, general fund unassigned fund balance was \$17,148,138 and assigned fund balance was \$8,527,430 for future budgetary requirements, capital projects, farmland preservation, prison canteen and health care, and criminal justice programs.
- Cumberland County's total general obligation debt decreased by \$3,478,039. The County's debt decreased due to the payment of the scheduled principal payments.
- The County's bond rating was confirmed AAA in April 2013 and again in April 2014.
- The County refinanced the 2005, 2007, and 2009 general obligation notes in 2013. The refinancing resulted in a \$2,028,000 reduction in payments and an economic gain of \$1,903,648 in total.
- The County preserved 252 acres of premium farmland in 2013. The total preserved farmland is 15,563 acres with 650 acres pending. In 2013, we received \$11,100 in private donations towards the farmland preservation program.
- Cumberland County participated in the Commonwealth's Early Intervention program, which included a mission review.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflow of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administrative and judicial, corrections, public safety, roads and bridge maintenance, recycling and waste management, human services, culture and recreation, conservation, community redevelopment and housing, economic development and assistance, the health reimbursement arrangement and interest expense. The business-type activities include the County nursing home, emergency telephone, the hazardous materials fund and transportation.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also its discretely presented component units, the Cumberland County Conservation District, the Cumberland Area Economic Development Corporation and the Cumberland County Industrial Development Authority, all of which are legally separate from the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Refer to Note 1 for information on how to obtain separately issued financial statements for component units.

The government-wide financial statements can be found on pages 30 through 32 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year and, therefore, have a budget orientation. Governmental fund information may be useful in evaluating a government's near-term financing requirements.

Because the focus of spendable resources of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are reconciled to *governmental activities* on pages 36 and 38 of this report.

The County maintains nineteen governmental funds, consisting of the County's general fund, special revenue funds, capital projects fund and debt service fund.

A *General fund* accounts for the general tax revenues of a government and all other financial activity which is not required to be accounted for in another governmental fund.

Special revenue funds account for specific revenue sources that a substantial portion of which are legally restricted or committed to expenditures on specific activities, such as expenditures for the safety and welfare of children in the County's children and youth fund.

Capital projects fund accounts for significant capital projects, including bond financed acquisition/construction.

Debt service fund accounts for governmental funds payments of general obligation debt principal and interest.

The County's general fund and the following special revenue funds: mental health/intellectual and developmental disabilities fund, children and youth fund and Cumberland County HealthChoices fund are considered major funds. Major funds represent individually a significant portion of a government's financial activity.

Data from the other governmental funds is combined into a single, aggregated presentation entitled "non-major funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 34, 35 and 37 of this report.

Proprietary funds. The County maintains two different types of proprietary funds; enterprise funds and internal service funds.

Enterprise funds report the same functions presented as *business-type activities* in the government-wide financial statements only in more detail. The County uses enterprise funds to account for its nursing home and emergency telephone operations, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation entitled "non-major funds". Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its workers' compensation fund and health reimbursement arrangement. The County's workers' compensation services principally benefit business-type functions and therefore, although the net expenses of this activity are allocated to all benefiting activities in the government-wide *statement of activities*, the net position of this activity are included within *business-type activities* in the government-wide financial statements. The County's health reimbursement arrangement principally benefits governmental functions and therefore, although the net expenses of this activity are allocated to all benefiting activities in the government-wide *statement of activities*, the net position of this activity are included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 40 through 43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support County programs. The County maintains two different types of fiduciary funds; a *pension trust fund*, to account for the County's employee retirement plan, and *agency funds*, to report resources held by the primary government in a custodial capacity. The accounting used for the Pension Trust is much like that used for proprietary funds. Agency funds differ from other fiduciary funds as they have no measurement focus and, as such, only the assets held and the resulting liabilities are reported in agency funds.

The basic fiduciary fund financial statements can be found on pages 45 and 46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 through 88 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budget to actual comparison schedules for the general fund and major special revenue funds and information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. The County adopts annual appropriated budgets for its funds. Budgetary comparison schedules have been provided for the general fund and each major special revenue fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 90 through 98 of this report.

Other supplementary information. Following the *required supplementary information* the County presents other supplementary information that is not required by the Governmental Accounting Standards Board. This information consists of combining schedules to provide detail not contained in the basic financial statements, and the budgetary comparison schedules for the remaining governmental funds to demonstrate compliance with the County's budget.

Government-wide Financial Analysis

Over time, net position may serve as a useful indicator of government's financial position. In the case of Cumberland County, assets exceeded liabilities by \$71,008,968 at the close of the most recent calendar year.

Cumberland County's Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Other assets	\$ 52,570,708	52,712,801	10,447,956	10,214,159	63,018,664	62,926,960
Capital assets	73,327,096	72,750,376	17,378,578	17,964,081	90,705,674	90,714,457
Total assets	<u>125,897,804</u>	<u>125,463,177</u>	<u>27,826,534</u>	<u>28,178,240</u>	<u>153,724,338</u>	<u>153,641,417</u>
Deferred outflow of resources	<u>411,429</u>	<u>-</u>	<u>112,184</u>	<u>-</u>	<u>523,613</u>	<u>-</u>
Liabilities:						
Long-term liabilities	47,698,324	51,287,584	13,782,210	13,688,268	61,480,534	64,975,852
Other liabilities	17,311,241	14,597,108	4,447,208	5,086,217	21,758,449	19,683,325
Total liabilities	<u>65,009,565</u>	<u>65,884,692</u>	<u>18,229,418</u>	<u>18,774,485</u>	<u>83,238,983</u>	<u>84,659,177</u>
Net position:						
Net invested in capital assets	27,357,708	26,848,932	4,675,435	4,383,167	32,033,143	31,232,099
Restricted	8,345,285	10,653,143	-	-	8,345,285	10,653,143
Unrestricted	25,596,675	22,076,410	5,033,865	5,020,588	30,630,540	27,096,998
Total net position	* <u>\$ 61,299,668</u>	<u>59,578,485</u>	<u>9,709,300</u>	<u>9,403,755</u>	<u>71,008,968</u>	<u>68,982,240</u>

*The County implemented GASB Statements No. 61 and No. 65 during fiscal 2013. The provision of GASB Statement No. 61 required the County to reevaluate its component units. The Cumberland Area Economic Development Corporation (CAEDC) which was a blended component unit is now considered a discretely presented component unit. The provision of GASB No. 65 established accounting and financial reporting standards that reclassify, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Therefore, the County's governmental and business-type net position as of January 1, 2013 has been restated. Fiscal 2012 amounts for governmental and business-type activities reported above have not been restated to reflect this change.

Forty-five percent of Cumberland County's net position reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Cumberland County uses these assets to provide services to citizens; consequently, these services are *not* available for future spending. Although Cumberland County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Twelve percent of the County's net position (\$8,345,285) is legally restricted. The remaining balance of *unrestricted net assets* (\$30,630,540) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Cumberland County is able to report positive fund balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities.

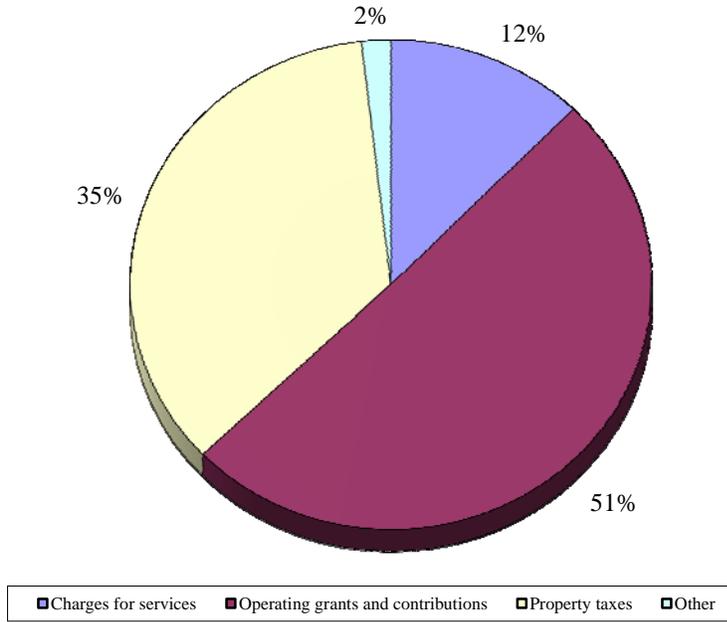
Cumberland County's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 16,645,965	\$ 19,678,779	27,296,440	27,626,533	43,942,405	47,305,312
Operating grants and contributions	68,363,454	67,521,659	3,293,128	3,674,038	71,656,582	71,195,697
Capital grants and contributions	156,483	172,241	715,541	450,729	872,024	622,970
General revenues:						
Property taxes	47,880,387	42,385,600	-	-	47,880,387	42,385,600
Other taxes	2,280,337	2,253,519	-	-	2,280,337	2,253,519
Unrestricted investment earnings	20,558	222,193	-	49,264	20,558	271,457
Total revenues	135,347,184	132,233,991	31,305,109	31,800,564	166,652,293	164,034,555
Expenses:						
General government-administrative	14,144,701	14,280,937	-	-	14,144,701	14,280,937
General government-judicial	18,545,493	18,528,473	-	-	18,545,493	18,528,473
Corrections	18,165,075	17,718,297	-	-	18,165,075	17,718,297
Public safety	3,826,455	3,892,757	-	-	3,826,455	3,892,757
Roads and bridge maintenance	511,078	281,498	-	-	511,078	281,498
Recycling and waste management	330,697	586,934	-	-	330,697	586,934
Human services	67,034,321	72,009,743	-	-	67,034,321	72,009,743
Culture and recreation	191,890	138,045	-	-	191,890	138,045
Conservation	486,778	432,798	-	-	486,778	432,798
Community redevelopment and housing	237,269	222,796	-	-	237,269	222,796
Economic development and assistance	3,602,456	3,539,001	-	-	3,602,456	3,539,001
Interest on long-term debt	1,618,892	1,687,988	-	-	1,618,892	1,687,988
Indirect expenses	(716,180)	(641,105)	716,180	641,105	-	-
Claremont Nursing and Rehabilitation Center	-	-	24,005,271	24,610,308	24,005,271	24,610,308
Early Learning Center	-	-	-	339,864	-	339,864
Emergency telephone	-	-	5,704,448	5,969,320	5,704,448	5,969,320
Hazardous materials protection	-	-	157,291	192,719	157,291	192,719
Transportation services	-	-	2,503,355	2,502,154	2,503,355	2,502,154
Total expenses	127,978,925	132,678,162	33,086,545	34,255,470	161,065,470	166,933,632
Increase (decrease) in net position before transfers	7,368,259	(444,171)	(1,781,436)	(2,454,906)	5,586,823	(2,899,077)
Transfers	(2,250,276)	(2,303,430)	2,250,276	2,303,430	-	-
Increase (decrease) in net position	5,117,983	(2,747,601)	468,840	(151,476)	5,586,823	(2,899,077)
Net position, beginning, as restated *	56,181,685	62,326,086	9,240,460	9,555,231	65,422,145	71,881,317
Net position, ending	\$ 61,299,668	\$ 59,578,485	9,709,300	9,403,755	71,008,968	68,982,240

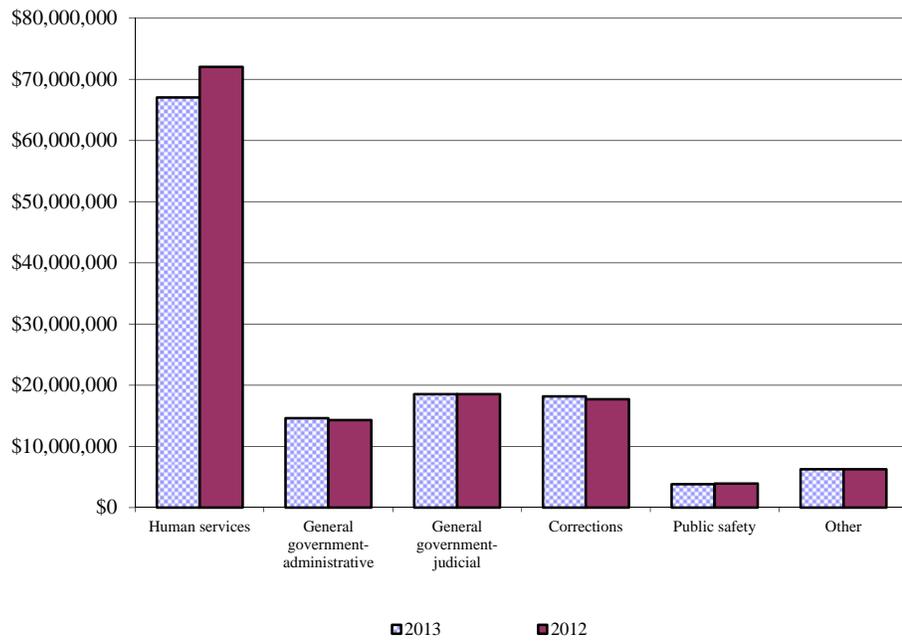
*The County implemented GASB Statements No. 61 and No. 65 during fiscal 2013. The provision of GASB Statement No. 61 required the County to reevaluate its component units. The Cumberland Area Economic Development Corporation (CAEDC) which was a blended component unit is now considered a discretely presented component unit. The provision of GASB No. 65 established accounting and financial reporting standards that reclassify, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Therefore, the County's governmental and business-type net position as of January 1, 2013 has been restated. Fiscal 2012 amounts for governmental and business-type activities reported above have not been restated to reflect this change.

Governmental activities. The following charts graphically depict the sources of revenue and functional expenses of governmental activities for the fiscal year ended December 31, 2013:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

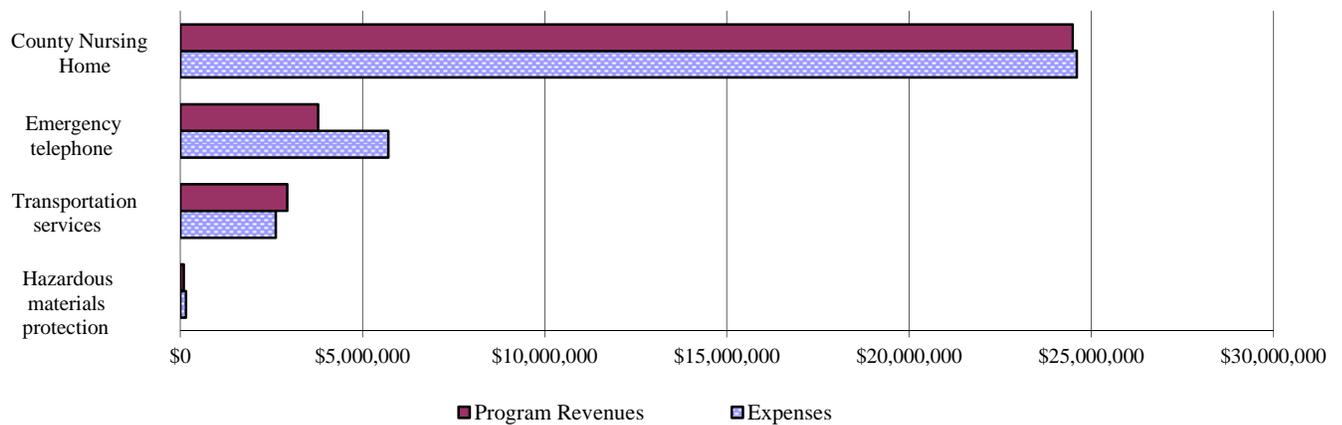


Governmental activities increased Cumberland County's net assets by \$5,117,983. The primary changes in revenues and expenses are:

- Charges for services decreased \$3,032,814 because the Fiscal Employer Agency program ended in 2012.
- Property Taxes increased by \$5,494,787 due to a 12% adjustment in the property tax millage.
- Human Services expenses decreased \$4,975,422 mainly due to the Fiscal Employer Program ending. There were also decreases in expenses in MH/IDD and Drug and Alcohol programs of \$848,536 and \$591,898, respectively.

Business-type activities. The following chart graphically depicts the sources of revenue and functional expenses of business-type activities for the fiscal year ended December 31, 2013:

Expenses and Program Revenues - Business-type Activities



Business Type Activities. Business type activities increased Cumberland County's net position by \$468,840. The primary changes in revenues and expenses are:

- Charges for Services decreased \$330,093 since the Early Learning Center was closed in 2012.
- Operating grants and contributions decreased \$380,910 mainly due a drop in funding percentages of approximately 30% for the Emergency Telephone wireless project.
- Capital grants and contributions increased \$264,812 due to the purchase of buses in the transportation fund.
- Claremont Nursing and Rehabilitation expenses decreased \$598,549 mainly to a decrease in salary and benefit expense due as a result of union negotiations.
- Early Learning Center expenses decreased \$339,864 because it was closed in 2012.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, spendable (both restricted and unrestricted) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end 2013, Cumberland County governmental funds reported combined ending fund balances of \$34,971,311, an increase of \$1,013,206 in comparison to the prior year. Approximately 76 percent of the total amount (\$26,558,896) constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *nonspendable* (\$365,719) or *restricted* (\$8,046,696) to indicate that it is not available for future spending at the discretion of the County because it either nonspendable or is legally restricted to Register of Wills-Act 34, Coroner-Act 122, Veteran's Affairs, Hoffer scholarship, roads and bridge maintenance, judicial services, human services, public safety, row office automation, conservation, economic development and housing, Marcellus Shale Legacy Fund, and capital projects.

The general fund is the chief operating fund of Cumberland County. At the end of the year, unassigned fund balance of the general fund was \$17,148,138 while total fund balance was \$28,840,845. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to fund expenditures. General fund unrestricted fund balance (\$25,675,568) and total fund balance represents 51 percent and 57 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund increased by \$3,677,582 during the current year. In 2013, the Commissioners raised the property tax millage by 12 percent and they also instituted several cost cutting measures that "bent the cost curve down". In addition, step increases and cost of living adjustments were frozen for all non-union employees. Adjustments were made to the health benefit and the retirement annual required contribution (ARC) decreased by over \$1 million from the previous year.

Proprietary Funds. Cumberland County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financials statements, but in greater detail.

General Fund Budgetary Highlights

Under Pennsylvania law, the Board of Commissioners has the authority and responsibility for managing the County budget. In this role, the Commissioners must assess the changing needs of the community in light of available and prudent funding and make periodic changes in the budget to meet these needs.

For accounting purposes, the level of budgetary control is maintained at the fund level. The County Finance Office, under the authority of the Commissioners, exercises day-to-day responsibility for assuring that departments operate within the confines of approved budgets according to County fiscal policies.

The Commissioners formally approve all budget revisions that change the bottom line of a fund during bi-weekly Commissioners' hearings. The County Finance Office approves all other budget revisions except transfers from one operating line item to another within a department (these are approved by the Department Head). The most common budget adjustments are budget transfers from one operating line item to another within a department. Other budget adjustments include transferring amounts from contingency or between budget categories (operating, capital, and salary and benefits).

The funds and classifications in the financial statements are presented differently from the funds and classifications in the budget document. The explanations below are based on the financial statement presentation. For example, stop grant is a separate fund in the budget document; however, stop grant in these financial statements is reported as part of the general fund.

Actual general fund revenues (including other financing sources) received were \$877,919 or 1.3% over budget. Grants were over budget due to the Marcellus Shale Legacy Fund money received in 2013. County charges were over budget due to an increase in the Uniform Parcel Identifier fee in June 2013 and an increase in Register of Wills filing fees due to several large estates probated in 2013.

Actual general fund expenditures (including other financing uses) were under budget by \$8,893,684. The major items under budget were:

Subsidies (included in transfers-out)	\$ 2,753,647
Pooled reserves and contingency	\$ 1,787,881
Transfers	\$ 571,404
Retirement	\$ 560,362
County Buildings	\$ 427,749
Information Management Technology	\$ 418,509
Prison	\$ 373,623

Subsidies were primarily under budget due to Emergency Telephone 911 funding the majority of wireless grant projects/expenses in prior periods and Children & Youth received its 2012/13 overmatch during 2013. The pooled reserves and contingency budget was not fully utilized because the funds were not needed for contingent events. Transfers were under budget due to the prison phase II renovation project requiring no transfer from the General Fund and the Ritner Highway building project delayed paving and fencing. Retirement is under budget due to changes made in the interest rate and salary actuarial assumptions to reflect current trends. County buildings were under budget due to lower utility bills and capital projects that were delayed. Information Management and Technology Office was under budget due to turnover in key positions in the department and several projects were delayed. Small incremental savings occurred throughout the General Fund which supported actual expenditures less than budgeted.

Capital Asset and Debt Administration

Capital Assets. Cumberland County's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounted to \$90,705,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements other than buildings, machinery and equipment, bridges, construction in progress and intangibles. Although the total increase in Cumberland County's investment in capital assets for the current year was less than one percent, there was a one percent increase for governmental activities and a three percent decrease for business-type activities.

Cumberland County's Capital Assets
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems	51,299,204	35,983,645	10,687,700	11,095,446	61,986,904	47,079,091
Improvements other than buildings	1,943,975	1,182,177	186,008	228,559	2,129,983	1,410,736
Machinery and equipment	4,344,118	5,225,545	6,244,460	6,420,580	10,588,578	11,646,125
Bridges	3,438,026	3,536,325	-	-	3,438,026	3,536,325
Construction in progress	773,882	15,792,724	260,410	219,496	1,034,292	16,012,220
Agricultural easements	9,024,627	8,526,696	-	-	9,024,627	8,526,696
Total	\$ 73,327,096	72,750,376	17,378,578	17,964,081	90,705,674	90,714,457

Major capital asset events during the current fiscal year included the completion of long term construction projects at the Ritner highway building and Phase II of the County Prison. That resulted in a reduction of construction in progress of \$15.5 million which was capitalized to building and systems and improvements other than buildings. Total capital expenditures decreased \$9.5 million compared to last year which led to the decreased net book values in machinery and equipment and bridges due to depreciation.

Additional information on Cumberland County’s capital assets can be found in Note 6 on pages 73 through 75 of this report.

Debt Administration

At the end of the current fiscal year, Cumberland County had net outstanding bonded debt of \$60,994,788. The County’s net general obligation notes total \$715,000. This debt is backed by the full faith and credit of the primary government. Cumberland County does not have any special assessment debt or revenue bonds.

The County’s net outstanding general obligation bonds and notes at December 31, 2013 and 2012 were:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 46,839,735	46,701,788	13,440,053	908,206	60,279,788	47,609,994
General Obligation Notes	715,000	3,469,311	-	13,393,522	715,000	16,862,833
Total	\$ 47,554,735	50,171,099	13,440,053	14,301,728	60,994,788	64,472,827

Cumberland County’s bonded debt decreased by \$3,478,039.

Principal payments paid in 2013 were \$3,631,689.

Cumberland County’s rating was confirmed “AAA” from Standard and Poor’s for general obligation debt in 2013.

The current debt limitation for Cumberland County is \$410,131,438 which is significantly in excess of Cumberland County’s outstanding general obligation debt.

Additional information on Cumberland County's long-term debt can be found in note 8 on pages 78 through 80 of this report.

Economic Factors and Next Year's Budget

Economic Conditions in 2013

Cumberland County felt the economic impacts of the national economic downturn. However, economic indicators continue to improve in 2013 and the County's local economy has fared better than national and state averages because of its diversity. Cumberland County's December unemployment rate was 5.3% while the statewide and national rates were 6.9% and 6.7%, respectively. Neighboring counties also have unemployment rates significantly below the statewide and national average. County residents also benefit from an array of employment opportunities based in the private sector as well as local, state, and federal governments.

Cumberland County continues to enjoy a diverse tax base with little concentration in any one taxpayer. The top ten taxpayers represent 3.01% of assessed values as of December 31, 2013.

Cumberland County's long term financial projections show a growing operational deficit through 2017. The trend is based on a structural imbalance caused by the County's reliance on property taxes. Because of this structural imbalance the County participated in an early intervention program sponsored by the Commonwealth of Pennsylvania. The purpose of the review is to ensure that the County maintains its fiscal health going forward. This was done through an assessment of the scope of the County's mission, the cost of delivering services, and ascertaining how citizens prioritize the services we deliver.

The mission review should result in a pro-active, strategic approach to addressing the imbalance that gives us more time to engineer a solution based on enhanced quality of services and improved productivity. If we are creative, flexible, timely and thorough, we have the opportunity to sustain the County's financial health and services citizens value going forward with a minimum of displacement.

The County is committed to fiscal solvency and is looking for thoughtful ways to "bend the cost curve down." The County is also looking for ways to increase revenues through better collection of fees, fines and costs, as well as updating fees as needed to cover the costs of providing services.

Although a deficit was budgeted for in 2013, the County made changes that increased the General Fund's fund balance by \$3,677,582. This was done through a combination of revenue enhancements and cost cutting measures.

In 2014, the Commissioners increased property taxes 3% and eliminated the per capita tax. The General Fund budget shows a potential transfer of \$3,686,704 from reserves. This amount will be reduced directly by the mission review and unused contingencies. The end result will be an estimated ending fund balance of \$20.5 million and a projected transfer from reserves of \$668,772.

Highlights of the County's initiatives in the 2014 budget include:

- Liquid Fuels Bridge Replacements.
- Nursing Home Rehabilitation Center renovations.
- Continued performance management process.
- Ongoing search for innovative ways to lower overall costs to the taxpayer.

The County is not deferring any capital or maintenance that is required to keep the County facilities up to par.

The General Fund ended 2013 with an unassigned fund balance of \$17.1 million. At the end of 2014, the County is estimating an unassigned fund balance of about \$20.5 million.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Cumberland County Controller, One Courthouse Square, Room 207, Carlisle, PA 17013.

Basic Financial Statements

STATEMENT OF NET POSITION

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority	CAEDC
ASSETS						
Cash and cash equivalents	\$ 39,507,569	3,361,958	42,869,527	273,473	64,730	2,058,667
Investments	546,947	1,095,322	1,642,269	—	—	129,433
Receivables (net of allowance):						
Taxes	2,177,358	—	2,177,358	—	—	—
Due from other governments	5,409,388	598,723	6,008,111	87,285	—	625,478
Accounts receivable	754,922	4,296,469	5,051,391	—	—	9,758
Court costs and fines receivable	2,869,119	—	2,869,119	—	—	—
Notes receivable	—	—	—	—	735,072	—
Due from component units	55,743	—	55,743	—	—	31,667
Due from primary government	—	—	—	—	—	178,722
Internal balances	(586,490)	586,490	—	—	—	—
Prepaid items	366,499	240,639	607,138	—	727	272,457
Restricted assets:						
Cash and cash equivalents	1,393,402	268,355	1,661,757	—	—	—
Capital assets, not being depreciated:						
Land	2,503,264	—	2,503,264	—	2,132,301	—
Construction in progress	773,882	260,410	1,034,292	—	—	—
Agricultural easements	9,024,627	—	9,024,627	—	—	—
Capital assets, net of accumulated depreciation:						
Buildings and systems	51,299,204	10,687,700	61,986,904	5,825	—	—
Improvements other than buildings	1,943,975	186,008	2,129,983	—	—	—
Machinery and equipment	4,344,118	6,244,460	10,588,578	42,957	—	52,688
Bridges	3,438,026	—	3,438,026	—	—	—
Other assets	76,251	—	76,251	—	—	—
Total assets	<u>125,897,804</u>	<u>27,826,534</u>	<u>153,724,338</u>	<u>409,540</u>	<u>2,932,830</u>	<u>3,358,870</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred charges on refunding	411,429	112,184	523,613	—	—	—
Total deferred charges on refunding	<u>411,429</u>	<u>112,184</u>	<u>523,613</u>	<u>—</u>	<u>—</u>	<u>—</u>

(Continued)

STATEMENT OF NET POSITION

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	5,358,230	1,243,305	6,601,535	506	292,866	47,404
Accrued payroll	2,030,390	807,910	2,838,300	17,265	—	—
Due to component unit	178,722	—	178,722	—	—	—
Due to primary government	—	—	—	55,743	—	—
Due to other governments	2,321,087	—	2,321,087	—	—	—
Accrued interest payable	263,616	77,832	341,448	—	—	—
Unearned revenues	2,494,349	268,871	2,763,220	4,954	—	79,898
Funds held as fiduciary	327,874	268,355	596,229	—	—	—
Noncurrent liabilities:						
Due in less than one year:						
Licensing agreement	140,148	—	140,148	—	—	—
General obligation bonds payable	3,911,187	1,408,813	5,320,000	—	—	—
General obligation notes payable	—	—	—	—	—	—
Sick and vacation accrual	285,638	58,303	343,941	2,556	—	—
Workers' compensation claims payable	—	313,819	313,819	—	—	—
Due in more than one year:						
Licensing agreement	89,449	—	89,449	—	—	—
General obligation bonds payable	42,928,548	12,031,240	54,959,788	—	—	—
General obligation notes payable	715,000	—	715,000	—	2,150,000	—
Sick and vacation accrual	3,353,711	695,842	4,049,553	42,407	—	—
Net OPEB obligation	611,616	298,988	910,604	6,745	—	—
Workers' compensation claims payable	—	756,140	756,140	—	—	—
Total liabilities	<u>65,009,565</u>	<u>18,229,418</u>	<u>83,238,983</u>	<u>130,176</u>	<u>2,442,866</u>	<u>127,302</u>

NET POSITION

Net invested in capital assets	27,357,708	4,675,435	32,033,143	48,782	—	52,688
Restricted for:						
Conservation	1,829,577	—	1,829,577	6,648	—	—
Economic development and housing	20,762	—	20,762	—	—	—
Human services	1,049,236	—	1,049,236	—	—	—
General administrative services	50,000	—	50,000	—	—	—
Judicial services	180,626	—	180,626	—	—	—
Public safety	3,049,233	—	3,049,233	—	—	—
Records improvement	997,157	—	997,157	—	—	—
Roads and bridges	1,168,694	—	1,168,694	—	—	—
Unrestricted	25,596,675	5,033,865	30,630,540	223,934	489,964	3,178,880
Total net position	<u>\$ 61,299,668</u>	<u>9,709,300</u>	<u>71,008,968</u>	<u>279,364</u>	<u>489,964</u>	<u>3,231,568</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position						
	Expenses	Indirect Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units			
						Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority	CAEDC	
Primary government:												
Governmental activities:												
General government - administrative	\$ 14,144,701	(1,719,467)	4,838,303	350,086	—	(7,236,845)	—	(7,236,845)	—	—	—	—
General government - judicial	18,545,493	95,568	4,527,455	2,829,612	—	(11,283,994)	—	(11,283,994)	—	—	—	—
Corrections	18,165,075	—	1,743,574	699,760	—	(15,721,741)	—	(15,721,741)	—	—	—	—
Public safety	3,826,455	—	1,429,935	598,286	21,409	(1,776,825)	—	(1,776,825)	—	—	—	—
Roads and bridge maintenance	511,078	17,352	2,952	532,209	135,074	141,805	—	141,805	—	—	—	—
Recycling and waste management	330,697	45,866	111,890	68,822	—	(195,851)	—	(195,851)	—	—	—	—
Human services:												
Mental health/intellectual and developmental disabilities	16,409,341	229,275	2,452,854	13,928,418	—	(257,344)	—	(257,344)	—	—	—	—
HealthChoices-Cumberland County	28,879,387	—	—	28,879,053	—	(334)	—	(334)	—	—	—	—
Children and youth	14,186,821	270,186	366,570	12,395,912	—	(1,694,525)	—	(1,694,525)	—	—	—	—
Food and shelter	851,772	35,615	146,874	574,527	—	(165,986)	—	(165,986)	—	—	—	—
Office of aging	3,055,181	213,779	233,639	3,075,150	—	39,829	—	39,829	—	—	—	—
Other	3,651,819	95,646	540,758	2,581,674	—	(625,033)	—	(625,033)	—	—	—	—
Culture and recreation	191,890	—	8,648	92,272	—	(90,970)	—	(90,970)	—	—	—	—
Conservation	486,778	—	18,716	294,722	—	(173,340)	—	(173,340)	—	—	—	—
Community redevelopment and housing	237,269	—	223,797	—	—	(13,472)	—	(13,472)	—	—	—	—
Economic development and assistance	3,602,456	—	—	1,462,951	—	(2,139,505)	—	(2,139,505)	—	—	—	—
Interest on long-term debt	1,618,892	—	—	—	—	(1,618,892)	—	(1,618,892)	—	—	—	—
Total governmental activities	128,695,105	(716,180)	16,645,965	68,363,454	156,483	(42,813,023)	—	(42,813,023)	—	—	—	—
Business-type activities:												
County nursing home	24,005,271	592,207	24,474,978	15,434	—	—	(107,066)	(107,066)	—	—	—	—
Emergency telephone	5,704,448	—	1,606,054	2,180,632	—	—	(1,917,762)	(1,917,762)	—	—	—	—
Hazardous materials protection	157,291	—	58,377	36,427	—	—	(62,487)	(62,487)	—	—	—	—
Transportation services	2,503,355	123,973	1,157,031	1,060,635	715,541	—	305,879	305,879	—	—	—	—
Total business-type activities	32,370,365	716,180	27,296,440	3,293,128	715,541	—	(1,781,436)	(1,781,436)	—	—	—	—
Total primary government	\$ 161,065,470	—	43,942,405	71,656,582	872,024	(42,813,023)	(1,781,436)	(44,594,459)	—	—	—	—
Discretely presented component units:												
Conservation District	\$ 674,454	—	225,042	532,430	—	—	—	—	83,018	—	—	—
Industrial Development Authority	1,396,616	—	1,431,511	—	—	—	—	—	—	34,895	—	—
Cumberland Area Economic Development Corporation	1,487,678	—	125,815	1,638,327	—	—	—	—	—	—	276,464	—
Total discretely presented component units	\$ 3,558,748	—	1,782,368	2,170,757	—	—	—	—	83,018	34,895	276,464	—
General revenues:												
Real estate taxes						47,880,387	—	47,880,387	—	—	—	—
Per capita taxes						676,050	—	676,050	—	—	—	—
Hotel taxes						1,604,287	—	1,604,287	—	—	—	—
Unrestricted investment earnings						20,558	—	20,558	314	316	23,146	—
Transfers						(2,250,276)	2,250,276	—	—	—	—	—
Total general revenues and transfers						47,931,006	2,250,276	50,181,282	314	316	23,146	—
Change in net position						5,117,983	468,840	5,586,823	83,332	35,211	299,610	—
Net position, beginning of year, as restated						56,181,685	9,240,460	65,422,145	196,032	454,753	2,931,958	—
Net position, end of year						\$ 61,299,668	9,709,300	71,008,968	279,364	489,964	3,231,568	—

The notes to the financial statements are an integral part of this statement.

MAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS

Governmental funds, including the general fund, special revenue funds and the capital projects fund, are used to account for the majority of the County's activities.

General Fund – The *general fund* is the County's chief operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The majority of administrative, judicial, prison and other public safety, debt service and subsidies to human service programs are financed through the revenues of the general fund.

Major Special Revenue Funds:

Mental Health and Intellectual and Developmental Disabilities Fund – The *mental health and intellectual and developmental disabilities fund* accounts for the administration of a full range of services to persons with serious and persistent mental illness or persons with intellectual/developmental disabilities who live in Cumberland or Perry County. Federal (including waivers) and state grants fund the vast majority of these services.

Children and Youth Fund – The children and youth fund accounts for monies received from various federal, state and local sources to:

- protect the safety and welfare of children,
- preserve, support and strengthen the family, and
- identify alternative care, a safe environment and a permanent home for those children unable to remain in their home.

HealthChoices-Cumberland County – The Cumberland County HealthChoices fund accounts for the County's participation in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers. The program is designed to improve access to and quality of care for Medical Assistance consumers throughout Pennsylvania and stabilize the Commonwealth's Medical Assistance spending.

Nonmajor Funds – Other nonmajor funds is the aggregate of those governmental funds not individually meeting the "financial significance" criteria established by the U.S. generally accepted accounting principles for reporting as a major fund. Other nonmajor governmental funds are separately identified, described and reported in the Supplementary Information section.

BALANCE SHEET
Governmental Funds

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Nonmajor Funds	Total
Assets						
Cash and cash equivalents	\$ 29,278,274	2,936,687	300	133,352	7,158,956	39,507,569
Investments	546,947	—	—	—	—	546,947
Receivables (net of allowance):						
Taxes	2,094,502	—	—	—	82,856	2,177,358
Due from other governments	522,054	549,264	3,543,837	—	794,233	5,409,388
Accounts receivable	98,114	—	—	592,996	63,812	754,922
Court costs and fines receivable	2,869,119	—	—	—	—	2,869,119
Due from other funds	3,791,563	—	—	—	714,191	4,505,754
Due from component units	59,993	—	—	—	—	59,993
Prepaid items	353,803	780	—	—	11,916	366,499
Restricted cash	—	—	—	—	1,393,402	1,393,402
Other assets	76,382	—	—	—	—	76,382
Total assets	<u>\$ 39,690,751</u>	<u>3,486,731</u>	<u>3,544,137</u>	<u>726,348</u>	<u>10,219,366</u>	<u>57,667,333</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 1,449,482	1,706,271	1,473,802	2,993	695,684	5,328,232
Accrued liabilities and withholdings	1,553,042	101,736	138,841	—	236,771	2,030,390
Due to other funds	2,041,611	307,017	1,907,625	42,803	1,490,367	5,789,423
Due to component unit	—	—	—	—	178,722	178,722
Due to other governments	1,131,071	—	—	—	1,190,016	2,321,087
Unearned revenue	128,606	1,003,352	23,869	672,212	666,310	2,494,349
Funds held as fiduciary	320,149	—	—	—	7,725	327,874
Total liabilities	<u>6,623,961</u>	<u>3,118,376</u>	<u>3,544,137</u>	<u>718,008</u>	<u>4,465,595</u>	<u>18,470,077</u>
Deferred Inflows of Resources						
Unavailable revenue-property taxes	1,453,674	—	—	—	—	1,453,674
Unavailable revenue-court costs and fines	2,772,271	—	—	—	—	2,772,271
Total deferred inflows of resources	<u>4,225,945</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,225,945</u>

BALANCE SHEET
Governmental Funds

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fund balances:

Nonspendable:						
Prepaid items	353,803	780	—	—	11,916	366,499
Restricted:						
Landfill closure	275,863	—	—	—	—	275,863
Farmland preservation	270,217	—	—	—	—	270,217
Offender supervision	658,158	—	—	—	—	658,158
Criminal investigation	821,979	—	—	—	—	821,979
Register of Wills-Act 34	72,750	—	—	—	—	72,750
Coroner - Act 122	48,022	—	—	—	—	48,022
Veteran affairs	50,000	—	—	—	—	50,000
Hoffer scholarship	13,615	—	—	—	—	13,615
Roads and bridge maintenance	—	—	—	—	1,168,695	1,168,695
Human services	—	367,575	—	8,340	545,634	921,549
Public safety	—	—	—	—	36,974	36,974
Row office automation	252,211	—	—	—	744,951	997,162
Marcellus shale	348,659	—	—	—	600,259	948,918
Conservation	—	—	—	—	931,598	931,598
Economic development and housing	—	—	—	—	20,864	20,864
Capital projects	—	—	—	—	1,177,907	1,177,907
Unrestricted:						
Assigned:						
Human services	—	—	—	—	20,496	20,496
Future budgetary requirements	3,686,704	—	—	—	—	3,686,704
Capital projects	3,725,000	—	—	—	500,000	4,225,000
Risk liability	250,000	—	—	—	—	250,000
Farmland preservation	546,947	—	—	—	—	546,947
Prison canteen	314,835	—	—	—	—	314,835
Criminal justice planning	3,944	—	—	—	—	3,944
Unassigned	17,148,138	—	—	—	(5,523)	17,142,615
Total fund balances	<u>28,840,845</u>	<u>368,355</u>	<u>—</u>	<u>8,340</u>	<u>5,753,771</u>	<u>34,971,311</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>39,690,751</u>	<u>3,486,731</u>	<u>3,544,137</u>	<u>726,348</u>	<u>10,219,366</u>	<u>57,667,333</u>

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$	34,971,311
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		73,327,096
Certain receivables are not available to pay for current period expenditures and, therefore, are unearned in the funds.		4,225,945
Refunding bonds issued by the County create deferred charges that are amortized to interest expense over the shorter life between the new and old bonds, are reported as deferred outflow of resources on the statement of net position.		411,429
Internal service fund used by management to charge the costs of the self-insurance to individual funds:		
Workers' compensation		(20,881)
Health reimbursement arrangement		683,681
Long-term liabilities are not due and payable in the current period and, therefore, are not reported at the fund level:		
Bonds payable		(45,968,357)
Notes payable		(715,000)
Net premium on bonds and notes		(871,378)
Sick and vacation payable		(3,639,349)
Other post employment benefit obligations		(611,616)
Software Licensing Agreements		(229,597)
Interest accrued on long-term liabilities is not due and payable in the current period and, therefore is not reported in governmental funds.		(263,616)
Net position of governmental activities	\$	<u><u>61,299,668</u></u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES**

Governmental Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Nonmajor Funds	Total
Revenues:						
Taxes	\$ 48,499,771	—	—	—	1,604,287	50,104,058
Licenses and permits	148,860	—	—	—	—	148,860
Grants	3,818,769	13,921,488	12,395,002	28,879,053	9,150,892	68,165,204
County charges	8,718,057	2,351,138	366,570	—	1,595,544	13,031,309
Court costs, fines and forfeitures	2,510,018	—	—	—	176,710	2,686,728
Investment earnings	1,248	4,975	—	333	14,002	20,558
Payment in lieu of taxes	126,630	—	—	—	—	126,630
Contributions and other	289,516	108,646	910	—	81,488	480,560
Total revenues	<u>64,112,869</u>	<u>16,386,247</u>	<u>12,762,482</u>	<u>28,879,386</u>	<u>12,622,923</u>	<u>134,763,907</u>
Expenditures:						
Current:						
General government – administrative	10,512,628	—	—	—	536,090	11,048,718
General government – judicial	15,267,738	—	—	—	3,317,551	18,585,289
Corrections	17,186,818	—	—	—	—	17,186,818
Public safety	2,757,154	—	—	—	—	2,757,154
Public works and enterprises	—	—	—	—	765,921	765,921
Human services	803,362	16,620,557	14,425,663	28,879,386	7,512,529	68,241,497
Culture and recreation	192,933	—	—	—	—	192,933
Conservation and development	404,532	—	—	—	—	404,532
Economic development and assistance	1,922,334	—	—	—	1,602,961	3,525,295
Debt service:						
Principal retirement	—	—	—	—	2,680,175	2,680,175
Debt interest	—	—	—	—	1,600,423	1,600,423
Fiscal charges	—	—	—	—	18,295	18,295
Capital outlay	1,075,301	13,422	25,334	—	3,261,396	4,375,453
Payments to other governments	149,511	—	—	—	217,732	367,243
Total expenditures	<u>50,272,311</u>	<u>16,633,979</u>	<u>14,450,997</u>	<u>28,879,386</u>	<u>21,513,073</u>	<u>131,749,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,840,558</u>	<u>(247,732)</u>	<u>(1,688,515)</u>	<u>—</u>	<u>(8,890,150)</u>	<u>3,014,161</u>
Other financing sources (uses):						
Transfers in	80,686	432,624	1,756,019	—	6,299,098	8,568,427
Transfers out	(10,243,662)	(6,000)	(67,504)	(17,361)	(260,304)	(10,594,831)
Refunding bonds issued	—	—	—	—	2,474,252	2,474,252
Premium on refunding bonds issued	—	—	—	—	296,152	296,152
Payment to refunding bond escrow agent	—	—	—	—	(2,745,437)	(2,745,437)
Proceeds from insurance recovery	—	—	—	—	482	482
Total other financing sources (uses)	<u>(10,162,976)</u>	<u>426,624</u>	<u>1,688,515</u>	<u>(17,361)</u>	<u>6,064,243</u>	<u>(2,000,955)</u>
Net change in fund balances	3,677,582	178,892	—	(17,361)	(2,825,907)	1,013,206
Fund balances, beginning of year, as restated	25,163,263	189,463	—	25,701	8,579,678	33,958,105
Fund balances, end of year	<u>\$ 28,840,845</u>	<u>368,355</u>	<u>—</u>	<u>8,340</u>	<u>5,753,771</u>	<u>34,971,311</u>

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$	1,013,206
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. In the current period these amounts are:</p>		
Expenditures for capital assets		4,385,378
Depreciation expense		(3,462,751)
Retirement and sale of equipment		(278,234)
Deferred inflows of resources that do not provide current financial resources (real estate tax, per capita taxes and hotel tax) and revenues which are not recognized as available (court costs and fines) in the governmental funds but are earned in the statement of activities.		583,263
<p>The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>		
Long term debt issued		(2,474,252)
Long term debt paid		2,680,175
Long term debt refinanced		2,745,437
<p>Governmental funds report the effect of issuance costs, and similar items when debt is first issued, whereas these amounts are unearned and amortized in the statement of activities:</p>		
Net premium on bonds and notes		(205,358)
Deferred amount on refunding		(76,068)
Other post employment benefits and arbitrage payable are reflected on the statement of activities but are not considered a current expenditure for the fund statements.		(19,223)
Compensated absence expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		78,385
Governmental funds do not recognize interest on long term debt until legally due, while the statement of net position accrues for interest payable.		692
<p>Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:</p>		
Worker's compensation		44,166
Health reimbursement arrangement		103,167
Change in net position of governmental activities	\$	<u><u>5,117,983</u></u>

The notes to the financial statements are an integral part of this statement.

MAJOR PROPRIETARY FUNDS
DESCRIPTION OF FUNDS

Proprietary funds are used to account for those County activities for which user fees are charged with the expectation that the fees will cover the costs of the activity.

County Nursing Home Fund – The *county nursing home fund* accounts for the operation of the County owned Claremont Nursing and Rehabilitation Center. Claremont is a 290-bed community state of the art nursing and rehabilitation center with an open admission policy. Claremont is located in a rural setting adjacent to the Army Heritage and Education Center outside of Carlisle.

Emergency Telephone Fund – The *emergency telephone fund* accounts for the operation of the County's emergency 9-1-1 call center. The 9-1-1 call center operates 24/7, 365 days a year responding promptly to emergency calls in the community, alerting public safety providers and coordinating and facilitating emergency responses.

Nonmajor Funds – Other nonmajor funds is the aggregate of those proprietary funds not individually meeting the “financial significance” criteria established by U.S. generally accepted accounting principles for reporting as a major fund. Other nonmajor proprietary funds are separately identified, described and reported in the Supplementary Information section.

Internal Service Funds – Internal service funds are separately identified, described and reported in the Supplementary Information section.

**STATEMENT OF NET POSITION
Proprietary Funds**

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Nonmajor Funds	Totals	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,991,886	989,543	200	2,981,629	380,329
Investments	—	—	—	—	1,095,322
Restricted cash:					
Patient funds	268,355	—	—	268,355	—
Due from other funds	—	80,840	375,953	456,793	1,186,753
Accounts receivable (net of allowance):					
Patient accounts receivable	4,079,699	—	—	4,079,699	—
Customer accounts receivable	—	203,287	11,583	214,870	1,900
Due from other governments	—	55,237	543,486	598,723	—
Prepaid items	41,920	116,746	—	158,666	81,973
Total current assets	<u>6,381,860</u>	<u>1,445,653</u>	<u>931,222</u>	<u>8,758,735</u>	<u>2,746,277</u>
Noncurrent assets:					
Capital assets, net of depreciation	9,426,315	6,412,203	1,540,060	17,378,578	—
Total assets	<u>15,808,175</u>	<u>7,857,856</u>	<u>2,471,282</u>	<u>26,137,313</u>	<u>2,746,277</u>
Deferred outflows of resources					
Deferred charge on refunding	64,568	47,616	—	112,184	—
Total deferred outflows of resources	<u>64,568</u>	<u>47,616</u>	<u>—</u>	<u>112,184</u>	<u>—</u>
Liabilities					
Current liabilities:					
Accounts payable	825,902	82,053	333,250	1,241,205	32,100
Accrued liabilities and withholdings					
Accrued payroll	611,328	133,861	62,721	807,910	—
Accrued interest	44,816	33,016	—	77,832	—
Due to other funds	162,270	—	197,607	359,877	—
Unearned revenue	97,390	93,047	78,434	268,871	—
Funds held as fiduciary	268,355	—	—	268,355	—
General obligation bonds payable	834,174	574,639	—	1,408,813	—
Sick and vacation accrual	40,252	10,696	7,355	58,303	—
Self-insurance claims payable	—	—	—	—	313,819
Total current liabilities	<u>2,884,487</u>	<u>927,312</u>	<u>679,367</u>	<u>4,491,166</u>	<u>345,919</u>
Noncurrent liabilities:					
Due in more than one year:					
General obligation bonds payable	6,898,008	5,133,232	—	12,031,240	—
Self-insurance claims payable	—	—	—	—	756,140
Net OPEB obligation	243,264	34,245	21,479	298,988	—
Sick and vacation accrual	385,835	244,687	65,320	695,842	—
Total noncurrent liabilities	<u>7,527,107</u>	<u>5,412,164</u>	<u>86,799</u>	<u>13,026,070</u>	<u>756,140</u>
Total liabilities	<u>10,411,594</u>	<u>6,339,476</u>	<u>766,166</u>	<u>17,517,236</u>	<u>1,102,059</u>
Net position					
Net invested in capital assets	1,849,690	1,285,685	1,540,060	4,675,435	—
Unrestricted	3,611,459	280,311	165,056	4,056,826	1,644,218
Total net position	<u>\$ 5,461,149</u>	<u>1,565,996</u>	<u>1,705,116</u>	<u>8,732,261</u>	<u>1,644,218</u>

Amounts reported for business-type activities in the statement of net position are different because:

Internal service fund used by management to charge the cost of workers' compensation claims to individual funds. The net position of the internal service fund are included in business-type activities in the statement of net position.	1,644,218
Adjustment to reflect the consolidation of workers' compensation activity related to governmental and component unit activities.	20,661
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	(687,840)
Net position of business-type activities	<u>\$ 9,709,300</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION**

Proprietary Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>				
	<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
	<u>County Nursing Home</u>	<u>Emergency Telephone</u>	<u>Other Non- major Funds</u>	<u>Totals</u>	
Operating revenues:					
Charges for sales and services:					
County charges	\$ 24,450,875	1,606,054	1,215,458	27,272,387	1,648,113
Rentals and other revenues	39,537	63	—	39,600	—
Total operating revenues	<u>24,490,412</u>	<u>1,606,117</u>	<u>1,215,458</u>	<u>27,311,987</u>	<u>1,648,113</u>
Operating expenses:					
Patient/client services	19,038,855	4,626,242	2,465,109	26,130,206	1,399,763
Depreciation	934,370	862,690	339,273	2,136,333	—
Administrative	4,465,070	50,785	—	4,515,855	—
Total operating expenses	<u>24,438,295</u>	<u>5,539,717</u>	<u>2,804,382</u>	<u>32,782,394</u>	<u>1,399,763</u>
Operating income (loss)	<u>52,117</u>	<u>(3,933,600)</u>	<u>(1,588,924)</u>	<u>(5,470,407)</u>	<u>248,350</u>
Nonoperating revenues (expenses):					
Grants	—	2,180,569	1,096,128	3,276,697	—
Interest income	2,826	1,596	—	4,422	—
Loss on investments	—	—	—	—	(8,481)
Interest expense	(234,783)	(177,755)	—	(412,538)	—
Insurance recovery	—	2,761	12,973	15,734	—
Loss on the sale of capital assets	—	(333)	(2,513)	(2,846)	—
Gain on the sale of capital assets	—	6,644	—	6,644	—
Total net nonoperating revenues (expenses)	<u>(231,957)</u>	<u>2,013,482</u>	<u>1,106,588</u>	<u>2,888,113</u>	<u>(8,481)</u>
Income (loss) before transfers and capital contributions	(179,840)	(1,920,118)	(482,336)	(2,582,294)	239,869
Capital contributions	217,227	—	715,541	932,768	—
Transfers in	—	1,871,169	194,786	2,065,955	—
Transfers out	—	(39,551)	—	(39,551)	—
Change in net position	<u>37,387</u>	<u>(88,500)</u>	<u>427,991</u>	<u>376,878</u>	<u>239,869</u>
Net position, beginning of year, as restated	5,423,762	1,654,496	1,277,125		1,404,349
Net position, end of year	<u>\$ 5,461,149</u>	<u>1,565,996</u>	<u>1,705,116</u>		<u>1,644,218</u>

Amounts reported for business-type activities in the statement of activities are different because:

The internal service fund is used by management to charge the cost of workers' compensation claims to individual funds. The net revenues of certain activities of the internal service fund are reported within business-type activities.	65,747
Adjustment to reflect the consolidation of workers' compensation activity related to governmental and component unit activities.	(44,235)
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	<u>70,450</u>
Change in net position of business-type activities	<u>\$ 468,840</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
Proprietary Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Nonmajor Funds	Totals	
Cash flows from operating activities:					
Cash received on surcharges	\$ —	1,597,089	—	1,597,089	—
Cash received on county charges	23,930,861	—	1,054,414	24,985,275	1,484,891
Payments to vendors	(6,228,704)	(1,523,561)	(798,578)	(8,550,843)	(775,379)
Payments to employees	(18,459,398)	(3,541,533)	(1,648,810)	(23,649,741)	(632,821)
Net cash provided by (used in) operating activities	<u>(757,241)</u>	<u>(3,468,005)</u>	<u>(1,392,974)</u>	<u>(5,618,220)</u>	<u>76,691</u>
Cash flows from noncapital financing activities:					
Subsidy from federal/state grants	—	2,133,367	1,011,179	3,144,546	—
Transfers from other funds	—	1,929,452	444,381	2,373,833	—
Net cash provided by noncapital financing activities	<u>—</u>	<u>4,062,819</u>	<u>1,455,560</u>	<u>5,518,379</u>	<u>—</u>
Cash flows from capital and related financing activities:					
Subsidy from federal/state grants	—	1,533	412,186	413,719	—
Transfers to other funds	—	(43,822)	—	(43,822)	—
Insurance proceeds	—	—	12,973	12,973	—
Purchase of capital assets	(650,558)	(338,613)	(487,745)	(1,476,916)	—
Proceeds from the issuance of long term bonds	7,047,940	5,147,807	—	12,195,747	—
Principal paid on capital debt	(8,256,735)	(6,198,871)	—	(14,455,606)	—
Premium on new debt	808,939	591,795	—	1,400,734	—
Interest paid on capital debt	(216,617)	(162,782)	—	(379,399)	—
Net cash provided by (used in) capital and related financing activities	<u>(1,267,031)</u>	<u>(1,002,953)</u>	<u>(62,586)</u>	<u>(2,332,570)</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investments	—	—	—	—	(66,372)
Loss on investments	—	—	—	—	(8,481)
Investment income received	2,826	1,596	—	4,422	—
Net cash provided by (used in) investing activities	<u>2,826</u>	<u>1,596</u>	<u>—</u>	<u>4,422</u>	<u>(74,853)</u>
Net increase (decrease) in cash and cash equivalents	(2,021,446)	(406,543)	—	(2,427,989)	1,838
Cash and cash equivalents, January 1	4,281,687	1,396,086	200	5,677,973	378,491
Cash and cash equivalents, December 31	<u>\$ 2,260,241</u>	<u>989,543</u>	<u>200</u>	<u>3,249,984</u>	<u>380,329</u>

(Continued)

STATEMENT OF CASH FLOWS
Proprietary Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Nonmajor Funds	Totals	
(Continued)					
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 52,117	(3,933,600)	(1,588,924)	(5,470,407)	248,350
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	934,370	862,690	339,273	2,136,333	—
Changes in assets and liabilities in:					
Patient accounts receivable	(479,422)	—	—	(479,422)	—
Due from other governments	—	1,535	(153,565)	(152,030)	—
Customer accounts receivable	—	(10,563)	(6,607)	(17,170)	—
Due from other funds	(1,739,580)	(327,056)	—	(2,066,636)	(163,122)
Prepaid items	(505)	427	1,479	1,401	(81,973)
Accounts payable	542,272	(59,397)	7,907	490,782	(12,000)
Accrued liabilities and withholdings	(62,082)	(3,161)	7,635	(57,608)	—
Unearned revenues	(10,025)	—	(871)	(10,896)	—
Funds held as fiduciary	(1,899)	—	—	(1,899)	—
Net OPEB obligation	7,513	1,120	699	9,332	—
Self-insurance claims payable	—	—	—	—	85,536
Total adjustments	(809,358)	465,595	195,950	(147,813)	(171,559)
Net cash provided by (used in) operating activities	\$ (757,241)	(3,468,005)	(1,392,974)	(5,618,220)	76,791

There were no material non-cash financing and investing transactions.

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS
DESCRIPTION OF FUNDS

Fiduciary funds are used by the County to account for funds collected on behalf of others.

Pension Trust-Employees' Retirement Fund –The County's pension trust fund accounts for the County and its employees' retirement contributions, earnings, investments and obligations.

Agency Funds – The County's agency funds account for cash collected by elected row officers (Clerk of Courts, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff and Treasurer) and other County offices, which is subsequently disbursed to individuals, private organizations and other governments for whom it was collected.

STATEMENT OF FIDUCIARY NET POSITION

Fiduciary Funds

December 31, 2013

COUNTY OF CUMERLAND, PENNSYLVANIA

	Pension Trust - Employees' Retirement	Agency Funds
Assets		
Cash and cash equivalents	\$ 3,723,157	4,205,886
Investments:		
Negotiable bank certificates of deposit	8,308,660	—
U.S. government and agency securities	20,935,276	—
Corporate bonds and notes	24,799,718	—
Other governments	829,817	—
Equity securities	62,746,060	—
Mutual funds	52,727,671	—
Total investments	170,347,202	—
Due from broker	58,600	—
Accrued interest and dividends receivable	612,878	—
Total assets	174,741,837	4,205,886
Liabilities and Net Position		
Due to other governments	—	1,926,589
Due to broker	84,543	—
Other liabilities	39,659	2,279,297
Total liabilities	124,202	4,205,886
Net Position		
Net position held in trust for pension benefits and other purposes	\$ 174,617,635	—

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Pension Trust Fund

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

Additions:

Contributions:

Employer	\$ 5,003,787
Plan members	2,984,377
Total contributions	<u>7,988,164</u>

Investment income:

Net appreciation in fair value of investments	23,250,599
Interest	1,351,002
Dividends	2,659,550
Total investment earnings	<u>27,261,151</u>
Less investment expense	<u>441,685</u>
Net investment income	<u>26,819,466</u>
Total additions	<u>34,807,630</u>

Deductions:

Benefits	6,590,964
Refunds of contributions	791,417
Administrative expenses	137,366
Total deductions	<u>7,519,747</u>
Net increase	27,287,883

Net position reserved for pension benefits:

Beginning of year	<u>147,329,752</u>
End of year	<u>\$ 174,617,635</u>

The notes to the financial statements are an intergral part of this statement.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The County's significant accounting policies are described below.

A. The Reporting Entity

The County of Cumberland is located in south central Pennsylvania, to the immediate west of the City of Harrisburg, the Capital of the Commonwealth. It is a County of the third class founded January 27, 1750, and operates under an elected three-member Board of Commissioners. The County provides various governmental services including judicial, public safety, corrections, human services, economic development and others to its 241,212 residents.

The basic criteria for determining whether a governmental organization should be included in the primary governments reporting entity is financial accountability. Though a primary government is financially accountable for the organizations that make up its legal entity, it may also be financially accountable for legally separate organizations based on the nature and significance of their relationship as provided for in applicable laws, organizational bylaws or contractual agreements.

Component Units

Component units are legally separate organizations for which the County is financially accountable. In addition, a component unit can be a legally separate organization for which the nature and significance of its relationship with the County is such that its exclusion would cause the County's financial statements to be misleading or incomplete.

Effective in 2013, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity" reviewing all financially active, non-advisory bodies against the relevant criteria for inclusion in the County's financial statements. This review resulted in the amended footnote disclosures below as well as the reclassification of the Cumberland Area Economic Development Corporation from a blended to a discretely presented component unit – see Note 2 for the financial effect of this reclassification.

The County reports four organizations as component units in accordance with GASB 61 criteria.

Blended Component Unit

The following component unit of the County is reported as blended as it provides services which primarily, but not exclusively, benefit the County.

Cumberland County Recycling & Waste Authority (CCRWA)

The Cumberland County Recycling & Waste Authority is a legally separate organization to which the County Commissioners appoint board members.

The CCRWA has a financial benefit/burden relationship with the County by the County's funding the CCRWA in accordance with a delegation agreement under which the CCRWA provides planning for, and reporting on, municipal waste and recycling within the County – a core statutory County responsibility.

As the County both budgets for the CCRWA and delegates the County's recycling and waste management responsibilities to the CCRWA and may opt to cease such delegation and funding at its discretion, the County is able to impose its will on the CCRWA.

The CCRWA is reported as blended as the recycling and waste planning and reporting services that the CCRWA provides almost entirely benefit the County as such services are the legislated responsibility of a county.

The CCRWA does not issue separate financial statements.

Discretely Presented Component Units

The following component units of the County are reported discretely as they do not satisfy the blending criteria of GASB No. 14 and 61.

Cumberland County Conservation District

The Conservation District does not satisfy the blending criteria of GASB No. 14 and 61.

The Cumberland County Conservation District is a legally separate organization which provides for the conservation of the County's soil, water and related resources. The County Commissioners appoint District board members from a list of nominees provided by outside groups.

The Conservation District is fiscally independent as the Pennsylvania law that governs its creation and operation does not grant the County the authority to involve itself in the activities that, according to GASB No. 14 and No. 61, exemplify independent decision making. Despite the Conservation District's fiscal independence under law, the County believes it is misleading to exclude the Conservation District as a component unit of the County in light of its close relationship, and financial integration with, the County. Supporting this decision are the County Commissioners' annual approval of the Conservation District's budget, County Salary Board and Commissioner approval of Conservation District positions and personnel hires, respectively, despite no provisions in state law that grants the County the direct authority for these roles. The County also includes the Conservation District budget and performance measures in its published County budget document.

The audited financials of the Conservation District are available at the District's office at 310 Allen Road, Suite 301, Carlisle, PA 17013.

Cumberland County Industrial Development Authority (IDA)

The IDA is a legally separate organization which strives to alleviate unemployment by creating and developing business opportunities through facilitating organizations access to grants and financing for which both the County and the IDA have no ongoing liability.

The County Commissioners appoint IDA board members and, representing the potential for the County to impose its will, have the ability to remove board members without cause.

The audited financials of the IDA are available at the Authority's office at 53 West South Street, Suite 1, Carlisle, PA 17013.

Cumberland Area Economic Development Corporation (CAEDC)

The Cumberland Area Economic Development Corporation (CAEDC) is a legally separate governmental not-for-profit, for which the County appoints board members from nominees recommended by the CAEDC board. The County financially benefits from the CAEDC by the CAEDC's performance of activities that are set forth in the County's strategic plan, mission/vision – thereby relieving the County of this budgetary and

administrative burden by placement of this portion of the County's mission under an outside organization. The CAEDC also has a financial benefit/burden relationship with the County by virtue of the County's ongoing decision to fund the CAEDC with 100% of the County's hotel taxes, as well as discretionary County grants.

As the CAEDC is funded primarily with County hotel taxes, for which the tax rate is set by, and can only be changed by, the County, the CAEDC is fiscally dependent on the County.

CAEDC financial statements may be requested at the CAEDC office at 53 West South Street, Suite 1, Carlisle, PA 17013.

Joint Ventures

The County reports two joint ventures.

Capital Area Transit

The County is a participant in Capital Area Transit (CAT) - a joint venture.

CAT was organized April 18, 1973, by the City of Harrisburg and the Counties of Cumberland and Dauphin under the Pennsylvania Municipality Authorities Act, for the purpose of providing public transportation within the Counties of Cumberland and Dauphin, including the City of Harrisburg. CAT is governed by a seven-member board appointed by the sponsoring municipalities. The Cumberland County Commissioners appoint two members.

CAT receives the vast majority of its operating and capital funding from Federal and state grants. The sponsoring local governments are only responsible for providing, in aggregate, no more than 15% of operating funding and no more than 3 1/3% of certain asset improvement program costs. The County has no further financial obligation to CAT. Pennsylvania's Act 44, in conjunction with Act 89 of 2013, provide stable long-term funding for Pennsylvania public transit agencies.

The County has no interest in the equity of CAT and as a result there is no equity interest in CAT recorded in the County's financial statements.

In 2013, the County paid CAT \$342,394. As a participant in the joint venture, the County's annual subsidy payment was \$319,324 in 2013. Additionally, the County pays \$11,320 per year to CAT for transportation services for Shippensburg Borough. The County also pays approximately \$7,200 per year for the Shared Ride program and in 2013 paid \$4,550 for the Carlisle Business Circulator.

CAT issues publicly available financial statements that may be obtained from the Capital Area Transit office at 901 North Cameron Street, Harrisburg, PA 17101.

Cumberland County/Penn State Agricultural Extension Programs

Cumberland County and Penn State University jointly operate and fund Agricultural Extension Programs. These programs are administered at the Agricultural Extension office at 310 Allen Road, Suite 601, Carlisle, PA 17013.

The County's Agriculture Extension activity is a joint operation in which the County reports its contributions, in the form of its share of joint operation expenses, in the County's financial results. As the Agricultural Extension is a joint operation, in which both governmental units separately report their share of expenses, separate financial statements of the joint operation are not available.

In 2013, the County's share of Agricultural Extension program expenses were \$355,014 and are reported in the County's general fund.

There are no separately issued financial statements for the Cumberland County/Penn State Agricultural Extension Program joint operation.

Related Organizations

Related organizations are organizations for which the County is not financially accountable (because it does not have the ability to impose its will or have a financial benefit or burden relationship) even though the County appoints a voting majority of the organization's governing board.

The County's related organizations, which are not solely advisory and with significant financial activity, are:

Cumberland County Library System
Cumberland County Redevelopment Authority
Cumberland County Housing Authority

B. Basis of presentation

The basic financial statements of the County have been prepared in accordance with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) establishes U.S. generally accepted accounting principles for governments.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on the overall County. The statement of net position reports what the County owns and owes. The statement of activities reports, by program category, the amount of expenses not covered by program revenues. Program expenses not covered by program revenues are instead financed with County taxes and other general revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are allocated to all governmental and business-type activities in accordance with the County's indirect cost allocation plan. However, indirect expenses are recorded and reported only in those activities with cost reimbursement grant funding. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. County real estate taxes and other revenues that do not relate to a specific program are reported as *general revenue*.

The government-wide statements do not include the fiduciary activities of the primary government since those resources do not support the programs of the County. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*,

which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate discretely presented component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds (general fund, mental health/intellectual and developmental disabilities, children and youth and HealthChoices-Cumberland County and major individual enterprise funds (County nursing home and emergency telephone) are reported as separate columns in the fund financial statements.

D. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and pension trust fund financial statements. Agency funds are reported using the *accrual basis of accounting* and have no measurement focus.

The government-wide financial statements report revenues when earned and expenses when the liability is incurred regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. County taxes are reported as revenue in the year for which they are levied. Grants and similar revenues are deemed earned when all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. Disbursement of grant funds in payment of program costs is typically an eligibility criterion. Any excess of grant receipts at year-end is recorded as unearned revenues. Any excess of grant expenditures at year-end is recorded as accounts receivable or due from other governments.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Governmental fund financial statements report revenues as soon as they are both measurable and available. Revenues, including grants, are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Real estate and per capita taxes due for the current year are considered available and are, therefore, recognized as revenues if collected during the year or during the first sixty days of the subsequent year. Court costs, fines and forfeitures are considered available only when cash is received by the County. Grants are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Other revenues are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The County reports the following governmental fund types:

A *general fund* is the government's chief operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Special revenue funds account for revenues that are restricted or committed to expenditure for specified purposes.

A *debt service fund* accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

Capital projects funds account for significant capital projects and capital expenditures that are not financed by proprietary funds.

The County reports the following proprietary fund types:

Enterprise funds are used to report an activity for which a fee is charged to external users for goods or services.

Internal service funds are used to account for the County's self-insured workers' compensation and employee health reimbursement arrangement (HRA).

Internal service funds are an accounting device used to accumulate and allocate the cost of the County's workers' compensation self-insurance and health reimbursement arrangement internally among all of the County's various activities based on the causal relationship between the internal services costs and the County's benefiting activities. The net position of workers' compensation self-insurance are included within *business-type activities* in the government-wide statement of net position. The net position of the health insurance arrangement are included within *governmental activities* in the government-wide statement of net position.

Fiduciary funds, consisting of the County's pension trust and agency funds, are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governments. The pension trust fund accounts for the retirement contributions of the County and its employees. The agency funds account for cash collected by elected row officers (Clerk of Court, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff, and Treasurer) and other County offices which is subsequently disbursed to the County, individuals, private organizations and other governments for whom it was collected, though the portion of cash held by agency funds due to the County at year end is reported as assets of the appropriate County funds.

The County reports its *general fund*, *mental health/intellectual and developmental disabilities fund*, *children and youth fund* and *HealthChoices-Cumberland County fund* as major governmental funds. Descriptions of these individual funds precede their presentation in the basic financial statements.

The County reports its *County nursing home fund* and *emergency telephone fund* as major proprietary funds. Descriptions of these funds precede their presentation in the basic financial statements.

E. Interfund Eliminations

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are balances between the governmental activities and the business-type activities. Elimination of these charges would distort the costs and program revenues reported for the various functions concerned. Direct expenses are those that are clearly identified with a specific functional activity. Expenses reported for functional activities do not include allocated indirect expenses. Indirect expenses are reported in a separate column to differentiate them from direct expenses and revenues.

F. Program Revenues

Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include County taxes.

When both restricted and unrestricted resources are available for use, it is the County's general policy to use restricted resources first, then unrestricted resources as they are needed.

G. Net Patient Service Revenue

Net patient service revenue, including unbilled services, are reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments due to audits in subsequent years.

H. Operating and Nonoperating Revenues

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues consist principally of billings for medical care, pharmaceuticals and room and board at the County nursing home; taxes charged to phone customers in the emergency telephone fund; and fees assessed to material handlers in hazardous materials.

Operating expenses consist of the costs of goods and services, administrative expenses and depreciation on capital assets.

All other revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

I. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and other short-term investments with maturities of three months or less from the date of acquisition. Cash also includes deposits in other kinds of short-term investment accounts or cash management pools that have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

The County has written investment policies governing both its pension fund investments and its investments in other funds. These policies are discussed in Note 2.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

J. Prepaids

To the extent certain payments to vendors, such as for rent or insurance, reflect costs applicable to future accounting periods, they are recorded as prepaid items in both the government-wide and fund financial statements.

K. Restricted Assets and Related Liabilities

Certain cash and investments in governmental activities are maintained in separate bank accounts and are classified as restricted assets on the County's balance sheets and statement of net position because their use is restricted for a purpose narrower than the purpose of the fund itself by either legislation, bond covenants, or agreements with the funding provider.

Assets, such as cash and due from other governments, in grant funded programs are generally restricted in use to payment of current program liabilities.

Restricted cash and investments in governmental activities consist of general obligation bond and note proceeds designated for specific projects. Specific projects include the prison expansion and renovations of a building to house the County's Transportation Department, Board of Elections and maintenance garage.

Restricted investments in business-type activities consist of resident money held in a fiduciary capacity at the County's nursing home.

L. Capital Assets

Capital assets, which include land, improvements other than buildings, buildings and systems, machinery and equipment, bridges (infrastructure), construction in progress and intangibles (such as agricultural easements and computer software), are recorded in the applicable governmental and business-type activities columns in the government-wide statement of net position. Capital assets are defined by the County as assets with a value greater than the range of \$500 to \$1,000, depending on the type of asset or departmental reporting requirements, and an initial useful life greater than one year. This capitalization policy is applied to individual capital assets rather than to groups/sets of capital assets (e.g. chairs, desks, etc.). Such assets are valued at historical cost or estimated historical cost, if historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The County has capitalized the cost of its infrastructure assets, regardless of when constructed or improved.

Maintenance, repairs, and equipment less than the capitalization threshold, are charged to operations when incurred. Costs that materially change capacities or extend useful lives are capitalized.

Upon sale or retirement, the cost and related accumulated depreciation, if applicable, are eliminated from the respective government-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

Major outlays for capital assets are capitalized when incurred. Construction in progress costs are capitalized as projects are constructed. Depreciation begins when the project is placed into service.

Buildings and systems, improvements other than buildings, machinery and equipment, and bridges are depreciated using the straight-line method at half year conventions over the following estimated useful lives:

Description	Useful Life in Years	Capital Threshold
Land	Not depreciated	\$ 1,000
Agricultural easements	Not depreciated	1,000
Buildings and systems	5 - 50	1,000
Improvements other than buildings	10 - 45	1,000
Machinery and equipment	5 - 20	1,000
Computer, audio and video equipment	5 - 7	500
Computer software	5 - 7	1,000
Bridges	50	1,000

M. Compensated Absences

Accumulated unpaid vacation, sick, paid time off, compensatory time and holiday pay liability is determined according to the following personnel policies of the County:

- Upon termination, all unused vacation time and paid time off up to a maximum of 30 days, will be paid with the final check.
- Upon termination, employees will be paid for one half of their total unused sick time up to a maximum of 45 days. Two types of sick leave exist within the County:
 - Accrued prior to August 1, 1997 and carried forward from year to year,
 - Five days earned each year and which is not permitted to be carried into the next year.
- Employees are limited to carrying 32 hours of compensatory time. Any excess is paid out at their regular rate.
- For those departments required to provide 24-hour coverage on holidays, employees will be paid a supplemental day's wages for all accumulated holidays worked.

The liability for compensated absences is not reported in the governmental funds due to the measurement focus of those funds. Compensated absences are reported in the proprietary funds and in the government-wide statements.

N. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statements of net position. Bond and note discounts and premiums are amortized on the straight-line basis which approximates the effective interest methods over the bond and note terms. Bonds and notes payable are reported net of applicable discounts and premiums.

In the governmental fund financial statements, bond discounts or premiums, bond issuance costs and refunding gain/losses are recognized during the current period. The face amount of the debt issued is

reported as other financing sources. Discounts/premiums on debt issuances are reported as other financing uses/sources. Issuance costs are reported as debt service expenditures.

O. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources, as appropriate. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (i.e. expense) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary funds statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the governmental fund's balance sheet reports a separate section for deferred inflows of resources, as appropriate. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of resources that applies to future periods and so will *not* be recognized as an inflow of resources (i.e. revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues primarily from property taxes and court costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

P. Risk Management, Including Self-Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which it carries commercial insurance. Insurance settlements have not exceeded insurance coverage for the past ten years.

The County establishes claims liabilities for its workers' compensation self-insurance activities. The liability is based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and estimates of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the claims involved. Estimated amounts of subrogation and reinsurance that are recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit because reliance is placed on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to operations in the periods in which they are made.

The County has established a trust account with a local bank to fund its workers' compensation liabilities and has accounted for this in an internal service fund.

The County self-insures the high-deductible for employees opting to enroll and contribute towards the employee buy-up health plan option. The County accounts for this in an internal service fund.

The County self-insures for its employee dental plan, although it uses a third party administrator. Due to the relatively low financial exposure and cost of self-insuring for this employee benefit, this plan is accounted for in the County's general fund.

Q. Fund Balance – Governmental Funds

The County's fund balance policy establishes the objective of maintaining a healthy level of fund balance sufficient to mitigate current and future financial risks (i.e. unanticipated emergency expenditures and revenue shortfalls) and to ensure stable tax rates by maintaining an unassigned fund balance in the general fund representing no less than sixty days of general fund operating expenditures as recommended by the Government Finance Officer Association. The County accomplishes this objective by maintaining an unassigned fund balance in its general fund of no less than sixty days of average budgeted general fund total expenditures and transfers-out.

The County's fund balance policy comprises a hierarchy based primarily on the extent of constraints imposed upon the use of net resources reported in governmental funds.

The County is limited to spending restricted fund balance on the activities allowed by the terms of a grant contract or by applicable legislation.

With the exception of self-imposed constraints, consisting of (1) formal action taken by the County Commissioners to enact fund balance commitments, in the form of a formal Commissioner-approved resolution to establish, modify or rescind a fund balance commitment, or (2) fund balance assignments by designated County management (Finance Director assignments, as approved by the Chief Clerk), unrestricted fund balance may be spent on the wide variety of governmental activities.

In regard to the order in which net governmental resources are spent, the most restrictive funding source is used first, unless applicable legislation, grant or a formal action by the Commissioners mandates an exception.

Nonspendable Fund Balance

Nonspendable fund balance is the component of fund balance that is not available for expenditure and typically represents prepaid expenditures.

Restricted Fund Balance

Restricted fund balance represents amounts that can be spent only for the specific purposes allowed by the resource providers, i.e. grantors or applicable legislation. The County's restrictions are as follows:

Landfill closure – This restriction was established to cover costs for remedial measures and emergency actions that are necessary to prevent or abate adverse effects upon the environment after closure of a landfill located in the County, but not owned by the County.

Farmland preservation – The County has set aside cash and investments to provide required matching contributions to a state program that allows farmers to sell their rights to develop agriculture land. The program is designed to reduce the development of County farmland.

Offender supervision – The County receives administrative fees from probationers within the County. The funds are reserved for probation expenditures.

Criminal investigation – The County receives monies from grants, restitution and contributions which are to be used for criminal investigation expenditures.

Register of Wills – Act 34 - Filing fees collected, per statute, are reserved for adoption counseling by individuals who cannot afford to pay for it.

Coroner – Act 122 - Monies collected, per statute, are reserved to be used for training and equipment for the Coroner’s Office.

Veteran affairs – Monies donated are restricted by the donor for the purchase of a van to be used by the department of Veteran Affairs.

Hoffer scholarships – The County’s juvenile probation department received money from the Honorable George Hoffer (former President Judge) for the use of providing scholarships to eligible juvenile applicants.

Roads and bridge maintenance – Monies received for the restricted purpose of maintaining and replacing roads and County owned bridges.

Human services – Monies received for the provision of human services activities for County residents.

Public safety – Monies received to coordinate essential public safety activity among federal, state, regional, county, municipal agencies, and volunteer organizations to provide quick, reasoned responses to the needs of County citizens in times of emergency.

Row Office automation:

- *Clerk of Court automation* - Monies collected, per statute, on behalf of the Clerk of Court automation fund are reserved solely for the purpose of automation and continued automation updates of the Clerk of Court office.
- *Prothonotary automation* - Monies collected, per statute, on behalf of the Prothonotary automation fund are reserved solely for the purpose of automation and continued automation updates of the Prothonotary office.
- *Register of Wills automation* - Monies collected, per statute, on behalf of the Register of Wills and Clerk of Orphans’ Court automation fund are reserved solely for the purpose of automation and continued automation updates of the Register of Wills and Clerk of Orphans’ Court office.

Marcellus shale – These funds are the County’s portion of the Pennsylvania’s Marcellus Legacy Fund which is funded from forty percent of the proceeds from the natural gas drilling impact fee.

- *General fund* – monies are restricted for the planning, acquisition, development, rehabilitation and repair of greenway projects.
- *Capital projects* – monies are restricted to replace or repair locally owned, at-risk deteriorated bridges.

Conservation – Monies restricted to provide the long-term capacity and disposal of County municipal waste in an environmentally sound and cost effective manner. Also, to reduce overall County waste generation while increasing County recycling, and provide county residents with proper disposal options for certain items that are generally inappropriate for municipal solid waste disposal facilities.

Economic development and housing – Monies used to provide economic development services and tourism promotion services to Cumberland County and the Southcentral Pennsylvania region.

Capital projects – Proceeds restricted for the purpose of capital related projects.

Unrestricted Fund Balance

Unrestricted fund balance consists of the committed, assigned and unassigned fund balance categories.

County Commissioners have not taken action to commit fund balance.

Fund Balance Assignments

Assigned fund balance represents the County’s plans for future use of the County’s net financial resources which are not otherwise restricted or committed. Accumulated unrestricted inflows in special revenue funds are reported as fund balance assignments and are dedicated to supporting the fund’s objectives.

Assignments have been established in the general fund as follows:

Human services – This assignment was established to fund future human service expenditures.

Future budgetary requirements – This assignment was established to fund future budgetary requirements for 2014.

Capital projects – This assignment was established to fund future capital projects in the County.

Risk liability – This assignment was established to mitigate potential budgetary shortfalls in the provision of prisoner healthcare.

Farmland preservation – The County has set aside cash and investments to satisfy future obligations related to the purchase of development rights of a Cumberland County farm.

Prison canteen – Monies representing commissions earned from the operation of the prison canteen are assigned for prisoner welfare expenditures.

Criminal justice planning – The County receives monies from grants, restitution and contributions which are used to provide integral planning assistance in matters of criminal justice administrations and systematic improvements.

Unassigned Fund Balance

Unassigned fund balance is the residual classification in the general fund and is not restricted in regard to spending on County activities.

R. Net Position

Governmental Activities and Business-Type Activities and Proprietary Fund Net Position: Total net position is determined by summing total assets plus deferred outflow of resources and total liabilities less deferred inflow of resources reported on the statement of net position. Total net position is reported in three components: net invested in capital assets; restricted net position; and unrestricted net position.

Net invested in capital assets represents the applicable financed capital assets less accumulated depreciation and the outstanding liability (excluding unspent proceeds) for debt specifically related to the acquisition of the capital assets.

Restricted net position are reported based on enforceable constraints imposed by either creditors, contributors or laws or regulations of other governments.

Unrestricted net position represents total net position less net invested in capital assets and restricted net position.

S. Retirement and Other Postemployment Benefits

The County funds accrued pension costs on its contributory defined benefit pension plan covering substantially all employees. Prior service costs have been fully amortized.

Additionally, the County provides postemployment benefits to employees. By permitting retired employees the ability to participate in the employee health plan at the same premium rate as active employees, albeit 100% paid for by the retirees, the County is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis. The County provides no other postemployment benefits to County employees.

T. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the County's reporting requirements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. This Statement improves guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. GASB 61 is effective for periods beginning after June 15, 2012. The County has implemented this standard in the current year. A change resulting from the implementation of this standard is discussed in section A of this footnote and the financial impact of a resulting reclassification of a component unit is quantified and reported in Note 2.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The County has implemented this standard in the current year. The change resulting from the implementation of this standard is quantified and reported in Note 2.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective

for financial statements for periods beginning after December 15, 2012. This standard does not apply to the County's operations.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 68, *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*. The objective of these Statements is to improve accounting and financial reporting by state and local governmental pension plans. Statement No. 67 is effective for financial statements for fiscal years beginning after June 15, 2013. Statement No. 68 is effective for financial statements for fiscal years beginning after June 15, 2014. The County is currently evaluating what effect, if any, adoption of GASB 67 and GASB 68 will have on the County's financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The County is currently evaluating what effect, if any, adoption of GASB 69 will have on the County's financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. The County does not extend or receive nonexchange financial guarantees.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

2. Restatement of Net Position/Restatement of Beginning Balances

Effective December 31, 2012, the County implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus". One entity, the Cumberland Area Economic Development Corporation, that was previously reported as a blended component unit is now being reported as a discretely presented component unit.

Also effective December 31, 2012, the County implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" that establishes accounting and financial reporting standards that reclassify, as outflows of resources or inflows of resources, certain items that were previously reported as asset and liabilities. Additionally, GASB also provided guidance for prior year bond issuance costs which should be recognized as outflow of resources in the reporting period in which they occur which lead to the restatement of net position.

Presented below are the changes to the Governmental Fund Balance Sheet, the Proprietary Funds Statement of Net Position and the Government-wide Statement of Net Position as a result of implementing GASB No. 61 and No. 65.

RESTATEMENT NOTE

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

Governmental Fund Balance Sheet

	<u>General Fund</u>	<u>Mental Health/ Intellectual and Developmental Disabilities</u>	<u>Children and Youth</u>	<u>HealthChoices- Cumberland County</u>	<u>Capital Project Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances, as previously reported, at December 31, 2012	\$ 25,163,263	189,463	-	25,701	4,653,666	6,793,881	36,825,974
Apply GASB 61:							
Cumberland Area Economic Development Corporation	-	-	-	-	-	(2,867,869)	(2,867,869)
Apply GASB 34 (change in major fund classification):							
Capital project fund	-	-	-	-	(4,653,666)	4,653,666	-
Fund balances, as restated, as of December 31, 2012	<u>\$ 25,163,263</u>	<u>189,463</u>	<u>-</u>	<u>25,701</u>	<u>-</u>	<u>8,579,678</u>	<u>33,958,105</u>

Proprietary Funds Statement of Net Position

	<u>County Nursing Home</u>	<u>Emergency Telephone</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Net position, as previously reported, at December 31, 2012	\$ 5,521,238	1,720,315	1,277,125	8,518,678	1,404,349
Apply GASB 65 (Elimination of bond issuance costs):					
County nursing home	(97,476)	-	-	(97,476)	-
Emergency telephone	-	(65,819)	-	(65,819)	-
Net position, as restated, at December 31, 2012	<u>\$ 5,423,762</u>	<u>1,654,496</u>	<u>1,277,125</u>	<u>8,355,383</u>	<u>1,404,349</u>

Government-wide Statement of Net Position

	<u>Primary Government</u>			<u>Discretely Presented Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Conservation District</u>	<u>Industrial Development Authority</u>	<u>CAEDC</u>
Net position, as previously reported, at December 31, 2012	\$ 59,578,485	9,403,755	68,982,240	196,032	454,753	-
Apply GASB 61:						
Cumberland Area Economic Development Corporation	(2,931,958)	-	(2,931,958)	-	-	2,931,958
Apply GASB 65 (Elimination of bond issuance costs):						
Business type activities	-	(163,295)	(163,295)	-	-	-
Governmental activities	(464,842)	-	(464,842)	-	-	-
Net position, as restated, at December 31, 2012	<u>\$ 56,181,685</u>	<u>9,240,460</u>	<u>65,422,145</u>	<u>196,032</u>	<u>454,753</u>	<u>2,931,958</u>

3. Deposits and Investments

The County reports deposits and investments in accordance with U.S. generally accepted accounting principles (GAAP), which requires enhanced disclosure of the risks of loss that the County's deposits and investments are subject to. Specifically, the following disclosures regarding the County's pension and non-pension deposits and investments are required:

- Policies
- Risks
 - Custodial credit risk
 - Interest rate risk
 - Credit risk
 - Concentration of credit risk
 - Foreign currency risk

A. Policies

(1) Policies – non-pension investments - Deposits and investments for the primary government and its discretely presented components units are governed by Pennsylvania law (County Code, Section 1706).

Except for the County's pension trust fund (discussed below), the Commonwealth of Pennsylvania restricts the County's investments, including the County's workers' compensation self-insurance trust investments, to the following:

- U.S. Treasury bills,
- Obligations of the U.S. Government or its agencies or instrumentalities,
- Insured or collateralized time deposits with financial institutions,
- Shares of an investment company registered under the Investment Company Act of 1940, provided its investments are of the aforementioned types,
- Insured or collateralized certificates of deposit from financial institutions, and
- Commercial paper, defined in Section 1706 as investment grade corporate promissory obligations.

The County's investment policy, which governs its non-pension cash and investments, is consistent with the restrictions cited above and provides the following further restrictions on the County's investments:

- Limits investments in commercial paper to 25 percent of County available funds,
- Prohibits the placement of more than 35 percent of aggregate cash and investments in any one financial institution,
- Restricts repurchase agreements to those invested in U.S. Government obligations and its agencies and instrumentalities that are U.S. Government backed and requires a 102 percent margin for underlying collateral, and
- Requires that the purchase of securities be executed on a delivery versus payment basis through an independent third party and that securities be held by the custodian as evidenced by safekeeping receipts.

(2) Policies – pension investments – The County Retirement Board, which according to law consists of the three Commissioners, Controller and Treasurer, oversees the investments of the pension trust fund in a fiduciary capacity.

The Retirement Board has adopted an investment policy (“Pension Policy”), that governs the investments of the County’s pension trust fund. The Pension Policy establishes a target return of 7.5% for the pension trust fund and an objective of meeting or exceeding the pension plan’s assumed actuarial rate of return. The Pension Policy also establishes an objective of meeting or exceeding the annualized investment performance of the pension plan’s weighted asset-class benchmark indices.

The Pension Policy provides that initial investments and subsequent market value of investments held in the common stock of any one corporation may not exceed five percent and eight percent, respectively, of the equity portion of any portfolio.

The Pension Policy restricts holdings in the following areas to the below stated percentages of the fixed income portfolio:

- Mortgage backed securities – 30 percent,
- Zero coupon bonds – 20 percent,
- Baa or fourth investment grade bonds – 30 percent,
- Foreign fixed income securities, if rated A or above, including Canadian securities denominated in U.S. dollars – 20 percent,
- Securities whose price movements are exacerbated by interest rate changes or principal prepayments, including but not limited to: range accrual notes, interest-only security (IO), principal-only security (PO) – 20 percent.

The County’s written Pension Policy contains the following components:

- To manage custodial credit risk, the Pension Policy requires that custodians and deposit administrators exercise fund safekeeping and securities settlement procedures by custodian participation in one or more appropriate securities depositories (e.g. Depository Trust Company, New York) and, as necessary, correspondent participation in other major depositories (e.g. the Federal Reserve System).
- In order to limit foreign currency exposure, hedging is permitted to protect against currency fluctuations for equity securities denominated in foreign currencies.
- To limit exposure to emerging markets and the associated risks, investments in emerging market equity securities are limited to 15 percent of the international equity portfolio at market value.
- Credit risk is managed by requiring that any single fixed income security be rated investment grade by two of the three major rating agencies. Commercial paper holdings shall be A1 or P1 or Prime.
- To limit concentration of credit risk, holdings of fixed income securities of any one issuer cannot exceed five percent of the total market value of the fixed income portfolio. Debt securities issued by the U.S. Treasury and Federal agencies are not subject to this restriction.
- Interest rate risk is managed by both limiting duration to within 25 percent of a fixed income portfolio benchmark and limiting holdings of fixed income securities that are subject to significant

- fluctuations in fair value due to changes in interest rates. Holdings of zero coupon bonds (limited to U.S. Treasury securities) are capped at 20 percent of the fixed income portfolio. Range accrual notes, interest only and principal only securities are limited, as a group, to 20 percent of the fixed income portfolio.
- In regard to investments in mutual funds, the Pension Policy recognizes that, given the nature of mutual funds, the diversification limitations regarding both concentrations in individual securities and other objectives and specific requirements may at times be exceeded.

The Pension Policy prohibits the following transactions and purchases:

- buying or short selling securities on margin and/or the use of any other form of leverage, including the lending of securities unless approved in writing in advance by the Board,
- privately placed or otherwise unregistered securities except fixed income securities, issued under SEC Rule 144(a), which are demonstrably marketable and otherwise within guidelines,
- investments in commodities or in any commodity contract, forward or futures trading activities, and all forms of portfolio hedging, excepting the use of stock options and/or currency hedges,
- fixed income investments may not include deep discount or zero coupon (except U.S. Treasury) securities, tax exempt, derivative or synthetic securities such as collateralized debt obligation, credit default swaps, interest rate swaps and any total return swaps,
- the purchase of speculative or “naked” currency contracts undertaken without a demonstrable exposed investment position to be hedged in a specific currency, and
- fixed income securities rated below investment grade by two of the three large rating agencies.

B. Risks

(1) Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of a bank failure, the County will not be able to recover its deposits or will not be able to recover collateral securities.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to an investment transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Federal Deposit Insurance Corporation (FDIC) insures for each official government custodian up to \$250,000 of demand deposits per custodian per depository and, separately, up to \$250,000 of time and savings deposits per custodian per depository.

Funds in bank accounts held in a fiduciary capacity including the negotiable certificates of deposit held by the County’s Pension Fund are subject to separate FDIC coverage up to \$250,000 per applicable beneficiary.

Act 72 in the Commonwealth requires banks to hold collateral at least equal to the amount of public deposits held which exceed FDIC coverage limits in order to secure the deposits of public funds.

Custodial credit risk – non-pension deposits – As of December 31, 2013, \$43,263,018 of the County’s bank balance of \$45,370,131 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 1,815,461
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>41,447,557</u>
Total	<u>\$ 43,263,018</u>

Custodial credit risk – fiduciary fund deposits – Excluding the negotiable certificates of deposit held by the County’s Pension Fund as of December 31, 2013, \$1,830,846 of the County’s bank balance of its fiduciary funds of \$3,886,391 was exposed to custodial credit risk as a result of it being uninsured and its collateral held by the bank’s trust department or agent but not in the County’s name.

Custodial credit risk – non-pension investments – The County is exposed to custodial credit risk at December 31, 2013, through a \$546,947 U.S. Treasury zero coupon STRIPS that matures in 2022 which is held by a third party and not registered in the County’s name. This security is held in the County’s general fund. The County’s investment policy does not require that securities held by third parties be registered in the County’s name.

Custodial credit risk – pension investments – The investments in the County’s pension trust fund are exposed to custodial credit risk. The investments are held by the custodian in the custodian’s name and not the name of the County and are recorded by the custodian only in book entry form in the name of the County.

2) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Debt securities with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

Interest rate risk – non-pension investments – As of December 31, 2013, the County had debt securities with the following duration:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration</u>
<u>Debt securities</u>		
Money market funds	\$ 380,329	
Mututal funds:		
Government fixed income	254,493	5.9
Government fixed income	398,364	1.8
Diversified fixed income	107,415	2.3
Diversified fixed income	166,094	5.1
Diversified fixed income	168,956	0.7
U.S. Treasury STRIPS	546,947	8.0
Total debt securities	<u>\$ 2,022,598</u>	

Duration is a measure of the likelihood that the fair value of a debt security would change due to changes in the interest rate environment. Assuming, for example, a duration measure of 5.0 for a given income security,

the value of the security will change by 5% of the associated change in interest rates. Therefore, a 1 % change in interest rates is assumed to result in a 5% change in the value of the security.

Of the non-pension investments above, \$380,329 of short-term, liquid investments are classified as cash and cash equivalents on the County's statement of net position of the primary government.

Of the non-pension investments above, \$1,642,269 are classified as investments on the statement of net position of the primary government. These investments, in addition to the \$129,433 of bank certificate of deposits classified as investments by Cumberland Area Economic Development, are reported as investments on the government-wide statement of net assets.

The County held \$546,947 of U.S. Treasury zero coupon STRIPS at December 31, 2013. U.S. Treasury STRIPS pays no interest over its term and, as a zero coupon security, pays only at maturity. This security matures on November 15, 2022 at \$715,000.

The investment policies of the diversified fixed income mutual fund in which the County's self-insured workers compensation trust are invested in for the satisfaction of short and long-term workers compensation claims, permit holding certain security types which are not specifically provided for in County Code Section 1706, although the diversified fixed income mutual funds are primarily invested in allowable debt securities of the U.S. government and its agencies. The County is revisiting its arrangement with the custodian of its workers' compensation fund investments in order to more closely align its mutual fund holdings with Section 1706.

Interest rate risk – pension investments – As of December 31, 2013, the County’s pension trust fund had the following investments:

		Pension Trust Fund Investments			
		<u>Investment Maturities (in Years)</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt securities</u>					
Money market funds	\$ 3,723,157	3,723,157	—	—	—
Negotiable bank certificates of deposit	8,308,660	—	8,066,791	241,869	—
U.S. Treasury inflation protected securities	6,186,080	2,333,738	3,852,342	—	—
U.S. government securities	11,549,347	—	1,536,991	4,989,712	5,022,644
U.S. agency securities	3,199,849	—	—	3,199,849	—
Corporate bonds and notes	24,799,718	797,684	16,873,236	5,880,450	1,248,348
Other governments	829,817	—	189,591	640,226	—
Total debt securities	<u>58,596,628</u>	<u>6,854,579</u>	<u>30,518,951</u>	<u>14,952,106</u>	<u>6,270,992</u>
		12%	52%	26%	11%
<u>Other investments</u>					
Equity mutual fund-foreign	13,709,425				
Equity mutual fund-global	14,997,402				
Equity mutual fund-U.S.	24,020,844				
Equity securities-U.S.	62,746,060				
Total investments	<u>\$ 174,070,359</u>				

The total pension trust fund investments of \$174,070,359, above, includes \$3,723,157 of short-term, liquid investments that are classified as cash and cash equivalents on the pension trust fund Employees’ Retirement Statement of Fiduciary Net Position.

The County held \$6,186,080 of U.S. Treasury inflation-adjusted bonds (TIPS) at December 31, 2013. These bonds pay a fixed rate of interest over their term. The bond principal, however, is adjusted for changes in the consumer price index. At maturity, the bond pays the higher of the inflation-adjusted principal or the original principal amount; thereby protecting the holder from adverse changes in the inflation rate.

Certain debt security interest terms may cause a debt security’s fair value to be highly sensitive to interest rate changes. Such terms include zero coupons, coupon multipliers, interest rates tied to benchmark indexes, interest reset dates, and prepayment options. The type, fair value and terms of these debt securities at December 31, 2013 follow:

Pension Fund Debt Securities Highly Sensitive to Interest Rate Changes

<u>Debt Security</u>	<u>Amount</u>	<u>Interest Terms</u>
U.S. government	\$ 427	1-yr constant maturity treasury + 217bps
U.S. government	5,091	12-month LIBOR + 173bps
U.S. government	10,318	1-month LIBOR + 222bps
U.S. government	39,541	1-yr constant maturity treasury + 230bps
Corporate	<u>377,936</u>	3-month LIBOR + 1bps
	<u>\$ 433,313</u>	

Inclusive of the highly interest rate sensitive debt securities identified above, the pension trust fund holds the following amount of debt securities at December 31, 2013 that are highly sensitive to interest rate changes due to their risk of being called by the issuer and/or pre-paid by underlying mortgage holders: \$8,653,106 of U.S. government securities, \$3,199,849 of U.S. agency debt securities and \$2,503,054 of corporate debt securities.

(3) Credit Risk

Credit risk is the risk that an issuer of debt securities or other counterparty to an investment will not fulfill its obligations.

Credit risk – non-pension investments – The County’s credit risk on its non-pension investments at December 31, 2013 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>
<u>Debt securities</u>		
Money market funds	\$ 380,329	Aaa
Mutual funds:		
Government fixed income	254,493	Not rated
Government fixed income	398,364	Not rated
Diversified fixed income	107,415	Not rated
Diversified fixed income	166,094	Not rated
Diversified fixed income	168,956	Not rated
U.S. Treasury STRIPS	<u>546,947</u>	Aaa
Total debt securities	<u>\$ 2,022,598</u>	

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2013 is as follows:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>Credit Quality Ratings*</u>			
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Money market funds	\$ 3,723,157	—	—	—	—
Negotiable bank certificates of deposit	8,308,660	8,308,660	—	—	—
U.S. Treasury inflation protected securities	6,186,080	6,186,080	—	—	—
U.S. government securities	11,549,347	11,549,347	—	—	—
U.S. agency securities	3,199,849	3,199,849	—	—	—
Corporate bonds and notes	24,799,718	—	4,178,988	15,450,212	5,170,518
Other governments	829,817	—	829,817	—	—
Total debt securities	\$ 58,596,628	29,243,936	5,008,805	15,450,212	5,170,518
		50%	9%	26%	9%

*Expressed in Moody’s equivalent ratings.

Money market funds are not rated.

U.S. government securities consist of U.S. Treasury, GNMA, Fannie Mae and Freddie Mac debt securities and though \$7,323,227 of these securities are not individually rated, as they are backed by the full faith and credit of U.S. government, these securities are reported above as Aaa reflecting Moody’s rating of the U.S. government.

On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae (the Federal National Mortgage Association) and Freddie Mac (the Federal Home Loan Mortgage Corporation) in conservatorship. The U.S. Treasury has put in place a set of financing agreements to ensure that these government-sponsored enterprises continue to meet their obligations to holders of bonds that they have issued or guaranteed. As a result, the County’s investments in Fannie Mae and Freddie Mac debt are reported herein as equivalent to U.S. government securities.

U.S. agency securities are considered implicitly, though not explicitly, guaranteed by the U.S. government and so are reported distinctly from U.S. government securities.

(4) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that is attributed to the magnitude of the County’s investment in the debt securities of a single issuer.

The County does not hold more than five percent of its investments as of December 31, 2013 in any one issuer, other than investments issued or explicitly guaranteed by the U.S. government.

(5) Foreign Currency Risk

Foreign currency risk – pension investments – Foreign currency risk is the risk that the fair value of such securities will be adversely affected by changes in exchange rates. The pension trust fund is exposed to foreign currency risk through a \$13,709,425 investment at fair value in international equity mutual funds as of December 31, 2013. The equity funds objectives are to invest at least 90 percent of their net position in equity securities of issuers located outside of the United States and using exchanges outside the United States.

4. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1 and fund operations in the year of levy. The County bills these taxes which are collected by elected tax collectors. Taxes paid through April 30 are given a two percent discount. Amounts paid after June 30 are assessed a 10 percent penalty. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on bonded debt. For 2013, County real estate taxes were levied at the rate of 2.131 mills for general County purposes.

An additional levy was approved by the electorate for the County library system at 0.143 mills. This tax is accounted for as an agency transaction and the associated library taxes receivable, unearned taxes and tax revenues are not recognized by the County.

5. Receivables

Amounts due from other governments are primarily grants receivable from the Commonwealth of Pennsylvania as of December 31, 2013, which are expected to be collected within one year.

The County nursing home has \$4,079,699 in net patient accounts receivable as of December 31, 2013, which is primarily a Medical Assistance reimbursement receivable from the Commonwealth of Pennsylvania. The cost reimbursements receivable is subject to audit and final determination by the Department of Public Welfare. The County nursing home recorded an allowance for doubtful accounts of \$460,498 against the gross patient accounts receivable. Of the County nursing home's patient accounts receivable, \$136,725 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$744,657 for 2013 which is determined by a review of account status. Of the County's delinquent taxes receivable, \$391,168 is expected to be collected beyond one year.

Court costs and fines receivable are collectible balances on the day they are imposed through the County's court system. The County collects these balances through the Clerk of Court and the probation offices. Court costs and fines receivable as of December 31, 2013 is \$10,264,260. Of that balance, the County has recognized an allowance for doubtful accounts of \$7,395,141. Of the County's court costs and fines receivable, \$1,327,847 is expected to be collected beyond one year.

6. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Sales and Other Dispositions *	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,503,264	—	—	2,503,264
Construction in progress	15,792,724	519,550	(15,538,392)	773,882
Agricultural easements	8,526,696	497,931	—	9,024,627
Total capital assets, not being depreciated	<u>26,822,684</u>	<u>1,017,481</u>	<u>(15,538,392)</u>	<u>12,301,773</u>
Capital assets, being depreciated:				
Buildings and systems	64,292,964	17,556,318	(399,278)	81,450,004
Improvements other than buildings	1,336,114	847,759	—	2,183,873
Machinery and equipment	15,732,167	502,210	(1,052,109)	15,182,268
Bridges	9,714,049	—	—	9,714,049
Total capital assets being depreciated	<u>91,075,294</u>	<u>18,906,287</u>	<u>(1,451,387)</u>	<u>108,530,194</u>
Less accumulated depreciation for:				
Buildings and systems	(28,309,319)	(2,031,321)	189,840	(30,150,800)
Improvements other than buildings	(153,937)	(85,961)	—	(239,898)
Machinery and equipment	(10,506,622)	(1,247,170)	915,642	(10,838,150)
Bridges	(6,177,724)	(98,299)	—	(6,276,023)
Total accumulated depreciation	<u>(45,147,602)</u>	<u>(3,462,751)</u>	<u>1,105,482</u>	<u>(47,504,871)</u>
Total capital assets, being depreciated, net	<u>45,927,692</u>	<u>15,443,536</u>	<u>(345,905)</u>	<u>61,025,323</u>
Governmental activities capital assets, net	<u>\$ 72,750,376</u>	<u>16,461,017</u>	<u>(15,884,297)</u>	<u>73,327,096</u>

* The balance of sales and other dispositions includes disposals and transfers.

6. Capital Assets (continued)

	Beginning Balance	Additions	Sales and Other Dispositions*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 219,496	113,852	(72,938)	260,410
Total capital assets, not being depreciated	<u>219,496</u>	<u>113,852</u>	<u>(72,938)</u>	<u>260,410</u>
Capital assets, being depreciated:				
Buildings and systems	27,730,817	305,456	360,111	28,396,384
Improvements other than buildings	686,447	—	—	686,447
Machinery and equipment	15,292,695	983,435	(558,814)	15,717,316
Total capital assets, being depreciated	<u>43,709,959</u>	<u>1,288,891</u>	<u>(198,703)</u>	<u>44,800,147</u>
Less accumulated depreciation for:				
Buildings and systems	(16,635,371)	(927,916)	(145,397)	(17,708,684)
Improvements other than buildings	(457,888)	(42,551)	—	(500,439)
Machinery and equipment	(8,872,115)	(1,165,866)	565,125	(9,472,856)
Total accumulated depreciation	<u>(25,965,374)</u>	<u>(2,136,333)</u>	<u>419,728</u>	<u>(27,681,979)</u>
Total capital assets, being depreciated, net	<u>17,744,585</u>	<u>(847,442)</u>	<u>221,025</u>	<u>17,118,168</u>
Business-type activities capital assets, net	<u>\$ 17,964,081</u>	<u>(733,590)</u>	<u>148,087</u>	<u>17,378,578</u>

* The balance of sales and other dispositions includes disposals, transfers and asset classification changes.

6. Capital Assets (continued)

Depreciation expense was charged to the functions/programs of the County in 2013 as follows:

Governmental activities:

General government - administrative	\$	1,477,830
General government - judicial		211,298
Corrections		978,229
Public safety		517,877
Roads and bridge maintenance		98,299
Recycling and waste management		44,120
Human services:		
Mental health/intellectual and developmental disabilities		20,284
Children and youth		40,534
Food and shelter		18,753
Office of aging		17,576
Other		18,070
Culture and recreation		12,724
Conservation		7,157
Total depreciation expense - governmental activities	\$	<u><u>3,462,751</u></u>

Business-type activities:

Emergency telephone	\$	862,690
Hazardous materials protection		18,407
Transportation services		320,866
County nursing home		934,370
Total depreciation expense - business-type activities	\$	<u><u>2,136,333</u></u>

7. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2013 follows:

Receivable Fund	Payable Fund	Amount
General	Children and Youth	\$ 1,907,625
	HealthChoices-Cumberland County	42,803
	MH/IDD	43,485
	County Nursing Home	161,953
	Non-major governmental funds	1,438,090
	Non-major proprietary funds	197,607
Non-major governmental funds	General	714,180
	Non-major governmental funds	11
Emergency telephone	General	80,840
Non-major proprietary funds	General	59,838
	MH/IDD	263,532
	County Nursing Home	317
	Non-major governmental funds	52,266
Internal Service Fund	General	1,186,753
Total		\$ 6,149,300

Interfund payable balances for the governmental and proprietary funds are the result of normal business processes at the County where the general fund pays outstanding bills, invoices and payroll on their behalf. The general fund is reimbursed biweekly, or as funds become available.

Transfers from the general fund are used, in part, to help finance various grant programs in other funds. Additionally, transfers are used to subsidize operations such as the emergency telephone and hazardous materials programs. Transfers are also used to move unrestricted funds from the general fund to pay debt service.

The composition of interfund transfers for the year ended December 31, 2013 follow:

		Transfer In:						
Transfer out:		General Fund	MH/IDD	Children and Youth	Governmen- tal Non-major	Emergency Telephone	Business- type Non- major	Total
General Fund	\$	-	432,624	1,756,019	5,989,064	1,871,169	194,786	10,243,662
MH/IDD		6,000	-	-	-	-	-	6,000
Children and Youth HealthChoices-		-	-	-	67,504	-	-	67,504
Cumberland County		-	-	-	17,361	-	-	17,361
Non-major governmental funds		74,686	-	-	185,618	-	-	260,304
Emergency Telephone		-	-	-	39,551	-	-	39,551
Total transfer out:	\$	80,686	432,624	1,756,019	6,299,098	1,871,169	194,786	10,634,382

8. Long-term Liabilities

The following is a summary of the changes in the County’s long-term liabilities for the year ended December 31, 2013:

<u>Liabilities</u>	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 46,032,187	2,474,252	2,538,082	45,968,357	3,911,187
Notes	3,468,101	-	2,753,101	715,000	-
Net premium (discount) on bonds and notes	670,811	296,152	95,585	871,378	-
Total bonds and notes payable	<u>50,171,099</u>	<u>2,770,404</u>	<u>5,386,768</u>	<u>47,554,735</u>	<u>3,911,187</u>
Sick and vacation	3,717,734	3,729,294	3,807,679	3,639,349	285,638
Other postemployment benefit obligations	592,393	69,831	50,608	611,616	-
Software licensing agreements	345,000	-	115,403	229,597	140,148
Governmental activities long-term liabilities	<u>\$ 54,826,226</u>	<u>6,569,529</u>	<u>9,360,458</u>	<u>52,035,297</u>	<u>4,336,973</u>
Business-type activities:					
Bonds and notes payable:					
Bonds	\$ 902,813	12,195,748	1,066,918	12,031,643	1,408,813
Notes	13,388,688	-	13,388,688	-	-
Net premium (discount) on notes	10,227	1,551,826	153,643	1,408,410	-
Total bonds and notes payable	<u>14,301,728</u>	<u>13,747,574</u>	<u>14,609,249</u>	<u>13,440,053</u>	<u>1,408,813</u>
Sick and vacation	847,539	1,172,058	1,265,452	754,145	58,303
Other postemployment benefit obligations	289,657	33,898	24,567	298,988	-
Workers' compensation	984,424	503,758	418,223	1,069,959	313,819
Business-type activities long-term liabilities	<u>\$ 16,423,348</u>	<u>15,457,288</u>	<u>16,317,491</u>	<u>15,563,145</u>	<u>1,780,935</u>

Beginning balances were restated for a change in an accounting standard. Unamortized amount on refundings is now classified as a deferred outflow on the basic financial statements.

For the governmental activities, bonds and notes are exclusively liquidated by the general fund transferring amounts to the debt service fund for principal and interest payments. Sick and vacation liabilities, other post-employment benefit obligations and capital lease obligations are primarily funded by the individual funds to which the related expenditures are charged.

The County issues general obligation bonds and notes to provide funds primarily for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities.

The County is subject to federal arbitrage laws governing the use of proceeds of tax exempt debt. There was no arbitrage payable due as of December 31, 2013.

All bonds and notes outstanding at December 31, 2013, are general obligation debt supported by the full faith and credit of the County and are summarized as follows:

	Interest Rate	Final Maturity	Original Issue	Governmental Activities	Business- type Activities
G.O. note – 2003 issue	5.857%	2022	\$ 715,000	715,000	—
G.O. bonds – 2008 issue	2% - 4.4%	2028	18,500,000	15,025,000	—
G.O. bonds – 2009 issue	1.5% - 3%	2019	9,995,000	2,935,000	—
G.O. bonds – 2010 issue	1.75% - 2.25%	2019	9,850,000	8,950,000	—
G.O. bonds – 2011 issue	2% - 5%	2031	18,000,000	16,720,000	—
G.O. bonds – 2013 issue	2% - 5%	2021	14,670,000	<u>2,338,357</u>	<u>12,031,643</u>
Long-term debt at December 31, 2013				46,683,357	12,031,643
Premium/Discount on notes				<u>871,378</u>	<u>1,408,410</u>
Net long-term debt at December 31, 2013				<u>\$ 47,554,735</u>	<u>13,440,053</u>

In 2003, the County entered into a \$715,000 long-term installment purchase of an agricultural easement. Repayment will be budgeted for in the general fund.

Of the outstanding balance at December 31, 2013, of the 2008 bond issue, \$15,025,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2013, of the 2009 bond issue, \$2,935,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2013, of the 2010 bond issue, \$8,950,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2013, of the 2011 bond issue, \$16,720,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

In 2011, the County entered into a five year licensing agreement for software rights payable in equal installments through 2015 to be funded by the County’s general fund.

In 2012, the County entered into a three year licensing agreement for software rights payable in equal installments through 2014 to be funded by the County’s general fund.

In 2013, the County issued general obligation bonds, series 2013 to refund the 2005, 2007 and 2009 notes. The proceeds of the 2013 bonds less issuance costs were used to call and fully defease the notes. The refunding resulted in a \$2,028,001 reduction in payments and an economic gain of \$1,903,647 in total. The 2005 note refunding resulted in a \$1,060,349 reduction in payments and an economic gain of \$1,059,761. The 2007 note refunding resulted in a \$492,208 reduction in payments and an economic gain of \$491,383.

The 2009 note refunding resulted in a \$475,444 reduction in payments and an economic gain of \$352,503. Of the outstanding balance at December 31, 2013, of the 2013 bond issue, \$6,923,243 has been accounted for in the County nursing home, \$5,108,400 has been accounted for in the emergency telephone fund, and \$2,338,357 benefits the general fund, and therefore, repayment will be budgeted in the general fund.

The County’s December 31, 2013, net nonelectoral debt limit, and combined net nonelectoral debt and net lease rental debt limit are \$410,131,438 and \$566,615,432 respectively.

The annual debt service requirements for the next five years and thereafter, in five-year increments, on long-term debt outstanding as of December 31, 2013, including interest payments, are as follows:

		Governmental Activities		Business-type Activities	
		Principal	Interest	Principal	Interest
2014	\$	3,911,187	1,537,737	1,408,813	446,242
2015		4,020,366	1,435,776	1,449,634	404,262
2016		4,111,804	1,331,617	1,503,196	353,074
2017		4,230,000	1,209,520	1,565,000	291,982
2018		4,405,000	1,076,048	1,590,000	229,050
2019-2023		11,215,000	3,982,628	4,515,000	257,025
2024-2028		11,200,000	1,880,038	—	—
2029-2031		3,590,000	219,200	—	—
Total	\$	46,683,357	12,672,564	12,031,643	1,981,635

9. Leases - Operating

The County leases office equipment for various County offices and building space for certain County and magisterial district judge offices. The County’s office equipment lease terms range from three to five years.

The County’s building leases contain scheduled rents payable. Building leases have expiration dates extending through 2021. Total expenses for such leases were \$683,494 for the year ended December 31, 2013.

The following is a schedule of future minimum lease payments for operating leases with initial or remaining terms in excess of one year as of December 31, 2013:

Year Ending December 31	Lease Payments
2014	\$ 639,583
2015	515,027
2016	386,379
2017	302,371
2018	153,164
2019-2023	251,497
Total	\$ 2,248,021

10. Other Postemployment Benefits (OPEB)

The County reports the recognition in government-wide and proprietary fund financial statements of earned other postemployment benefits as part of the compensation package of active employees for services rendered. The cost and obligation for other postemployment benefits are required to be measured by an actuarial valuation.

Plan Description

Cumberland County sponsors and administers a postemployment benefits plan entitled Cumberland County Retiree Medical Plan (OPEB Plan). It is a single-employer plan that covers health insurance benefits where County retirees and their beneficiaries may continue to participate in the County’s health coverage. The County’s health coverage is provided through an insurance company.

To be eligible to receive the benefits of the health insurance plan, a retiree must be receiving annuity payments from the Cumberland County Retirement Plan. The County Commissioners established the OPEB Plan and may amend the OPEB Plan at any time. The County is under no statutory or contractual obligation to provide this postemployment benefit.

Retirees opting to participate are asked to pay a premium amount that is less than the County’s actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired OPEB Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an “implicit rate subsidy” by the County, which gives rise to the benefit.

Membership of the OPEB Plan consisted of the following at January 1, 2013:

	<u>Membership</u>
Retirees and beneficiaries receiving benefits	23
Active employees	<u>1,167</u>
Total membership	<u><u>1,190</u></u>

Because the OPEB Plan relates solely to the County’s decision to provide other postemployment benefits through the payment of the implied subsidy by extending medical benefits to retirees at the above mentioned blended rate, no stand-alone financial report for the plan is available. The OPEB Plan is not included in the financial report of another entity.

Funding Policy

The County funds OPEB Plan liabilities on a “pay-as-you-go” basis, and has not established an OPEB trust fund to accumulate assets to fund Plan obligations. The County has no statutory or contractual obligation to fund the OPEB Plan and only does so at the County’s discretion. The County funds the implicit rate subsidy through the payment of health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

The County’s annual OPEB cost (expense) is calculated based on the actuarially determined annual required contribution (ARC) of the County. The ARC represents a funding level that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over 30 years.

The following table shows the components of the County reporting entity’s annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and changes in the County’s net OPEB obligation:

	2013
Employer normal cost	\$ 61,188
Amortization of unfunded actuarial accrued liability	59,029
Annual required contribution	120,217
Interest on the net OPEB obligation	35,545
Adjustment to the ARC	(51,395)
Annual OPEB cost	104,367
Contributions made	(75,638)
Increase in net OPEB obligation	28,729
Net OPEB obligation, beginning of year	888,618
Net OPEB obligation, end of year	<u>\$ 917,347</u>

The percentage of OPEB cost contributed for 2011 through 2013 is as follows.

<u>Year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
12/31/2011	\$294,725	37.88%	\$715,265
12/31/2012	\$291,459	40.52%	\$888,618
12/31/2013	\$104,367	72.50%	\$917,347

Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2013, is \$1,020,603. There are no OPEB Plan assets as of that date, thus, the entire amount is unfunded. There is no plan to fund the outstanding AAL.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2013	-	\$1,020,603	\$1,020,603	-	\$51,937,779	2.00%

Actuarial Methods and Assumptions

Among the actuarial methods and assumptions used in the actuarial valuation are: (a) the projected unit credit cost method, (b) amortization of the unfunded actuarial accrued liability over 30 years, (c) a four percent discount rate based on an assumed three percent general inflation rate (this is assumed to be the long-term

expected rate of return on non-Plan assets), (d) a health care inflation rate that ranges from 6.1 percent to 5.8 percent by 2017, (e) the amortization method for the most recent actuarial valuation is the level dollar method with an open period.

Actuarial evaluations on an ongoing basis involve estimates of the reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point in time.

Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities.

The required schedule of funding progress in the required supplementary information (RSI) immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the County maintains no OPEB Plan assets, information relative to Plan asset disclosures is not applicable.

11. Cumberland County Retirement Plan

A. Plan Description

Cumberland County’s Employees’ Retirement Trust Fund (the Plan) is a single-employer defined benefit pension plan covered by the County Pension Law Act 96 of 1971 of the General Assembly of the Commonwealth of Pennsylvania, as amended. The Plan is reported as a pension trust fund in the accompanying basic financial statements and does not issue a stand-alone report.

As of December 31, 2013, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries receiving benefits	526
Terminated plan members entitled to but not yet receiving benefits	106
Active plan members	<u>1,157</u>
Total	<u><u>1,789</u></u>

All full-time employees are required to participate in the Plan. The pension plan provides pension benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including final average salary and years of credited service, in addition to the member’s accumulated contribution to the Plan. The County share of the annual benefit is from one percent to 1.429 percent (depending on the date the employee entered into the plan) of the average of the employee’s three highest annual salaries times the years of service. Early retirement is available upon 20 years of service or after eight years if involuntary termination. Members become vested after five years of service. County employees who terminate and choose to remain vested after five years of credited service will receive a deferred annuity commencing at retirement age. The Plan also provides for death and disability benefits. Cost-of-living adjustments for pensioners are provided at the discretion of the Retirement Board and must be reviewed once every three years.

B. Summary of Significant Accounting Policies

Financial information of the Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period the contributions are due. County contributions to the Plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments of the Plan are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

C. Funding Policy and Contributions

As a condition of participation, employees are required to contribute five percent of their salary as stipulated in the County Pension Law. Employees may elect to contribute up to 15 percent of their salary. Interest is credited to the employee’s account each year at the annual rate of four percent as voted upon by the County Retirement Board.

For 2013, the County’s annual pension cost of \$5,003,787 was equal to the County’s required and actual contribution. The required contribution was determined as part of the January 1, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of three percent and (c) projected salary increases due to seniority/merit increases of 3.5 percent. The actuarial valuation of assets was determined by valuing the assets at market value adjusted for unrecognized gains and losses from prior year. Mortality rates assumed are those set forth in the 2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013, was 21 years.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Plan and funded from investments earnings.

Three year trend information for the Cumberland County Retirement Plan is as follows:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 5,431,024	100%	–
12/31/12	6,116,283	100%	–
12/31/13	5,003,787	100%	–

The schedule of funding progress for the Plan as of the most recent actuarial valuation date is as follows:

(1) <u>Actuarial Valuation Date</u>	(2) <u>Actuarial Value of Assets</u>	(3) <u>Actuarial Accrued Liability-Entry Age</u>	(4) <u>Unfunded Actuarial Accrued Liability</u>	(5) <u>Funded Ratio (2/3)</u>	(6) <u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4/6)</u>
1/1/14	\$162,228,066	\$ 176,259,488	\$14,031,422	92.0%	\$ 52,236,859	26.9%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

D. Historical Trend Information

Historical trend information for the Plan is presented as required supplementary information on page 95 of this report.

12. Litigation

The County is involved in several lawsuits arising in the normal course of business. It is the County solicitor’s opinion that the aggregate amount of potential claims not covered by insurance resulting from actions against the County would not materially affect the financial position of the County at December 31, 2013.

13. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2013, the County’s commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2013</u>	<u>Remaining Commitment</u>
County Bridge Replacement	\$550,702	\$1,317,565

The Bridge Replacement projects are funded through Liquid Fuels tax proceeds and Marcellus Shale monies restricted by the state to repair qualifying deficient bridges.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

14. Self-Insurance

Workers’ Compensation

The County has established a workers’ compensation fund (an internal service fund) to account for and finance its uninsured risks of loss due to employee claims. Under this program, the workers’ compensation fund provides coverage for up to a maximum of \$500,000 for each individual worker’s compensation occurrence. The County purchases commercial insurance for claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial coverage in the last three years.

All County employees are covered by the workers' compensation fund. Elected officials, excluding the Coroner, are not covered by workers' compensation. The County funds the program by making payments to the workers' compensation fund from various County departments/funds based upon estimates of the amounts needed to pay prior and current year claims. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Liabilities for claims do not include non-incremental claims adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors.

Changes in the fund's claims liability (net of excess insurance) for the years ended December 31, 2013, and December 31, 2012, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2013	\$ 984,424	523,443	(19,685)	60,754	357,469	1,069,959
2012	\$ 992,251	530,688	(93,298)	173,304	271,913	984,424

Health Reimbursement Arrangement

Beginning January 1, 2009, the County instituted a health reimbursement arrangement in conjunction with the adoption of a high deductible health insurance plan. Under the health reimbursement arrangement, the County pays eligible health insurance claims covering up to the \$3,300 deductible for individual employees opting to enroll and contribute towards the employee buy-up health plan option. The County estimates claim liabilities at year-end based on its history of incurred but not reported claims submitted after year-end. Claims may be submitted no more than 90 days after year-end. Claim adjustment expenses are not incurred.

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2013	\$ 41,000	763,260	-	757,111	17,149	30,000
2012	\$ 18,026	980,705	-	922,703	35,028	41,000

15. Discretely Presented Component Units

Discretely Presented Component Units as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, paragraph 20, and amended by GASB 61, paragraph 4b, are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, Discretely Presented Component Units can be other organizations of which the nature and significance of their relationship with the Primary Government is such that exclusion of these organizations from the Primary Government’s financial statements would be misleading. Discretely Presented Component Units are established for the benefit of the County’s citizenry the purposes such as economic development and farmland conservation and management. The following Discretely Presented Component Unit disclosures include only information that is deemed essential to the fair presentation of the County’s financial statements.

A. Capital Assets

The following is a summary of the changes in the Industrial Development Authority’s capital assets for the year ended December 31, 2013:

	Beginning Balance	Additions	Sales and Other Dispositions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,084,576	47,725	—	2,132,301
Total capital assets, not being depreciated	\$ 2,084,576	47,725	—	2,132,301

B. Long-term Liabilities

The following is a summary of the changes in the Industrial Development Authority’s long-term liabilities for the year ended December 31, 2013:

<u>Liability</u>	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Notes payable	\$ 2,000,000	150,000	-	2,150,000	-
Total long-term liabilities	\$ 2,000,000	150,000	-	2,150,000	-

The Industrial Development Authority’s unit note payable is not a general obligation of Cumberland County and the note holder has no recourse against Cumberland County for payment.

The Industrial Development Authority’s (IDA) \$2,150,000 debt is a note payable bearing an interest rate equal to the New York Prime rate, but not less than 3.85%, maturing in February 2015 and collateralized by a real estate project.

16. Subsequent Event

On May 13, 2014, the County issued \$4,865,000 face amount of general obligation bonds maturing serially through May 1, 2024 with coupon interest rates ranging from 2% to 2.25%. Bond proceeds totaled \$4,989,418 including a bond premium of \$124,418 representing an effective yield to maturity of .15% to 2.25% for the serial repayments. The proceeds repay outstanding debt with higher interest rates and new construction/renovations at the County nursing home.

As part of this 2014 debt issue, the County's AAA credit rating was affirmed by Standard & Poor's.

As a result of the change from 4th Class to 3rd Class County status, the County's Per Capita Tax was abolished beginning January 1, 2014, by County Ordinance 2013-4.

Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

General Fund

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes:				
Real estate taxes	\$ 47,735,172	47,735,172	47,821,931	86,759
Per capita taxes	672,554	672,554	677,840	5,286
Library taxes	3,205,083	3,205,083	3,237,957	32,874
Licenses and permits	108,550	108,550	148,860	40,310
Grants	2,932,889	2,932,889	3,148,900	216,011
County charges	11,611,509	11,611,509	12,307,271	695,762
Court costs, fines, and forfeitures	1,029,079	1,029,079	926,298	(102,781)
Interest	138,932	138,932	751	(138,181)
Contributions and other	179,901	179,901	289,516	109,615
Payment in lieu of taxes	131,786	131,786	126,630	(5,156)
Total revenues	67,745,455	67,745,455	68,685,954	940,499
Expenditures:				
Current:				
General government – administrative:				
Commissioners	820,547	759,949	753,718	6,231
Solicitors	392,814	340,399	314,204	26,195
Elections	940,568	956,243	849,039	107,204
Controller	1,183,172	1,121,077	1,049,020	72,057
Finance office	881,416	870,464	836,525	33,939
Tax claims	265,913	264,146	242,648	21,498
Treasurer	306,975	302,136	290,068	12,068
Tax collectors administration	424,649	456,984	432,254	24,730
Personnel	591,375	580,032	512,321	67,711
Tax assessment	1,378,647	1,349,934	1,252,266	97,668
Recorder of Deeds	524,019	530,565	515,096	15,469
Administrative services	121,272	141,669	82,371	59,298
Information management and technology office	2,023,968	1,999,853	1,581,344	418,509
Enterprise resource management office	543,625	499,369	399,805	99,564
Insurance	333,084	340,084	339,826	258
Human services fiscal operations	172,557	169,937	167,608	2,329
County buildings	2,870,760	2,707,068	2,279,319	427,749
Planning	667,133	633,181	602,726	30,455
Pooled reserves-program innovation, improvements and contingencies	1,172,209	654,891	—	654,891
Pooled reserves-contingencies	1,000,000	1,132,989	—	1,132,989
Debt retirement	5,519	5,541	3,124	2,417
Homestead	52,213	53,235	51,719	1,516
Uniform Parcel Identifier	93,060	100,755	95,171	5,584
Program subsidy	144,300	144,300	108,102	36,198
Total general government – administrative	16,909,795	16,114,801	12,758,274	3,356,527
General government – judicial:				
Building security	442,983	421,062	374,376	46,686
Courts	3,549,100	3,685,560	3,616,186	69,374
Court appointed advocate	158,170	157,307	152,713	4,594
District judges	3,252,677	3,113,201	2,918,739	194,462
Law library	258,220	258,220	252,958	5,262
Clerk of Court	765,287	746,407	662,463	83,944
Coroner	833,257	1,026,656	984,206	42,450

(Continued)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

General Fund

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Expenditures (continued):				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,204,069	1,196,490	1,115,421	81,069
District Attorney	2,054,112	2,080,973	2,031,777	49,196
Prothonotary	605,116	641,599	553,908	87,691
Register of Wills	565,992	591,535	491,998	99,537
Sheriff	2,928,266	2,881,465	2,708,669	172,796
Total general government – judicial	<u>16,617,249</u>	<u>16,800,475</u>	<u>15,863,414</u>	<u>937,061</u>
Public safety:				
DA crime investigation	536,615	545,992	520,915	25,077
DA justice services	416,631	467,132	387,278	79,854
Emergency management & communications	389,644	384,586	366,963	17,623
Vector control	228,725	237,476	222,105	15,371
Fire training	24,512	24,512	16,059	8,453
Public safety	297,634	295,606	269,002	26,604
Total public safety	<u>1,893,761</u>	<u>1,955,304</u>	<u>1,782,322</u>	<u>172,982</u>
Corrections:				
County prison	12,801,439	12,622,446	12,248,823	373,623
Probation and parole	5,223,386	5,178,751	4,940,325	238,426
Total corrections	<u>18,024,825</u>	<u>17,801,197</u>	<u>17,189,148</u>	<u>612,049</u>
Human services	238,122	236,345	222,954	13,391
Culture and recreation	4,130,128	4,285,166	4,261,313	23,853
Conservation and development	791,743	1,250,975	974,819	276,156
Economic development	1,888,727	2,050,083	1,999,490	50,593
Total expenditures	<u>60,494,350</u>	<u>60,494,346</u>	<u>55,051,734</u>	<u>5,442,612</u>
Excess of revenues over expenditures	<u>7,251,105</u>	<u>7,251,109</u>	<u>13,634,220</u>	<u>6,383,111</u>
Other financing sources (uses):				
Transfers in	226,729	226,729	164,149	(62,580)
Transfers out	(14,029,041)	(14,029,041)	(10,577,969)	3,451,072
Total other financing uses	<u>(13,802,312)</u>	<u>(13,802,312)</u>	<u>(10,413,820)</u>	<u>3,388,492</u>
Net change in fund balance	(6,551,207)	(6,551,203)	3,220,400	9,771,603
Fund balance, beginning of year	<u>16,096,968</u>	<u>16,098,968</u>	<u>24,181,364</u>	<u>8,082,396</u>
Fund balance, end of year	<u>\$ 9,545,761</u>	<u>9,547,765</u>	<u>27,401,764</u>	<u>17,853,999</u>

The notes to required supplementary information are an integral part of this schedule.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

Mental Health/Intellectual and Developmental Disabilities *For the fiscal year ended June 30, 2013*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 15,071,625	14,444,950	13,807,921	(637,029)
County charges	2,014,620	2,172,239	2,276,619	104,380
Interest	20,000	20,000	7,262	(12,738)
Contributions and other	108,939	113,939	110,547	(3,392)
Total revenues	17,215,184	16,751,128	16,202,349	(548,779)
Expenditures:				
Current:				
Human services	17,683,534	17,218,000	16,429,754	788,246
Capital outlay	21,933	23,411	13,422	9,989
Total expenditures	17,705,467	17,241,411	16,443,176	798,235
Deficiency of revenues under expenditures	(490,283)	(490,283)	(240,827)	249,456
Other financing sources (uses):				
Transfers in	496,284	496,284	447,975	(48,309)
Transfers out	(6,001)	(6,001)	(6,001)	—
Total other financing sources (uses)	490,283	490,283	441,974	(48,309)
Net change in fund balance	—	—	201,147	201,147
Fund balance, beginning of year	—	—	103,185	103,185
Fund balance, end of year	\$ —	—	304,332	304,332

The notes to required supplementary information are an integral part of this schedule.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

Children and Youth

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 11,051,145	11,263,745	11,998,430	734,685
County charges	344,282	344,282	372,584	28,302
Contributions and others	500	500	266	(234)
Total revenues	<u>11,395,927</u>	<u>11,608,527</u>	<u>12,371,280</u>	<u>762,753</u>
Expenditures:				
Current:				
Human services	13,795,250	14,011,700	13,992,723	18,977
Capital outlay	22,200	25,350	25,334	16
Total expenditures	<u>13,817,450</u>	<u>14,037,050</u>	<u>14,018,057</u>	<u>18,993</u>
Deficiency of revenues under expenditures	<u>(2,421,523)</u>	<u>(2,428,523)</u>	<u>(1,646,777)</u>	<u>781,746</u>
Other financing sources (uses):				
Transfers in	2,495,523	2,495,523	1,713,777	(781,746)
Transfers out	(74,000)	(67,000)	(67,000)	—
Total other financing sources (uses)	<u>2,421,523</u>	<u>2,428,523</u>	<u>1,646,777</u>	<u>(781,746)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

The notes to required supplementary information are an integral part of this schedule.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

HealthChoices-Cumberland County

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 28,143,827	28,878,338	28,560,694	(317,644)
Interest	1,200	1,200	351	(849)
Total revenues	28,145,027	28,879,538	28,561,045	(318,493)
Expenditures:				
Current:				
Human services	28,145,027	28,862,176	28,561,045	301,131
Total expenditures	28,145,027	28,862,176	28,561,045	301,131
Excess of revenues over expenditures	—	17,362	—	(17,362)
Other financing uses:				
Transfers out	—	(17,362)	(17,361)	1
Total other financing uses	—	(17,362)	(17,361)	1
Net change in fund balance	—	—	(17,361)	(17,361)
Fund balance, beginning of year	—	—	25,701	25,701
Fund balance, end of year	\$ —	—	8,340	8,340

The notes to required supplementary information are an integral part of this schedule.

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT AND OTHER POSTEMPLOYMENT
BENEFITS PLANS
COUNTY OF CUMBERLAND, PENNSYLVANIA

December 31, 2013
(unaudited)

Retirement Plan Schedule of Funding Progress

(1) Actuarial Valuation Date	(2) Actuarial Value of Assets	(3) Actuarial Accrued Liability- Entry Age	(4) Unfunded Actuarial Accrued Liability	(5) Funded Ratio (2/3)	(6) Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4/6)
1/1/09	\$110,828,272	\$134,504,045	\$23,675,773	82.4%	\$48,315,850	49.0%
1/1/10	116,285,726	144,290,263	28,004,537	80.6%	49,902,927	56.1%
1/1/11	124,934,779	155,034,226	30,099,447	80.6%	51,838,529	58.1%
1/1/12	130,552,816	165,287,333	34,734,517	79.0%	52,556,332	66.1%
1/1/13	145,804,348	168,273,214	22,468,866	86.6%	52,578,859	42.7%
1/1/14	162,228,066	176,259,488	14,031,422	92.0%	52,236,859	26.9%

Retirement Plan Schedule of Employer's Contributions

Year Ended December 31	Annual Required Contribution	County Contribution	Percentage Contributed
2008	\$ 2,656,503	\$ 2,656,503	100%
2009	4,327,851	4,327,851	100%
2010	4,962,317	4,962,317	100%
2011	5,431,024	5,431,024	100%
2012	6,116,283	6,116,283	100%
2013	5,003,787	5,003,787	100%

The information presented in the above schedule was determined as part of the actuarial valuations of the Retirement Plan at the dates indicated.

In 2013, the County incurred \$5,003,787 of actuarially determined annual pension cost.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT AND OTHER POSTEMPLOYMENT
BENEFITS PLANS

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	-	\$ 2,034,841	\$ 2,034,841	-	\$ 47,625,680	4.27%
1/1/2010	-	2,274,265	2,274,265	-	49,104,480	4.63%
1/1/2011	-	2,345,778	2,345,778	-	51,216,467	4.58%
1/1/2012	-	2,454,814	2,454,814	-	51,925,869	4.72%
1/1/2013	-	1,020,603	1,020,603	-	51,937,779	2.00%

For the January 1, 2013 actuarial valuation, there was a significant change to the assumption regarding the future rate of participation in the plan. In prior valuations, it was assumed that 80% of active employees would elect to continue participation in the retiree medical plan upon retirement. Based on recent experience this assumption was decreased to 25%. The effect of this change is a reduction in liabilities for active employees.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2013

1. Budgetary Information

Formal budgetary accounting is employed as a management control in the County's governmental funds. Annual operating budgets are adopted each year through the passage of an annual budget ordinance.

With the exception of the general fund, all funds perform their budgeting according to generally accepted accounting principles (GAAP).

The general fund presentation in the basic financial statements is made up of several consolidated funds; whereas, in the legally adopted budget, these funds are budgeted separately. Therefore, these funds are added to the general fund on a budgetary basis in order to reconcile to the general fund presentation in the basic financial statements. The schedule of revenues, expenditures and changes in fund balances – budget and actual schedules for the other general fund programs are presented in Supplementary Information.

The legally adopted budget does not include the Cumberland Area Economic Development Corporation (a component unit), Cumberland County Industrial Development Authority (a component unit) and certain District Attorney Programs. Additionally, the County budgets for indirect costs and library taxes as revenue and expenditures, but they are not reported as such under GAAP. Accordingly, the applicable columns of the general fund schedule of revenues, expenditures and changes in fund balances – budget and actual (budget basis) exclude amounts relating to the unbudgeted amounts and include amounts related to indirect costs.

Funds contained in the legally adopted budget are presented on either a calendar year ended December 31, 2013, or on a fiscal year ended June 30, 2013. The year ended is indicated on each statement.

A reconciliation of the net change in fund balance from a budget basis to a GAAP basis for budgeted and unbudgeted activity and for fund structure differences for the year ended December 31, 2013, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ 3,220,400
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	483,521
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	(3,138)
Offender supervision fund	<u>(23,201)</u>
GAAP basis - net change in fund balance	<u>\$ 3,677,582</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2013

The County of Cumberland follows these procedures in establishing the budget data presented in the budgetary comparison schedules:

1. During the months of February and March for fiscal budgets, and July and August for calendar funds, each department reviews current and prior year financial information to develop budget projections for the upcoming fiscal year. These projections often are developed in consultation with the County Finance Office. The results are submitted by each department in a standard format to the County Finance Office as a preliminary budget proposal.
2. The County Finance Office reviews all submissions and consults with departments as needed to substantiate the basis for requests and to refine the budget projections. The County Finance Office makes necessary adjustments to department submissions and compiles the data for presentation to the Board of County Commissioners, which occurs during a public hearing process.
3. The County Finance Office and the Chief Clerk develop a revenue projection and financing strategy in support of the proposed budget. A preliminary budget including revenue and expenditure projections is submitted to the County Commissioners for consideration.
4. The final budget is presented to the County Commissioners and after proper public notice is placed on display for a period of 20 days in accordance with the County Code. The County Commissioners adopt the budget after the necessary inspection period by enacting a formal budget resolution. The resulting budget is published in written form.
5. The County Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand. These funds include amounts estimated to be received within the fiscal year and not otherwise appropriated as well as the proceeds of any borrowing authorized by law. The County Commissioners may authorize the transfer of all or part of any unencumbered balances. The County Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

During the year, no general fund supplemental appropriations were enacted. There is no change between the original versus amended budget. The schedule of revenues, expenditures and changes in fund balances – budget and actual (budget basis) reflects this.

Actual expenditures and operating transfers out may not legally exceed “budget” appropriations at the individual fund level.

Encumbered and unencumbered appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Supplementary Information

Nonmajor Governmental Fund Combining Statements

NONMAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS

Special Revenue Funds

Governmental fund type is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Restricted inflows comprise a substantial portion of the following fund's inflows:

Liquid fuels tax – Used to account for state aid revenues used for building and improving roads and bridges.

Domestic relations office – Used to account for expenditures and reimbursement revenue related to the operation of the County's child support enforcement program, which is funded with federal, state and County funds.

Human service-related special revenue funds are used to account for revenue received from various federal, state and local sources. These funds, the majority of inflows of which are restricted for the provision of specified social services to eligible residents, are as follows:

- **Office of aging fund**
- **Human services development fund**
- **Food and shelter fund**
- **Drug and alcohol fund**

Fiscal Employer Agent – This fund represents the County's "employer agent" activities whereby the County assists consumers and their representatives in employing individuals to assist them with independent living. The employer agent assists with employment and payroll compliance. The activities administered by this fund were taken over by the Commonwealth as of January 1, 2013.

The courts and justice-related special revenue funds are used to account for revenue received from various federal and state sources and fines and costs collected from the general public. These funds, which are restricted to providing specified judicial services, are as follows:

- **Witness assistance fund**
- **Accelerated rehabilitative disposition/driving under the influence program fund (ARD/DUI)**

Records improvement fund – Used to account for revenues received from improvement fees collected on Recorder of Deeds transactions to fund record improvement projects within the County.

Recycling and waste fund – Used to account for grants and fees to fund the operation of the County recycling and waste plan.

Affordable housing fund – Used to account for revenues received from fees charged for recording deeds and mortgages to finance affordable housing efforts in the County.

Hotel tax fund – Used to account for revenues received from the hotel occupancy tax to fund countywide tourism.

NONMAJOR GOVERNMENTAL FUNDS
DESCRIPTION OF FUNDS

Debt service fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest for the governmental funds of the County.

Capital projects fund

The capital projects fund is used to account for the financial resources used for the acquisition and capital construction of major capital projects and facilities (other than those financed by proprietary funds).

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
Assets							
Cash and cash equivalents	\$ 1,135,615	456,609	558,630	—	—	13,557	1,205,699
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	82,414	230,900	287,501	—	31,923	67,610	—
Accounts receivable	—	—	6,875	—	51,804	3,937	—
Due from other funds	—	—	11	17,706	48,120	644,265	—
Prepaid items	—	5,523	—	—	—	—	—
Restricted cash	—	—	—	—	—	—	—
Total assets	<u>\$ 1,218,029</u>	<u>693,032</u>	<u>853,017</u>	<u>17,706</u>	<u>131,847</u>	<u>729,369</u>	<u>1,205,699</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 49,334	1,958	52,818	100	54,651	127,700	—
Accrued liabilities and withholdings	—	89,762	59,749	3,881	12,561	49,490	—
Due to other funds	—	593,587	156,613	11	—	—	15,683
Due from component unit	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	1,190,016
Unearned revenue	—	—	504,452	13,714	53,231	76,838	—
Funds held as fiduciary	—	7,725	—	—	—	—	—
Total liabilities	<u>49,334</u>	<u>693,032</u>	<u>773,632</u>	<u>17,706</u>	<u>120,443</u>	<u>254,028</u>	<u>1,205,699</u>
Fund balances:							
Nonspendable:							
Prepaid items	—	5,523	—	—	—	—	—
Restricted:							
Roads and bridge maintenance	1,168,695	—	—	—	—	—	—
Judicial services	—	—	—	—	—	—	—
Human services	—	—	70,293	—	—	475,341	—
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
`	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	9,092	—	11,404	—	—
Capital projects	—	—	—	—	—	—	—
Unassigned	—	(5,523)	—	—	—	—	—
Total fund balances	<u>1,168,695</u>	<u>—</u>	<u>79,385</u>	<u>—</u>	<u>11,404</u>	<u>475,341</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,218,029</u>	<u>693,032</u>	<u>853,017</u>	<u>17,706</u>	<u>131,847</u>	<u>729,369</u>	<u>1,205,699</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						Total
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling and Waste	Affordable Housing	Hotel Tax	
(Continued)							
Assets							
Cash and cash equivalents	\$ —	—	822,481	927,507	72,353	794,232	5,986,683
Receivables:							
Taxes	—	—	—	—	—	82,856	82,856
Due from other governments	60,416	—	—	33,469	—	—	794,233
Accounts receivable	—	—	—	1,196	—	—	63,812
Due from other funds	—	589	—	—	—	—	710,691
Prepaid items	6,393	—	—	—	—	—	11,916
Restricted cash	—	—	—	—	—	—	—
Total assets	<u>\$ 66,809</u>	<u>589</u>	<u>822,481</u>	<u>962,172</u>	<u>72,353</u>	<u>877,088</u>	<u>7,650,191</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 478	589	72,626	3,879	40,542	—	404,675
Accrued liabilities and withholdings	14,419	—	952	5,957	—	—	236,771
Due to other funds	8,545	—	3,952	2,663	10,947	698,366	1,490,367
Due from component unit	—	—	—	—	—	178,722	178,722
Due to other governments	—	—	—	—	—	—	1,190,016
Unearned revenue	—	—	—	18,075	—	—	666,310
Funds held as fiduciary	—	—	—	—	—	—	7,725
Total liabilities	<u>23,442</u>	<u>589</u>	<u>77,530</u>	<u>30,574</u>	<u>51,489</u>	<u>877,088</u>	<u>4,174,586</u>
Fund balances:							
Nonspendable:							
Prepaid items	6,393	—	—	—	—	—	11,916
Restricted:							
Roads and bridge maintenance	—	—	—	—	—	—	1,168,695
Judicial services	—	—	—	—	—	—	—
Human services	—	—	—	—	—	—	545,634
Public safety	36,974	—	—	—	—	—	36,974
Row office automation	—	—	744,951	—	—	—	744,951
Marcellus shale	—	—	—	—	—	—	—
Conservation	—	—	—	931,598	—	—	931,598
Economic development and assistance	—	—	—	—	20,864	—	20,864
Capital projects	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	—	—	—	—	20,496
Capital projects	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	(5,523)
Total fund balances	<u>43,367</u>	<u>—</u>	<u>744,951</u>	<u>931,598</u>	<u>20,864</u>	<u>—</u>	<u>3,475,605</u>
Total liabilities and fund balances	<u>\$ 66,809</u>	<u>589</u>	<u>822,481</u>	<u>962,172</u>	<u>72,353</u>	<u>877,088</u>	<u>7,650,191</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Debt Service	Capital projects Fund	Total Nonmajor Governmental Funds
(Continued)			
Assets			
Cash and cash equivalents	\$ —	1,172,273	7,158,956
Receivables:			
Taxes	—	—	82,856
Due from other governments	—	—	794,233
Accounts receivable	—	—	63,812
Due from other funds	—	3,500	714,191
Prepaid items	—	—	11,916
Restricted cash	—	1,393,402	1,393,402
Total assets	\$ —	<u>2,569,175</u>	<u>10,219,366</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ —	291,009	695,684
Accrued liabilities and withholdings	—	—	236,771
Due to other funds	—	—	1,490,367
Due from component unit	—	—	178,722
Due to other governments	—	—	1,190,016
Unearned revenue	—	—	666,310
Funds held as fiduciary	—	—	7,725
Total liabilities	<u>—</u>	<u>291,009</u>	<u>4,465,595</u>
Fund balances:			
Nonspendable:			
Prepaid items	—	—	11,916
Restricted:			
Roads and bridge maintenance	—	—	1,168,695
Judicial services	—	—	—
Human services	—	—	545,634
Public safety	—	—	36,974
Row office automation	—	—	744,951
Marcellus shale	—	600,259	600,259
Conservation	—	—	931,598
Economic development and assistance	—	—	20,864
Capital projects	—	1,177,907	1,177,907
Assigned:			
Human services	—	—	20,496
Capital projects	—	500,000	500,000
Unassigned	—	—	(5,523)
Total fund balances	<u>—</u>	<u>2,278,166</u>	<u>5,753,771</u>
Total liabilities and fund balances	\$ —	<u>2,569,175</u>	<u>10,219,366</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

Nonmajor Governmental Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
Revenues:							
Taxes	\$ —	—	—	—	—	—	—
Grants	667,283	2,167,816	3,037,550	151,096	569,951	1,985,129	—
County charges	2,952	28,268	233,639	—	146,874	343,033	6,426
Court costs, fines and forfeitures	—	11,742	—	—	—	164,968	—
Interest	2,146	393	514	20	57	—	1,551
Contributions and other	—	—	37,600	50	4,576	19,262	—
Total revenues	<u>672,381</u>	<u>2,208,219</u>	<u>3,309,303</u>	<u>151,166</u>	<u>721,458</u>	<u>2,512,392</u>	<u>7,977</u>
Expenditures:							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	3,187,888	—	—	—	—	—
Public works and enterprises	427,643	—	—	—	—	—	—
Human services	—	—	3,261,904	105,501	869,959	2,799,298	29,692
Economic development and assistance	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Fiscal charges	—	—	—	—	—	—	—
Capital outlay	280,954	—	15,658	5	180	5,304	—
Payments to other governments	2,486	—	—	—	—	—	18,320
Total expenditures	<u>711,083</u>	<u>3,187,888</u>	<u>3,277,562</u>	<u>105,506</u>	<u>870,139</u>	<u>2,804,602</u>	<u>48,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,702)</u>	<u>(979,669)</u>	<u>31,741</u>	<u>45,660</u>	<u>(148,681)</u>	<u>(292,210)</u>	<u>(40,035)</u>
Other financing sources (uses):							
Transfers in	—	979,187	—	67,460	113,208	295,061	40,035
Transfers out	—	—	192	(113,120)	—	—	—
Refunding bonds issued	—	—	—	—	—	—	—
Premium on refunding bonds issued	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—
Proceeds from insurance recovery	—	482	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>979,669</u>	<u>192</u>	<u>(45,660)</u>	<u>113,208</u>	<u>295,061</u>	<u>40,035</u>
Net changes in fund balance	<u>(38,702)</u>	<u>—</u>	<u>31,933</u>	<u>—</u>	<u>(35,473)</u>	<u>2,851</u>	<u>—</u>
Fund balances, beginning of year, as restated	<u>1,207,397</u>	<u>—</u>	<u>47,452</u>	<u>—</u>	<u>46,877</u>	<u>472,490</u>	<u>—</u>
Fund balances, end of year	<u>\$ 1,168,695</u>	<u>—</u>	<u>79,385</u>	<u>—</u>	<u>11,404</u>	<u>475,341</u>	<u>—</u>

(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

Nonmajor Governmental Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)	Special Revenue						Total
	Witness	ARD/DUI	Records	Recycling	Affordable	Hotel	
	Assistance	Program	Improvement	and Waste	Housing	Tax	
Revenues:							
Taxes	\$ —	—	—	—	—	1,604,287	1,604,287
Grants	190,504	—	—	48,822	—	—	8,818,151
County charges	22,929	275,043	200,693	111,890	223,797	—	1,595,544
Court costs, fines and forfeitures	—	—	—	—	—	—	176,710
Interest	—	—	1,649	1,701	54	670	8,755
Contributions and other	—	—	—	20,000	—	—	81,488
Total revenues	<u>213,433</u>	<u>275,043</u>	<u>202,342</u>	<u>182,413</u>	<u>223,851</u>	<u>1,604,957</u>	<u>12,284,935</u>
Expenditures:							
Current:							
General government – administrative	—	—	204,111	—	40,341	—	244,452
General government – judicial	—	129,663	—	—	—	—	3,317,551
Public works and enterprises	—	—	—	338,278	—	—	765,921
Human services	446,175	—	—	—	—	—	7,512,529
Economic development and assistance	—	—	—	—	—	1,602,961	1,602,961
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Fiscal charges	—	—	—	—	—	—	—
Capital outlay	—	—	231,856	7,442	—	—	541,399
Payments to other governments	—	—	—	—	196,926	—	217,732
Total expenditures	<u>446,175</u>	<u>129,663</u>	<u>435,967</u>	<u>345,720</u>	<u>237,267</u>	<u>1,602,961</u>	<u>14,202,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(232,742)</u>	<u>145,380</u>	<u>(233,625)</u>	<u>(163,307)</u>	<u>(13,416)</u>	<u>1,996</u>	<u>(1,917,610)</u>
Other financing sources (uses):							
Transfers in	232,074	—	—	—	—	—	1,727,025
Transfers out	—	(145,380)	—	—	—	(1,996)	(260,304)
Refunding bonds issued	—	—	—	—	—	—	—
Premium on refunding bonds issued	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—
Proceeds from insurance recovery	—	—	—	—	—	—	482
Total other financing sources (uses)	<u>232,074</u>	<u>(145,380)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,996)</u>	<u>1,467,203</u>
Net changes in fund balance	(668)	—	(233,625)	(163,307)	(13,416)	—	(450,407)
Fund balances, beginning of year, as restated	44,035	—	978,576	1,094,905	34,280	—	3,926,012
Fund balances, end of year	<u>\$ 43,367</u>	<u>—</u>	<u>744,951</u>	<u>931,598</u>	<u>20,864</u>	<u>—</u>	<u>3,475,605</u>

(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

Nonmajor Governmental Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)	Debt Service	Capital projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ —	—	1,604,287
Grants	—	332,741	9,150,892
County charges	—	—	1,595,544
Court costs, fines and forfeitures	—	—	176,710
Interest	—	5,247	14,002
Contributions and other	—	—	81,488
Total revenues	<u>—</u>	<u>337,988</u>	<u>12,622,923</u>
Expenditures:			
Current:			
General government – administrative	—	291,638	536,090
General government – judicial	—	—	3,317,551
Public works and enterprises	—	—	765,921
Human services	—	—	7,512,529
Economic development and assistance	—	—	1,602,961
Debt service:			
Principal retirement	2,680,175	—	2,680,175
Debt interest	1,600,423	—	1,600,423
Fiscal charges	18,295	—	18,295
Capital outlay	—	2,719,997	3,261,396
Payments to other governments	—	—	217,732
Total expenditures	<u>4,298,893</u>	<u>3,011,635</u>	<u>21,513,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,298,893)</u>	<u>(2,673,647)</u>	<u>(8,890,150)</u>
Other financing sources (uses):			
Transfers in	4,273,926	298,147	6,299,098
Transfers out	—	—	(260,304)
Refunding bonds issued	2,474,252	—	2,474,252
Premium on refunding bonds issued	296,152	—	296,152
Payment to refunded bond escrow agent	(2,745,437)	—	(2,745,437)
Proceeds from insurance recovery	—	—	482
Total other financing sources (uses)	<u>4,298,893</u>	<u>298,147</u>	<u>6,064,243</u>
Net changes in fund balance	—	(2,375,500)	(2,825,907)
Fund balances, beginning of year, as restated	<u>—</u>	<u>4,653,666</u>	<u>8,579,678</u>
Fund balances, end of year	<u>\$ —</u>	<u>2,278,166</u>	<u>5,753,771</u>

Nonmajor Governmental Fund Budgetary Schedules

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Liquid Fuels Tax

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants:				
Liquid fuels tax	\$ 1,692,000	1,692,000	667,283	(1,024,717)
County charges	5,000	5,000	2,952	(2,048)
Interest	3,500	3,500	2,146	(1,354)
Total revenues	<u>1,700,500</u>	<u>1,700,500</u>	<u>672,381</u>	<u>(1,028,119)</u>
Expenditures:				
Current:				
Public works and enterprises	514,500	514,500	427,643	86,857
Capital outlay	1,771,500	1,771,500	280,954	1,490,546
Payments to other governments	21,000	21,000	2,486	18,514
Total expenditures	<u>2,307,000</u>	<u>2,307,000</u>	<u>711,083</u>	<u>1,595,917</u>
Deficiency of revenues under expenditures	(606,500)	(606,500)	(38,702)	567,798
Fund balance, beginning of year	<u>1,245,583</u>	<u>1,245,583</u>	<u>1,207,397</u>	<u>(38,186)</u>
Fund balance, end of year	<u>\$ 639,083</u>	<u>639,083</u>	<u>1,168,695</u>	<u>529,612</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Domestic Relations Office

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 2,251,492	2,295,184	2,167,816	(127,368)
County charges	28,285	28,285	28,268	(17)
Court costs, fines, and forfeitures	13,300	13,300	11,742	(1,558)
Interest	1,000	1,000	393	(607)
Total revenues	<u>2,294,077</u>	<u>2,337,769</u>	<u>2,208,219</u>	<u>(129,550)</u>
Expenditures:				
Current:				
General government – judicial	<u>3,291,834</u>	<u>3,359,052</u>	<u>3,187,888</u>	<u>171,164</u>
Total expenditures	<u>3,291,834</u>	<u>3,359,052</u>	<u>3,187,888</u>	<u>171,164</u>
Deficiency of revenues under expenditures	<u>(997,757)</u>	<u>(1,021,283)</u>	<u>(979,669)</u>	<u>41,614</u>
Other financing sources:				
Transfers in	997,757	1,021,283	979,187	(42,096)
Proceeds from insurance recovery	—	—	482	482
Total other financing sources	<u>997,757</u>	<u>1,021,283</u>	<u>979,669</u>	<u>(41,614)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Office of Aging

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 3,385,874	3,175,874	3,171,011	(4,863)
County charges	130,500	340,500	252,663	(87,837)
Interest	850	850	710	(140)
Contributions and other	24,500	24,500	37,374	12,874
Total revenues	<u>3,541,724</u>	<u>3,541,724</u>	<u>3,461,758</u>	<u>(79,966)</u>
Expenditures:				
Current:				
Human services	3,965,763	3,983,863	3,417,610	566,253
Capital outlay	20,000	9,900	5,878	4,022
Total expenditures	<u>3,985,763</u>	<u>3,993,763</u>	<u>3,423,488</u>	<u>570,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(444,039)</u>	<u>(452,039)</u>	<u>38,270</u>	<u>490,309</u>
Other financing sources (uses):				
Transfers in	463,752	463,752	—	(463,752)
Transfers out	(28,000)	(20,000)	(19,279)	721
Total other financing sources	<u>435,752</u>	<u>443,752</u>	<u>(19,279)</u>	<u>(463,031)</u>
Net change in fund balance	(8,287)	(8,287)	18,991	27,278
Fund balance, beginning of year	<u>106,713</u>	<u>106,713</u>	<u>181,508</u>	<u>74,795</u>
Fund balance, end of year	<u>\$ 98,426</u>	<u>98,426</u>	<u>200,499</u>	<u>102,073</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Human Services Development

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 137,116	137,116	129,187	(7,929)
Interest	—	—	20	20
Contributions and other	—	—	50	50
Total revenues	<u>137,116</u>	<u>137,116</u>	<u>129,257</u>	<u>(7,859)</u>
Expenditures:				
Current:				
Human services	177,845	114,096	114,094	2
Capital outlay	—	5	5	—
Total expenditures	<u>177,845</u>	<u>114,101</u>	<u>114,099</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,729)</u>	<u>23,015</u>	<u>15,158</u>	<u>(7,857)</u>
Other financing sources (uses):				
Transfers in	74,000	74,000	67,000	(7,000)
Transfers out	<u>(33,271)</u>	<u>(97,015)</u>	<u>(82,262)</u>	<u>14,753</u>
Total other financing sources	<u>40,729</u>	<u>(23,015)</u>	<u>(15,262)</u>	<u>7,753</u>
Net change in fund balance	—	—	(104)	(104)
Fund balance, beginning of year	—	—	104	104
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Food and Shelter

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 691,493	711,493	584,843	(126,650)
County charges	262,503	277,503	217,193	(60,310)
Contributions and other	4,500	4,500	4,576	76
Interest	—	—	57	57
Total revenues	<u>958,496</u>	<u>993,496</u>	<u>806,669</u>	<u>(186,827)</u>
Expenditures:				
Current:				
Human services	994,776	1,077,361	881,762	195,599
Capital outlay	<u>6,000</u>	<u>182</u>	<u>180</u>	<u>2</u>
Total expenditures	<u>1,000,776</u>	<u>1,077,543</u>	<u>881,942</u>	<u>195,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,280)</u>	<u>(84,047)</u>	<u>(75,273)</u>	<u>8,774</u>
Other financing uses:				
Transfer in	141,200	141,200	82,262	(58,938)
Transfers out	<u>(98,920)</u>	<u>(57,153)</u>	<u>(56,153)</u>	<u>1,000</u>
Total other financing uses	<u>42,280</u>	<u>84,047</u>	<u>26,109</u>	<u>(57,938)</u>
Net change in fund balance	—	—	(49,164)	(49,164)
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>103,036</u>	<u>103,036</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>53,872</u>	<u>53,872</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Drug and Alcohol

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 2,082,078	2,139,369	2,126,046	(13,323)
County charges	211,650	322,891	306,019	(16,872)
Court costs, fines and forfeitures	161,417	162,117	173,222	11,105
Contributions and other	6,837	6,837	15,032	8,195
Total revenues	<u>2,461,982</u>	<u>2,631,214</u>	<u>2,620,319</u>	<u>(10,895)</u>
Expenditures:				
Current:				
Human services	3,104,446	3,352,145	2,986,828	365,317
Capital outlay	6,800	6,800	5,304	1,496
Total expenditures	<u>3,111,246</u>	<u>3,358,945</u>	<u>2,992,132</u>	<u>366,813</u>
Deficiency of revenues under expenditures	<u>(649,264)</u>	<u>(727,731)</u>	<u>(371,813)</u>	<u>355,918</u>
Other financing sources:				
Transfers in	347,306	326,216	307,988	(18,228)
Total other financing sources	<u>347,306</u>	<u>326,216</u>	<u>307,988</u>	<u>(18,228)</u>
Net change in fund balance	(301,958)	(401,515)	(63,825)	337,690
Fund balance, beginning of year	400,000	400,000	491,785	91,785
Fund balance, end of year	<u>\$ 98,042</u>	<u>(1,515)</u>	<u>427,960</u>	<u>429,475</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Fiscal Employer Agent

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 2,795,929	2,795,929	1,594,201	(1,201,728)
Interest	—	—	1,765	1,765
Total revenues	<u>2,795,929</u>	<u>2,795,929</u>	<u>1,595,966</u>	<u>(1,199,963)</u>
Expenditures:				
Current:				
Human services	2,441,629	1,643,834	1,603,904	39,930
Payments to other governments	—	1,192,300	1,190,016	2,284
Total expenditures	<u>2,441,629</u>	<u>2,836,134</u>	<u>2,793,920</u>	<u>42,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>354,300</u>	<u>(40,205)</u>	<u>(1,197,954)</u>	<u>(1,157,749)</u>
Other financing sources:				
Transfers in	<u>400,629</u>	<u>400,629</u>	<u>192,505</u>	<u>(208,124)</u>
Total other financing sources:	<u>400,629</u>	<u>400,629</u>	<u>192,505</u>	<u>(208,124)</u>
Net change in fund balance	754,929	360,424	(1,005,449)	(1,365,873)
Fund balance, beginning of year	<u>900,000</u>	<u>900,000</u>	<u>1,193,222</u>	<u>293,222</u>
Fund balance, end of year	<u>\$ 1,654,929</u>	<u>1,260,424</u>	<u>187,773</u>	<u>(1,072,651)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Witness Assistance

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 94,218	198,883	190,504	(8,379)
County charges	24,000	24,000	22,929	(1,071)
Contributions and other	500	500	—	(500)
Total revenues	<u>118,718</u>	<u>223,383</u>	<u>213,433</u>	<u>(9,950)</u>
Expenditures:				
Current:				
Human services	<u>320,008</u>	<u>487,936</u>	<u>446,175</u>	<u>41,761</u>
Total expenditures	<u>320,008</u>	<u>487,936</u>	<u>446,175</u>	<u>41,761</u>
Deficiency of revenues under expenditures	<u>(201,290)</u>	<u>(264,553)</u>	<u>(232,742)</u>	<u>31,811</u>
Other financing sources:				
Transfers in	<u>200,445</u>	<u>263,708</u>	<u>232,074</u>	<u>(31,634)</u>
Total other financing sources	<u>200,445</u>	<u>263,708</u>	<u>232,074</u>	<u>(31,634)</u>
Net change in fund balance	(845)	(845)	(668)	177
Fund balance, beginning of year	<u>55,830</u>	<u>55,830</u>	<u>44,035</u>	<u>(11,795)</u>
Fund balance, end of year	<u>\$ 54,985</u>	<u>54,985</u>	<u>43,367</u>	<u>(11,618)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Witness Assistance - VOCA

For the year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 100,948	122,132	71,658	(50,474)
Total revenues	100,948	122,132	71,658	(50,474)
Expenditures:				
Current:				
Human services	169,093	198,611	109,631	88,980
Total expenditures	169,093	198,611	109,631	88,980
Deficiency of revenues under expenditures	(68,145)	(76,479)	(37,973)	38,506
Other financing sources:				
Transfers in	68,145	76,479	37,973	(38,506)
Total other financing sources	68,145	76,479	37,973	(38,506)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

ARD/DUI Program

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 486,000	486,000	275,043	(210,957)
Total revenues	486,000	486,000	275,043	(210,957)
Expenditures:				
Current:				
General government – judicial	188,543	188,543	129,663	58,880
Total expenditures	188,543	188,543	129,663	58,880
Excess of revenues over expenditures	297,457	297,457	145,380	(152,077)
Other financing uses:				
Transfers out	(297,457)	(297,457)	(145,380)	152,077
Total other financing uses	(297,457)	(297,457)	(145,380)	152,077
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Records Improvement

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 198,500	198,500	200,693	2,193
Interest	1,900	1,900	1,649	(251)
Total revenues	<u>200,400</u>	<u>200,400</u>	<u>202,342</u>	<u>1,942</u>
Expenditures:				
Current:				
General government – administrative	236,724	263,017	204,111	58,906
Capital outlay	<u>371,000</u>	<u>344,707</u>	<u>231,856</u>	<u>112,851</u>
Total expenditures	<u>607,724</u>	<u>607,724</u>	<u>435,967</u>	<u>171,757</u>
Deficiency of revenues under expenditures	(407,324)	(407,324)	(233,625)	173,699
Fund balance, beginning of year	<u>770,427</u>	<u>770,427</u>	<u>978,576</u>	<u>208,149</u>
Fund balance, end of year	<u>\$ 363,103</u>	<u>363,103</u>	<u>744,951</u>	<u>381,848</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Recycling and Waste

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 146,500	146,500	48,822	(97,678)
County charges	63,000	63,000	111,890	48,890
Interest	3,000	3,000	1,701	(1,299)
Contributions and other	—	—	20,000	20,000
Total revenues	<u>212,500</u>	<u>212,500</u>	<u>182,413</u>	<u>(30,087)</u>
Expenditures:				
Current:				
Public works and enterprises	642,445	639,843	338,278	301,565
Capital outlay	<u>6,000</u>	<u>8,602</u>	<u>7,442</u>	<u>1,160</u>
Total expenditures	<u>648,445</u>	<u>648,445</u>	<u>345,720</u>	<u>302,725</u>
Deficiency of revenues under expenditures	(435,945)	(435,945)	(163,307)	272,638
Fund balance, beginning of year	<u>1,286,517</u>	<u>1,286,517</u>	<u>1,094,905</u>	<u>(191,612)</u>
Fund balance, end of year	<u>\$ 850,572</u>	<u>850,572</u>	<u>931,598</u>	<u>81,026</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Affordable Housing

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 210,000	210,000	223,797	13,797
Interest	100	100	54	(46)
Total revenues	<u>210,100</u>	<u>210,100</u>	<u>223,851</u>	<u>13,751</u>
Expenditures:				
Current:				
General government - administrative	39,919	40,919	40,341	578
Payments to other governments	<u>204,000</u>	<u>203,000</u>	<u>196,926</u>	<u>6,074</u>
Total expenditures	<u>243,919</u>	<u>243,919</u>	<u>237,267</u>	<u>6,652</u>
Deficiency of revenues under expenditures	(33,819)	(33,819)	(13,416)	20,403
Fund balance, beginning of year	<u>35,586</u>	<u>35,586</u>	<u>34,280</u>	<u>(1,306)</u>
Fund balance, end of year	<u><u>\$ 1,767</u></u>	<u><u>1,767</u></u>	<u><u>20,864</u></u>	<u><u>19,097</u></u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Hotel Tax

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Taxes	\$ 1,602,000	1,702,000	1,604,287	(97,713)
Interest	1,000	1,000	670	(330)
Total revenues	<u>1,603,000</u>	<u>1,703,000</u>	<u>1,604,957</u>	<u>(98,043)</u>
Expenditures:				
Current:				
Culture and recreation	<u>1,600,000</u>	<u>1,700,000</u>	<u>1,602,961</u>	<u>97,039</u>
Total expenditures	<u>1,600,000</u>	<u>1,700,000</u>	<u>1,602,961</u>	<u>97,039</u>
Excess of revenues over expenditures	<u>3,000</u>	<u>3,000</u>	<u>1,996</u>	<u>(1,004)</u>
Other financing uses:				
Transfers out	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,996)</u>	<u>1,004</u>
Total other financing uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,996)</u>	<u>1,004</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Debt Service

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
Expenditures:				
Debt service:				
Principal retirement	2,807,510	2,807,510	2,680,175	127,335
Debt interest	1,628,635	1,628,635	1,600,423	28,212
Fiscal charges	—	30,000	18,295	11,705
Total expenditures	4,436,145	4,466,145	4,298,893	167,252
Deficiency of revenues under expenditures	(4,436,145)	(4,466,145)	(4,298,893)	167,252
Other financing sources (uses):				
Transfers in	4,436,145	4,436,145	4,273,926	(162,219)
Refunding bonds issued	—	2,530,000	2,474,252	(55,748)
Premium on refunding bonds issued	—	300,000	296,152	(3,848)
Payment to refunded bond escrow agent	—	(2,800,000)	(2,745,437)	54,563
Total other financing sources (uses)	4,436,145	4,466,145	4,298,893	(167,252)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Capital Projects

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 287,000	287,000	332,741	45,741
Interest	3,000	3,000	5,247	2,247
Total revenues	<u>290,000</u>	<u>290,000</u>	<u>337,988</u>	<u>47,988</u>
Expenditures:				
Current:				
General government-administrative	137,417	437,917	291,638	146,279
Capital outlay	<u>6,873,500</u>	<u>6,624,500</u>	<u>2,719,997</u>	<u>3,904,503</u>
Total expenditures	<u>7,010,917</u>	<u>7,062,417</u>	<u>3,011,635</u>	<u>4,050,782</u>
Deficiency of revenues under expenditures	<u>(6,720,917)</u>	<u>(6,772,417)</u>	<u>(2,673,647)</u>	<u>4,098,770</u>
Other financing sources:				
Transfer in	<u>830,000</u>	<u>881,000</u>	<u>298,147</u>	<u>(582,853)</u>
Total other financing sources	<u>830,000</u>	<u>881,000</u>	<u>298,147</u>	<u>(582,853)</u>
Net change in fund balance	(5,890,917)	(5,891,417)	(2,375,500)	3,515,917
Fund balance, beginning of year	<u>12,903,034</u>	<u>12,903,034</u>	<u>4,653,666</u>	<u>(8,249,368)</u>
Fund balance, end of year	<u>\$ 7,012,117</u>	<u>7,011,617</u>	<u>2,278,166</u>	<u>(4,733,451)</u>

Other General Fund Budgetary Schedules

***OTHER GENERAL FUND BUDGETARY SCHEDULES
DESCRIPTION OF FUNDS***

Other General Fund Programs

The general fund presented in the basic financial statements is made up of several consolidated funds. The following programs are not included in the general fund schedule of revenues, expenditures and changes in fund balances – budget and actual. This section presents their budgetary schedules.

Insurance fraud prevention authority – To conduct criminal investigations into all allegations of insurance fraud and other related theft offenses, either through direct referrals or in cooperation with other law enforcement agencies.

Criminal justice planning – To assist key decision makers with the development of a managed response to the issue of prison overcrowding.

Offender supervision – To subsidize the operations of adult probation by providing additional monies for probation officers' salaries, safety equipment, and office supplies.

STOP grant – To provide a coordinated approach using a detective, a victim advocate, and trial staff to combat the pervasive problem of violence against women with a concentration on the enforcement of protection from abuse orders.

Human services administration – To coordinate client care among the various County human service agencies.

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Insurance Fraud Prevention Authority

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 173,158	173,158	130,540	(42,618)
Interest	250	250	148	(102)
Total revenues	<u>173,408</u>	<u>173,408</u>	<u>130,688</u>	<u>(42,720)</u>
Expenditures:				
Current:				
Public safety	<u>173,408</u>	<u>173,408</u>	<u>130,688</u>	<u>42,720</u>
Total expenditures	<u>173,408</u>	<u>173,408</u>	<u>130,688</u>	<u>42,720</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Criminal Justice Planning

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 330,590	400,619	345,445	(55,174)
County charges	3,000	3,000	2,400	(600)
Contributions and other	939	939	109	(830)
Total revenues	<u>334,529</u>	<u>404,558</u>	<u>347,954</u>	<u>(56,604)</u>
Expenditures:				
Current:				
Human services	444,204	539,957	481,724	58,233
Capital outlay	1,100	37,756	36,377	1,379
Total expenditures	<u>445,304</u>	<u>577,713</u>	<u>518,101</u>	<u>59,612</u>
Deficiency of revenues under expenditures	<u>(110,775)</u>	<u>(173,155)</u>	<u>(170,147)</u>	<u>3,008</u>
Other financing sources:				
Transfers in	<u>110,775</u>	<u>167,055</u>	<u>167,055</u>	<u>—</u>
Total other financing sources	<u>110,775</u>	<u>167,055</u>	<u>167,055</u>	<u>—</u>
Net change in fund balance	—	(6,100)	(3,092)	3,008
Fund balance, beginning of year	<u>6,000</u>	<u>6,000</u>	<u>8,001</u>	<u>2,001</u>
Fund balance, end of year	<u>\$ 6,000</u>	<u>(100)</u>	<u>4,909</u>	<u>5,009</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Offender Supervision

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ —	—	283	283
County charges	550	550	—	(550)
Court costs, fines, and forfeitures	636,180	650,643	694,509	43,866
Total revenues	636,730	651,193	694,792	43,599
Expenditures:				
Current:				
Public safety	627,575	627,575	610,686	16,889
Total expenditures	627,575	627,575	610,686	16,889
Excess of revenues over expenditures	9,155	23,618	84,106	60,488
Other financing uses:				
Transfers out	(75,000)	(89,463)	(89,463)	—
Total other financing uses	(75,000)	(89,463)	(89,463)	—
Net change in fund balance	(65,845)	(65,845)	(5,357)	60,488
Fund balance, beginning of year	653,000	653,000	804,389	151,389
Fund balance, end of year	\$ 587,155	587,155	799,032	211,877

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

STOP Grant

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 125,000	125,000	125,000	—
County charges	—	—	—	—
Interest	—	—	4	4
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>125,004</u>	<u>4</u>
Expenditures:				
Current:				
Public safety	<u>305,080</u>	<u>272,996</u>	<u>238,786</u>	<u>34,210</u>
Total expenditures	<u>305,080</u>	<u>272,996</u>	<u>238,786</u>	<u>34,210</u>
Deficiency of revenues under expenditures	<u>(180,080)</u>	<u>(147,996)</u>	<u>(113,782)</u>	<u>34,214</u>
Other financing sources:				
Transfers in	<u>180,080</u>	<u>147,996</u>	<u>113,782</u>	<u>(34,214)</u>
Total other financing sources	<u>180,080</u>	<u>147,996</u>	<u>113,782</u>	<u>(34,214)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Human Services Administration

For the fiscal year ended June 30, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 2,250	2,250	1,775	(475)
Total revenues	2,250	2,250	1,775	(475)
Expenditures:				
Current:				
Human services	63,145	63,145	58,131	5,014
Total expenditures	63,145	63,145	58,131	5,014
Deficiency of revenues under expenditures	(60,895)	(60,895)	(56,356)	4,539
Other financing sources:				
Transfers in	60,895	60,895	56,356	(4,539)
Total other financing sources	60,895	60,895	56,356	(4,539)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

Nonmajor Enterprise Fund Combining Statements

NONMAJOR ENTERPRISE FUNDS
DESCRIPTION OF FUNDS

Enterprise Funds

Funds used to report on activity for which a fee is charged to external users for goods and services.

Transportation fund – Used to account for the cost of transportation services provided to County residents and clients of various County agencies. This fund receives user fees and grants and is reimbursed by County agencies for the services provided.

Hazardous materials fund – Used to account for the cost of monitoring the storage of hazardous materials in the County and the operation of response teams. This fund is financed by grants and fees charged to those responsible for hazardous materials.

COMBINING STATEMENT OF NET POSITION
Nonmajor Enterprise Funds

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Transportation</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 200	—	200
Due from other funds	316,114	59,839	375,953
Customer accounts receivable	11,583	—	11,583
Due from other governments	543,486	—	543,486
Total current assets	<u>871,383</u>	<u>59,839</u>	<u>931,222</u>
Noncurrent assets:			
Capital assets, net of depreciation	1,432,239	107,821	1,540,060
Total noncurrent assets	<u>1,432,239</u>	<u>107,821</u>	<u>1,540,060</u>
Total assets	<u>2,303,622</u>	<u>167,660</u>	<u>2,471,282</u>
Current liabilities:			
Accounts payable	332,628	622	333,250
Accrued payroll	59,818	2,903	62,721
Due to other funds	197,607	—	197,607
Unearned revenue	47,590	30,844	78,434
Sick and vacation accrual	6,870	485	7,355
Total current liabilities	<u>644,513</u>	<u>34,854</u>	<u>679,367</u>
Noncurrent liabilities:			
Due in more than one year:			
Net OPEB obligation	20,674	805	21,479
Sick and vacation accrual	57,414	7,906	65,320
Total noncurrent liabilities	<u>78,088</u>	<u>8,711</u>	<u>86,799</u>
Total liabilities	<u>722,601</u>	<u>43,565</u>	<u>766,166</u>
Net position			
Net invested in capital assets	1,432,239	107,821	1,540,060
Unrestricted	148,782	16,274	165,056
Total net position	<u>\$ 1,581,021</u>	<u>124,095</u>	<u>1,705,116</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN NET POSITION**

Nonmajor Enterprise Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Transportation</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Operating revenues:			
Charges for sales and services:			
County charges	\$ 1,157,081	58,377	1,215,458
Total operating revenues	<u>1,157,081</u>	<u>58,377</u>	<u>1,215,458</u>
Operating expenses:			
Patient/client services	2,326,217	138,892	2,465,109
Depreciation	320,866	18,407	339,273
Total operating expenses	<u>2,647,083</u>	<u>157,299</u>	<u>2,804,382</u>
Operating loss	<u>(1,490,002)</u>	<u>(98,922)</u>	<u>(1,588,924)</u>
Nonoperating revenues (expenses):			
Grants	1,059,701	36,427	1,096,128
Insurance recovery	12,973	—	12,973
Loss on sale of capital assets	(2,513)	—	(2,513)
Total net nonoperating revenues	<u>1,070,161</u>	<u>36,427</u>	<u>1,106,588</u>
Income (loss) before transfers and capital contributions	(419,841)	(62,495)	(482,336)
Capital contributions	715,541	—	715,541
Transfers in	130,451	64,335	194,786
Change in net position	<u>426,151</u>	<u>1,840</u>	<u>427,991</u>
Total net position, beginning of year	1,154,870	122,255	1,277,125
Total net position, ending of year	<u>\$ 1,581,021</u>	<u>124,095</u>	<u>1,705,116</u>

COMBINING STATEMENT OF CASH FLOWS

Nonmajor Enterprise Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Transportation</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received on county charges	\$ 996,037	58,377	1,054,414
Payments to vendors	(728,958)	(69,620)	(798,578)
Payments to employees	(1,577,797)	(71,013)	(1,648,810)
Net cash used in operating activities	<u>(1,310,718)</u>	<u>(82,256)</u>	<u>(1,392,974)</u>
Cash flows from noncapital financing activities:			
Subsidy from federal/state grants	980,335	30,844	1,011,179
Transfers from other funds	375,430	68,951	444,381
Net cash provided by noncapital financing activities	<u>1,355,765</u>	<u>99,795</u>	<u>1,455,560</u>
Cash flows from capital and related financing activities:			
Subsidy from federal/state grants	412,186	—	412,186
Insurance proceeds	12,973	—	12,973
Purchase of capital assets	(470,206)	(17,539)	(487,745)
Net cash provided by (used in) capital financing activities	<u>(45,047)</u>	<u>(17,539)</u>	<u>(62,586)</u>
Net increase (decrease) in cash and cash equivalents	—	—	—
Cash and cash equivalents, January 1	200	—	200
Cash and cash equivalents, December 31	<u>\$ 200</u>	<u>—</u>	<u>200</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (1,490,002)	(98,922)	(1,588,924)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	320,866	18,407	339,273
Changes in assets and liabilities in:			
Customer accounts receivable	(6,607)	—	(6,607)
Due from other governments	(153,565)	—	(153,565)
Prepaid items	1,479	—	1,479
Accounts payable	9,998	(2,091)	7,907
Accrued liabilities and withholdings	7,311	324	7,635
Unearned revenue	(871)	—	(871)
Net OPEB Obligation	673	26	699
Total adjustments	<u>179,284</u>	<u>16,666</u>	<u>195,950</u>
Net cash used in operating activities	<u>\$ (1,310,718)</u>	<u>(82,256)</u>	<u>(1,392,974)</u>

There were no material non-cash financing and investing transactions.

INTERNAL SERVICE FUNDS
DESCRIPTION OF FUNDS

Internal Service Funds

Funds used to report activity that provides goods and services to other funds and departments of the primary government and one of its component units, Conservation District, on a cost reimbursement basis.

Workers' compensation – Used to account for the County's self-insured risk management activities related to liabilities incurred as a result of workplace injuries.

Health reimbursement arrangement (HRA) – Used to account for the health insurance claims that fall under the deductible threshold of the County's high deductible health insurance plan.

COMBINING STATEMENT OF NET POSITION
Internal Service Funds

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Reimbursement</u> <u>Arrangement</u>	<u>Totals</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 380,329	—	380,329
Investments	1,095,322	—	1,095,322
Due from other funds	—	1,186,753	1,186,753
Customer accounts receivable	1,900	—	1,900
Prepaid	81,973	—	81,973
Total current assets	<u>1,559,524</u>	<u>1,186,753</u>	<u>2,746,277</u>
Total assets	<u>1,559,524</u>	<u>1,186,753</u>	<u>2,746,277</u>
Liabilities			
Current liabilities:			
Accounts payable	2,100	30,000	32,100
Self-insurance claims payable	313,819	—	313,819
Total current liabilities	<u>315,919</u>	<u>30,000</u>	<u>345,919</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	756,140	—	756,140
Total noncurrent liabilities	<u>756,140</u>	<u>—</u>	<u>756,140</u>
Total liabilities	<u>1,072,059</u>	<u>30,000</u>	<u>1,102,059</u>
Net position			
Unrestricted	487,465	1,156,753	1,644,218
Total net position	<u>\$ 487,465</u>	<u>1,156,753</u>	<u>1,644,218</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION**

Internal Service Funds

For the year ended December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Reimbursement</u> <u>Arrangement</u>	<u>Totals</u>
Operating revenues:			
Charges for sales and services:			
County charges	\$ 709,612	938,501	1,648,113
Total operating revenues	<u>709,612</u>	<u>938,501</u>	<u>1,648,113</u>
Operating expenses:			
Patient/client services	635,384	764,379	1,399,763
Total operating expenses	<u>635,384</u>	<u>764,379</u>	<u>1,399,763</u>
Operating income (loss)	74,228	174,122	248,350
Nonoperating expenses:			
Loss on investments	(8,481)	—	(8,481)
Total nonoperating expenses	<u>(8,481)</u>	<u>—</u>	<u>(8,481)</u>
Change in net position	65,747	174,122	239,869
Total net position, beginning of year	421,718	982,631	1,404,349
Total net position, end of year	<u>\$ 487,465</u>	<u>1,156,753</u>	<u>1,644,218</u>

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2013***COUNTY OF CUMBERLAND, PENNSYLVANIA****(unaudited)**

	Workers'	Health	
	Compensation	Reimbursement	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Cash received on county charges	\$ 709,512	775,379	1,484,891
Payments to vendors	—	(775,379)	(775,379)
Payments to employees	(632,821)	—	(632,821)
Net cash provided by operating activities	<u>76,691</u>	<u>—</u>	<u>76,691</u>
Cash flows from investing activities:			
Sale of investments	(66,372)	—	(66,372)
Loss on investments	(8,481)	—	(8,481)
Net cash used by investing activities	<u>(74,853)</u>	<u>—</u>	<u>(74,853)</u>
Net decrease in cash and cash equivalents	1,838	—	1,838
Cash and cash equivalents, January 1	378,491	—	378,491
Cash and cash equivalents, December 31	<u>\$ 380,329</u>	<u>—</u>	<u>380,329</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ 74,228	174,122	248,350
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Prepays	(81,973)	—	(81,973)
Due from other funds	—	(163,122)	(163,122)
Accounts payable	(1,000)	(11,000)	(12,000)
Self-insurance debt-claims payable	85,536	—	85,536
Total adjustments	<u>2,563</u>	<u>(174,122)</u>	<u>(171,559)</u>
Net cash provided by operating activities	<u>\$ 76,791</u>	<u>—</u>	<u>76,791</u>

There were no material non-cash financing and investing transactions.

The notes to the financial statements are an integral part of this statement.

Agency Fund Combining Statements

AGENCY FUNDS
DESCRIPTION OF FUNDS

Agency Funds

Funds used to report resources held by the primary government in a purely custodial capacity.

Prison work release and inmate accounts funds – Used to account for work release earnings and disbursements and the personal funds held by individuals incarcerated at the County prison.

Perry County HealthChoices – Used to account for Perry County’s participation in Pennsylvania’s mandatory managed care program for Medical Assistance consumers. The program funds are collected by the Cumberland/Perry Mental Health/Intellectual and Developmental Disabilities Office.

Agency funds – Used to account for the fees, fines, taxes, grants, and other monies collected by elected row officers that are subsequently disbursed to the County, other governments or other not-for-profit entities or citizens for whom they were collected. These funds are as follows:

- Clerk of Court
- Prothonotary
- Recorder of Deeds
- Treasurer
- Register of Wills
- Sheriff
- District Attorney

Flexible spending account – Used to account for funds set aside pre-tax by employees in the County’s flexible spending plan to pay eligible daycare costs of dependent children or parents.

Human services guardianship accounts – Used to account for monies of human services clients for which the County has been appointed by the courts or otherwise agrees to act in a fiduciary capacity in the administration of client monies.

COMBINING STATEMENT OF ASSETS AND LIABILITIES

All Agency Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Prison Work Release	Prison Inmate Accounts	Perry County Health- Choices	Clerk of Court	Prothonotary
Assets					
Cash and cash equivalents	\$ 7,895	34,870	23,492	390,749	813,048
Total assets	\$ 7,895	34,870	23,492	390,749	813,048
Liabilities					
Due to other governments	\$ —	—	—	109,901	7,113
Escrow and other liabilities	7,895	34,870	23,492	280,848	805,935
Total liabilities	\$ 7,895	34,870	23,492	390,749	813,048

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
1,679,337	4,084	82,554	978,566	135,657	7,131	48,503	4,205,886
<u>1,679,337</u>	<u>4,084</u>	<u>82,554</u>	<u>978,566</u>	<u>135,657</u>	<u>7,131</u>	<u>48,503</u>	<u>4,205,886</u>
1,679,337	4,084	82,554	19,181	24,419	—	—	1,926,589
—	—	—	959,385	111,238	7,131	48,503	2,279,297
<u>1,679,337</u>	<u>4,084</u>	<u>82,554</u>	<u>978,566</u>	<u>135,657</u>	<u>7,131</u>	<u>48,503</u>	<u>4,205,886</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2013*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2013	Additions	Deletions	Balance, December 31, 2013
Prison Work Release				
Assets				
Cash and cash equivalents	\$ 7,062	393,404	392,571	7,895
Liabilities				
Escrow	\$ 7,062	393,404	392,571	7,895
Total liabilities	\$ 7,062	393,404	392,571	7,895
Prison Inmate Accounts				
Assets				
Cash and cash equivalents	\$ 17,598	816,826	799,554	34,870
Liabilities				
Escrow	\$ 17,598	816,826	799,554	34,870
Total liabilities	\$ 17,598	816,826	799,554	34,870
Perry County HealthChoices				
Assets				
Cash and cash equivalents	\$ 33,156	400,181	409,845	23,492
Liabilities				
Escrow and other liabilities	\$ 33,156	400,181	409,845	23,492
Total liabilities	\$ 33,156	400,181	409,845	23,492

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2013*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2013	Additions	Deletions	Balance, December 31, 2013
(Continued)				
Clerk of Court				
Assets				
Cash and cash equivalents	\$ 339,110	2,159,578	2,107,939	390,749
Liabilities				
Due to other governments	\$ 90,634	1,281,137	1,261,870	109,901
Escrow	248,476	878,441	846,069	280,848
Total liabilities	\$ 339,110	2,159,578	2,107,939	390,749
Prothonotary				
Assets				
Cash and cash equivalents	\$ 524,954	433,539	145,445	813,048
Liabilities				
Due to other governments	\$ 6,100	87,388	86,375	7,113
Escrow	518,854	346,151	59,070	805,935
Total liabilities	\$ 524,954	433,539	145,445	813,048
Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 1,152,720	25,354,922	24,828,305	1,679,337
Liabilities				
Due to other governments	\$ 1,152,720	25,354,922	24,828,305	1,679,337
Total liabilities	\$ 1,152,720	25,354,922	24,828,305	1,679,337

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2013*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2013	Additions	Deletions	Balance, December 31, 2013
(Continued)				
Treasurer				
Assets				
Cash and cash equivalents	\$ 4,930	158,747	159,593	4,084
Liabilities				
Due to other governments	\$ 4,930	158,747	159,593	4,084
Total liabilities	\$ 4,930	158,747	159,593	4,084
Register of Wills				
Assets				
Cash and cash equivalents	\$ 3,060	18,646,034	18,566,540	82,554
Liabilities				
Due to other governments	\$ 3,060	18,646,034	18,566,540	82,554
Total liabilities	\$ 3,060	18,646,034	18,566,540	82,554
Sheriff				
Assets				
Cash and cash equivalents	\$ 635,242	4,686,598	4,343,274	978,566
Liabilities				
Due to other governments	\$ 15,459	163,578	159,856	19,181
Escrow	619,783	4,523,020	4,183,418	959,385
Total liabilities	\$ 635,242	4,686,598	4,343,274	978,566

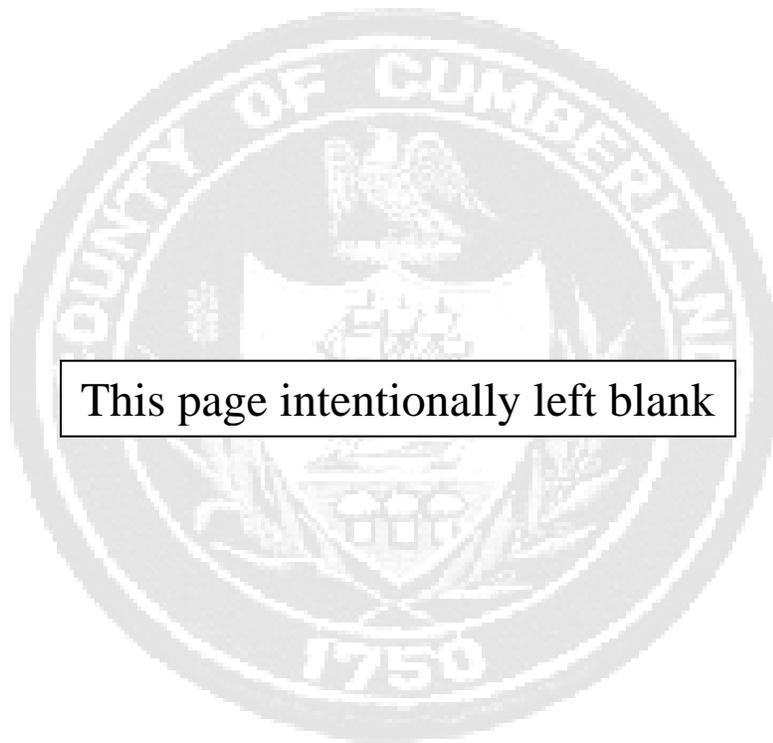
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2013*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2013	Additions	Deletions	Balance, December 31, 2013
(Continued)				
District Attorney				
Assets				
Cash and cash equivalents	\$ 146,651	200,877	211,871	135,657
Liabilities				
Due to other governments	\$ 21,050	12,679	9,310	24,419
Escrow	125,601	188,198	202,561	111,238
Total liabilities	\$ 146,651	200,877	211,871	135,657
Flexible Spending Account				
Assets				
Cash and cash equivalents	\$ 9,350	64,784	67,003	7,131
Liabilities				
Escrow	\$ 9,350	64,784	67,003	7,131
Total liabilities	\$ 9,350	64,784	67,003	7,131
Human Services Guardianship Accounts				
Assets				
Cash and cash equivalents	\$ 46,969	274,300	272,766	48,503
Liabilities				
Escrow	\$ 46,969	274,300	272,766	48,503
Total liabilities	\$ 46,969	274,300	272,766	48,503
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,920,802	53,589,790	52,304,706	4,205,886
Liabilities				
Due to other governments	\$ 1,293,953	45,704,485	45,071,849	1,926,589
Escrow and other liabilities	1,626,849	7,885,305	7,232,857	2,279,297
Total liabilities	\$ 2,920,802	53,589,790	52,304,706	4,205,886



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This section presents trend, contextual and detail information to help users evaluate the financial information presented in the preceding sections. This information is presented in five categories:

Financial Trends

Financial trends information is intended to help readers understand and assess how the County's financial position has changed over time.

Revenue Capacity

Revenue capacity information is intended to assist readers in understanding and assessing the factors affecting the County's ability to generate its own revenues – principally real estate taxes.

Debt Capacity

Debt capacity information is intended to assist readers in understanding and assessing the County's current debt burden and its ability to issue additional debt.

Demographic and Economic Information

Demographic and economic information is intended to help readers understand the socio-economic environment in which the County operates.

Operating Information

Operating information is intended to provide readers with information for evaluating the County's financial statement information as it relates to the services the County provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Where available, ten years of data has been included.

FINANCIAL TRENDS
Net Position by Component

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net invested in capital assets	\$ 29,749,495	16,289,475	17,291,386	18,992,768
Restricted	-	8,747,231	15,555,829	12,011,798
Unrestricted	<u>19,864,718</u>	<u>9,977,088</u>	<u>5,547,482</u>	<u>13,983,874</u>
Total governmental activities net position	<u>\$ 49,614,213</u>	<u>35,013,794</u>	<u>38,394,697</u>	<u>44,988,440</u>
Business-type activities				
Net invested in capital assets	\$ 1,310,858	(857,994)	(1,304,478)	(1,495,109)
Restricted	-	-	-	-
Unrestricted	<u>3,087,151</u>	<u>5,326,223</u>	<u>7,920,167</u>	<u>9,723,191</u>
Total business-type activities net position	<u>\$ 4,398,009</u>	<u>4,468,229</u>	<u>6,615,689</u>	<u>8,228,082</u>
Primary government				
Net invested in capital assets	\$ 31,060,353	15,431,481	15,986,908	17,497,659
Restricted	-	8,747,231	15,555,829	12,011,798
Unrestricted	<u>22,951,869</u>	<u>15,303,311</u>	<u>13,467,649</u>	<u>23,707,065</u>
Total primary government net position	<u>\$ 54,012,222</u>	<u>39,482,023</u>	<u>45,010,386</u>	<u>53,216,522</u>

Last Ten Years as of December 31, 2013

(unaudited)

2008	2009	2010	2011	2012	2013
21,107,189	23,171,314	23,210,201	25,321,465	26,848,932	27,357,708
26,125,693	16,434,597	13,578,839	11,341,250	10,653,143	8,345,285
4,149,705	18,005,779	24,309,827	25,663,371	22,076,410	25,596,675
<u>51,382,587</u>	<u>57,611,690</u>	<u>61,098,867</u>	<u>62,326,086</u>	<u>59,578,485</u>	<u>61,299,668</u>
(1,301,131)	(403,424)	664,320	3,270,869	4,383,167	4,675,435
-	-	-	-	-	-
9,914,008	9,021,640	8,334,573	6,284,362	5,020,588	5,033,865
<u>8,612,877</u>	<u>8,618,216</u>	<u>8,998,893</u>	<u>9,555,231</u>	<u>9,403,755</u>	<u>9,709,300</u>
19,806,058	22,767,890	23,874,521	28,592,334	31,232,099	32,033,143
26,125,693	16,434,597	13,578,839	11,341,250	10,653,143	8,345,285
14,063,713	27,027,419	32,644,400	31,947,733	27,096,998	30,630,540
<u>59,995,464</u>	<u>66,229,906</u>	<u>70,097,760</u>	<u>71,881,317</u>	<u>68,982,240</u>	<u>71,008,968</u>

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA (accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government - administrative	\$ 22,570,583	23,843,051	11,265,601	12,084,842
General government - judicial (1)	-	-	14,431,904	14,884,695
Corrections (2)	-	-	-	-
Public safety	13,630,646	14,342,433	15,368,282	16,554,754
Roads and bridge maintenance	651,093	1,125,543	1,472,466	952,524
Recycling and waste management	561,480	568,828	567,813	535,267
Human services:				
Mental health/intellectual and developmental disabilities	26,475,793	27,253,708	32,343,624	33,099,088
HealthChoices - Cumberland County	13,223,377	18,079,337	22,678,241	21,728,030
Children and youth	9,259,081	10,821,115	12,015,385	12,559,788
Food and shelter	3,408,828	3,995,395	4,379,791	4,298,143
Office of aging	3,068,634	3,391,598	4,485,342	4,176,758
Other	4,040,060	3,968,892	3,879,024	4,196,473
Culture and recreation	90,075	87,920	45,273	81,430
Conservation	381,570	418,545	711,848	882,688
Community redevelopment and housing	387,356	266,693	379,553	245,888
Economic development and assistance	2,244,217	2,380,343	4,437,310	3,026,549
Interest on long-term debt	482,719	470,589	661,412	846,026
Indirect expenses	(334,128)	(363,597)	(393,955)	(432,428)
Total governmental activities expenses	<u>100,141,384</u>	<u>110,650,393</u>	<u>128,728,914</u>	<u>129,720,515</u>
Business-type activities:				
County nursing home	19,494,048	20,509,268	21,604,381	21,715,212
Early Learning Center	359,885	407,655	456,022	487,679
Emergency telephone	4,221,403	6,342,878	4,817,157	5,163,736
Hazardous materials protection	135,713	177,854	223,403	278,299
Transportation services	1,647,303	1,722,524	1,889,158	2,122,585
Indirect expenses	334,128	363,597	393,955	432,428
Total business-type activities expenses	<u>26,192,480</u>	<u>29,523,776</u>	<u>29,384,076</u>	<u>30,199,939</u>
Total primary government expenses	<u>\$ 126,333,864</u>	<u>140,174,169</u>	<u>158,112,990</u>	<u>159,920,454</u>
Program revenues				
Governmental activities:				
Charges for services				
General government - administrative	\$ 6,126,041	6,715,978	3,687,016	4,034,692
General government - judicial (1)	-	-	2,108,136	3,760,691
Corrections (2)	-	-	-	-
Public safety	2,242,796	2,595,561	2,512,689	2,697,819
Roads and bridge maintenance	8,580	4,597	6,680	53,110
Recycling and waste management	667,116	91,690	1,037,382	266,099
Human services	1,207,541	1,232,531	2,230,349	1,417,763
Culture and recreation	11,935	9,466	12,426	10,537
Conservation	33,595	14,233	61,522	139,365
Community redevelopment and housing	320,335	305,800	294,109	265,108
Economic development and assistance	5,218	2,826	63,418	198,360
Operating grants and contributions				
General government - administrative	2,494,905	2,369,485	1,090,729	76,132

Last Ten Years as of December 31, 2013

(unaudited)

2008	2009	2010	2011	2012	2013
12,914,833	12,627,406	13,814,789	14,046,596	14,280,937	14,144,701
15,300,757	16,100,981	16,658,597	17,814,045	18,528,473	18,545,493
-	-	-	-	-	18,165,075
16,524,566	17,366,885	19,253,729	20,794,098	21,611,054	3,826,455
479,261	855,299	672,542	387,359	281,498	511,078
449,387	514,416	380,137	458,016	586,934	330,697
35,708,717	27,708,562	18,141,649	16,928,959	17,257,878	16,409,341
22,892,241	27,042,052	28,601,028	27,491,594	28,363,948	28,879,387
13,327,513	12,839,074	12,342,876	13,417,768	13,813,083	14,186,821
4,554,398	4,726,775	3,137,335	936,619	810,200	851,772
4,585,368	4,889,623	4,785,973	3,915,211	3,425,700	3,055,181
4,248,998	3,973,504	5,051,374	6,143,289	8,338,934	3,651,819
106,326	227,443	108,217	67,799	138,045	191,890
1,047,706	531,424	423,928	386,490	432,798	486,778
217,028	218,714	212,555	220,815	222,796	237,269
3,870,456	4,093,769	3,992,708	3,877,944	3,539,001	3,602,456
1,130,803	1,280,716	1,320,663	1,323,974	1,687,988	1,618,892
(494,329)	(531,008)	(613,073)	(635,931)	(641,105)	(716,180)
<u>136,864,029</u>	<u>134,465,635</u>	<u>128,285,027</u>	<u>127,574,645</u>	<u>132,678,162</u>	<u>127,978,925</u>
22,463,389	23,833,449	24,806,003	25,737,338	24,610,308	24,005,271
516,737	483,456	479,681	532,003	339,864	-
5,277,951	5,329,529	9,481,575	6,505,960	5,969,320	5,704,448
258,893	247,389	194,317	228,067	192,719	157,291
2,305,882	2,360,459	2,331,954	2,611,077	2,502,154	2,503,355
494,329	531,008	613,073	635,931	641,105	716,180
<u>31,317,181</u>	<u>32,785,290</u>	<u>37,906,603</u>	<u>36,250,376</u>	<u>34,255,470</u>	<u>33,086,545</u>
<u>168,181,210</u>	<u>167,250,925</u>	<u>166,191,630</u>	<u>163,825,021</u>	<u>166,933,632</u>	<u>161,065,470</u>
3,861,945	4,325,427	3,952,398	3,972,749	4,464,773	4,838,303
4,182,989	3,895,465	4,021,584	3,878,412	4,610,779	4,527,455
-	-	-	-	-	1,743,574
3,155,752	2,951,887	3,055,916	3,359,727	3,125,837	1,429,935
29,729	-	7,272	49,773	10,791	2,952
128,166	114,998	116,498	145,302	109,662	111,890
1,811,103	6,215,264	5,377,369	6,420,238	6,999,960	3,740,695
10,942	11,052	11,300	11,193	11,397	8,648
59,533	35,915	54,341	26,799	30,282	18,716
227,398	235,154	214,505	197,915	221,410	223,797
146,409	98,884	130,752	143,883	93,888	-
245,575	110,861	217,232	567,219	574,441	350,086

FINANCIAL TRENDS
Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	2004	2005	2006	2007
General government - judicial	438,072	336,127	2,413,569	2,531,381
Program revenues (continued)				
Corrections (2)	\$ -	-	-	-
Public safety	1,879,190	1,765,008	1,738,660	1,327,598
Roads and bridge maintenance	746,501	1,107,146	1,469,833	2,392,227
Recycling and waste management	99,131	127,997	93,749	57,033
Human services:				
Mental health/intellectual and developmental disabilities	25,981,948	26,481,739	31,325,889	32,062,709
HealthChoices - Cumberland County	13,220,841	18,069,073	22,660,910	21,707,823
Children and youth	7,648,535	8,907,164	9,688,684	10,225,414
Food and shelter	3,132,715	3,870,511	3,840,332	4,149,274
Office of aging	2,874,807	3,185,237	3,851,537	4,033,513
Other	3,609,467	3,538,699	3,296,947	3,414,422
Culture and recreation	-	-	-	-
Conservation	46,439	27,421	57,060	77,726
Community redevelopment and housing	-	-	-	-
Economic development and assistance	951,372	1,400,894	3,000,109	1,606,690
Capital grants and contributions				
General government - administrative	64,728	40,927	-	-
General government - judicial	-	-	-	54,953
Public safety	9,263	14,197	16,527	12,465
Roads and bridge maintenance	-	-	2,581	272,199
Recycling and waste management	54,180	-	-	-
Conservation	1,726,193	-	149,604	64,901
Total governmental activities program revenues	<u>75,601,444</u>	<u>82,214,307</u>	<u>96,710,447</u>	<u>96,910,004</u>
Business-type activities:				
Charges for services				
County nursing home	20,934,388	22,182,781	21,414,687	22,729,768
Early Learning Center	279,112	321,779	369,206	400,963
Emergency telephone	2,098,908	2,016,473	1,971,210	2,062,474
Hazardous materials protection	43,733	49,880	50,901	49,690
Transportation services	866,164	825,904	841,716	1,002,810
Operating grants and contributions				
County nursing home	4,086	12,449	7,410	7,732
Early Learning Center	6,312	7,975	13,020	22,493
Emergency telephone	-	53,540	1,799,540	1,395,121
Hazardous materials protection	18,705	21,553	27,834	28,349
Transportation services	641,052	711,810	845,171	955,443
Capital grants and contributions				
Early Learning Center	-	5,630	-	14,975
Emergency telephone	-	-	-	-
Hazardous materials protection	-	361,514	-	895
Transportation services	2,471	385,840	76,263	249,923
Total business-type activities program revenues	<u>24,894,931</u>	<u>26,957,128</u>	<u>27,416,958</u>	<u>28,920,636</u>
Total primary government program revenues	<u>\$ 100,496,375</u>	<u>109,171,435</u>	<u>124,127,405</u>	<u>125,830,640</u>
Net expense:				
Governmental activities	\$ (24,539,940)	(28,436,086)	(32,018,467)	(32,810,511)
Business-type activities	(1,297,549)	(2,566,648)	(1,967,118)	(1,279,303)

Last Ten Years as of December 31, 2013

(unaudited)

2008	2009	2010	2011	2012	2013
2,497,334	2,650,047	2,883,864	2,943,449	2,657,904	2,829,612
-	-	-	-	-	699,760
1,243,092	1,235,751	1,856,181	1,637,737	1,405,009	598,286
951,691	529,854	589,234	557,169	445,570	532,209
470,419	160,115	75,312	67,821	100,250	68,822
34,853,233	26,936,260	17,436,659	14,306,924	14,750,083	13,928,418
22,881,948	27,040,563	28,634,245	27,489,782	28,354,028	28,879,053
10,642,965	10,658,021	9,927,394	10,726,676	10,745,739	12,395,912
4,486,184	689,254	920,238	703,688	632,886	574,527
4,336,567	3,934,097	4,001,745	3,445,930	3,218,411	3,075,150
3,104,052	2,953,656	2,796,894	2,777,210	2,715,633	2,581,674
45,119	163,881	-	-	-	92,272
165,986	430,053	70,146	49,269	289,545	294,722
-	-	-	-	-	-
2,226,010	2,535,722	2,308,941	1,994,012	1,632,160	1,462,951
-	-	571,757	638,503	44,185	-
6,832	-	-	-	-	-
65,745	22,749	27,099	21,602	23,339	21,409
96,987	-	8,752	61,649	104,717	135,074
-	-	-	-	-	-
-	-	-	-	-	-
<u>101,933,705</u>	<u>97,934,930</u>	<u>89,267,628</u>	<u>86,194,631</u>	<u>87,372,679</u>	<u>85,165,902</u>
22,536,429	23,592,054	25,259,305	25,276,933	24,669,038	24,474,978
399,429	406,814	414,613	429,812	251,875	-
1,944,338	1,835,550	1,761,860	1,714,758	1,647,432	1,606,054
50,708	58,096	50,500	47,450	45,518	58,377
1,100,062	1,051,045	1,044,212	1,049,685	1,012,670	1,157,031
10,718	22,612	23,045	159,868	9,265	15,434
34,016	32,355	39,215	43,492	8,753	-
3,002,387	2,470,344	6,410,484	3,891,927	2,637,325	2,180,632
30,112	33,361	71,630	23,548	39,015	36,427
1,134,124	1,139,457	1,050,365	1,156,134	979,680	1,060,635
1,283	-	-	-	-	-
-	-	-	-	-	-
3,505	3,427	1,673	200,000	1,011	-
198,638	433,123	13,585	611,271	449,718	715,541
<u>30,445,749</u>	<u>31,078,238</u>	<u>36,140,487</u>	<u>34,604,878</u>	<u>31,751,300</u>	<u>31,305,109</u>
<u>132,379,454</u>	<u>129,013,168</u>	<u>125,408,115</u>	<u>120,799,509</u>	<u>119,123,979</u>	<u>116,471,011</u>
(34,930,324)	(36,530,705)	(39,017,399)	(41,380,014)	(45,305,483)	(42,813,023)
(871,432)	(1,707,052)	(1,766,116)	(1,645,498)	(2,504,170)	(1,781,436)

FINANCIAL TRENDS
Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total primary government net expense	\$ (25,837,489)	(31,002,734)	(33,985,585)	(34,089,814)
(continued)				

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Real estate taxes	\$ 28,798,851	30,954,255	35,211,322	37,534,225
Per capita taxes	674,458	660,792	610,226	729,222
Hotel taxes	844,569	923,487	950,036	1,057,801

Grants and contributions not restricted
to specific programs

	-	-	-	-
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Unrestricted investment earnings	481,053	1,183,081	2,403,031	2,642,631
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Transfers	(806,108)	(2,414,420)	(3,770,245)	(2,559,625)
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Total governmental activities	<u>29,992,823</u>	<u>31,307,195</u>	<u>35,404,370</u>	<u>39,404,254</u>
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Business-type activities:

Grants and contributions not restricted
to specific programs

	-	-	-	-
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Unrestricted investment earnings	67,680	222,448	344,333	332,071
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Transfers	806,108	2,414,420	3,770,245	2,559,625
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Total business-type activities	<u>873,788</u>	<u>2,636,868</u>	<u>4,114,578</u>	<u>2,891,696</u>
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Total primary government	<u>\$ 30,866,611</u>	<u>33,944,063</u>	<u>39,518,948</u>	<u>42,295,950</u>
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Changes in Net Position

Governmental activities	\$ 5,452,883	2,871,109	3,385,903	6,593,743
Business-type activities	(423,761)	70,220	2,147,460	1,612,393
Total primary government	<u>\$ 5,029,122</u>	<u>2,941,329</u>	<u>5,533,363</u>	<u>8,206,136</u>

Notes:

- (1) Beginning in 2006, general government expenses were broken into two categories to provide better detail to the statement of activities. The new categories are called general government-administrative and general governmental-judicial.
- (2) Beginning in 2013, public safety expenses were broken into two categories to provide better detail to the statement of activities. The new categories are called public safety and corrections.

Last Ten Years as of December 31, 2013

(unaudited)

2008	2009	2010	2011	2012	2013
<u>(35,801,756)</u>	<u>(38,237,757)</u>	<u>(40,783,515)</u>	<u>(43,025,512)</u>	<u>(47,809,653)</u>	<u>(44,594,459)</u>
38,319,951	41,366,554	41,788,709	42,140,921	42,385,600	47,880,387
638,640	639,342	629,068	677,729	650,909	676,050
1,345,191	1,192,707	1,518,194	1,502,072	1,602,610	1,604,287
-	-	-	-	-	-
1,897,431	1,106,743	652,760	422,986	222,193	20,558
<u>(876,742)</u>	<u>(1,545,538)</u>	<u>(2,084,155)</u>	<u>(2,136,475)</u>	<u>(2,303,430)</u>	<u>(2,250,276)</u>
<u>41,324,471</u>	<u>42,759,808</u>	<u>42,504,576</u>	<u>42,607,233</u>	<u>42,557,882</u>	<u>47,931,006</u>
-	-	-	-	-	-
379,485	166,853	62,638	65,361	49,264	-
<u>876,742</u>	<u>1,545,538</u>	<u>2,084,155</u>	<u>2,136,475</u>	<u>2,303,430</u>	<u>2,250,276</u>
<u>1,256,227</u>	<u>1,712,391</u>	<u>2,146,793</u>	<u>2,201,836</u>	<u>2,352,694</u>	<u>2,250,276</u>
<u>42,580,698</u>	<u>44,472,199</u>	<u>44,651,369</u>	<u>44,809,069</u>	<u>44,910,576</u>	<u>50,181,282</u>
6,394,147	6,229,103	3,487,177	1,227,219	(2,747,601)	5,117,983
384,795	5,339	380,677	556,338	(151,476)	468,840
<u>6,778,942</u>	<u>6,234,442</u>	<u>3,867,854</u>	<u>1,783,557</u>	<u>(2,899,077)</u>	<u>5,586,823</u>

FINANCIAL TRENDS
Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA
(modified accrual basis of accounting)

	2004	2005	2006	2007
General fund				
Reserved	\$ 3,777,740	3,902,719	3,862,538	1,592,623
Unreserved	12,062,306	13,871,446	16,231,782	20,679,184
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Landfill closure	-	-	-	-
Farmland preservation	-	-	-	-
Offender supervision	-	-	-	-
Criminal investigation	-	-	-	-
Register of Wills-Act 34	-	-	-	-
Coroner - Act 122	-	-	-	-
Veteran Affairs	-	-	-	-
Hoffer scholarship	-	-	-	-
Row office automation	-	-	-	-
Marcellus Shale	-	-	-	-
Unrestricted:				
Assigned:				
Future budgetary requirements	-	-	-	-
Capital projects	-	-	-	-
Risk liability	-	-	-	-
Farmland preservation	-	-	-	-
Prison canteen	-	-	-	-
Criminal justice planning	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 15,840,046	17,774,165	20,094,320	22,271,807
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	5,861,350	6,458,575	7,611,520	6,994,029
Capital projects fund	560,210	496,303	4,848,593	4,042,418
Debt service fund	631	-	2,323	-
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Roads and bridge maintenance	-	-	-	-
Judicial services	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Row office automation	-	-	-	-
Conservation	-	-	-	-
Marcellus shale	-	-	-	-
Economic development and housing	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unrestricted:				
Assigned:				
Capital projects	-	-	-	-
Human services	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 6,422,191	6,954,878	12,462,436	11,036,447

Note:

- (1) The County has elected, as permitted by GASB 54, to not retroactively recharacterize fund balance in governmental funds prior to 2010. The County early implemented GASB 54 in 2010. The nature of the differences between the reserved and unreserved fund balance components reported prior to 2010 and the restricted and unrestricted categories reported effective in 2010 is the focus, beginning in 2010, on the level of restriction on the fund balance components.

Last Ten Years as of December 31, 2013

(unaudited)

2008	2009	2010	2011	2012	2013
2,092,339	1,332,001	-	-	-	-
22,766,147	29,270,507	-	-	-	-
-	-	170,321	227,426	296,853	353,803
-	-	488,858	418,540	347,522	275,863
-	-	1,092,655	825,164	714,300	270,217
-	-	564,467	564,847	681,358	658,158
-	-	229,803	203,802	338,460	821,979
-	-	67,200	69,450	71,250	72,750
-	-	49,499	68,905	68,634	48,022
-	-	-	-	-	50,000
-	-	16,723	16,256	15,812	13,615
-	-	174,701	190,587	218,242	252,211
-	-	-	-	199,719	348,659
-	-	-	10,920,515	6,551,207	3,686,704
-	-	3,725,000	3,725,000	3,725,000	3,725,000
-	-	250,000	250,000	250,000	250,000
-	-	446,367	560,825	595,009	546,947
-	-	66,732	177,895	226,059	314,835
-	-	5,885	7,297	7,081	3,944
-	-	24,316,110	11,144,830	10,856,757	17,148,138
<u>24,858,486</u>	<u>30,602,508</u>	<u>31,664,321</u>	<u>29,371,339</u>	<u>25,163,263</u>	<u>28,840,845</u>
-	-	-	-	-	-
7,426,419	6,865,274	-	-	-	-
17,738,683	8,569,764	-	-	-	-
-	-	-	-	-	-
-	-	23,649	235,485	330,154	11,916
-	-	-	-	-	-
-	-	635,004	955,530	1,207,397	1,168,695
-	-	55,920	287,665	-	-
-	-	952,567	1,474,155	726,499	553,974
-	-	35,758	33,156	38,502	36,974
-	-	1,005,582	923,002	972,248	744,951
-	-	1,670,258	1,461,610	1,093,589	931,598
-	-	-	-	335,543	600,259
-	-	1,920,788	2,190,163	2,597,397	20,864
-	-	9,870	-	-	-
-	-	1,948,613	15,751,272	3,818,123	1,177,907
-	-	-	500,082	500,000	500,000
-	-	891,930	297,941	55,409	388,851
-	-	(83,661)	4,694	(12,150)	(5,523)
<u>25,165,102</u>	<u>15,435,038</u>	<u>9,066,278</u>	<u>24,114,755</u>	<u>11,662,711</u>	<u>6,130,466</u>

FINANCIAL TRENDS

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues:				
Taxes	\$ 30,170,342	32,611,992	36,496,600	39,174,148
Licenses and permits	103,297	102,300	109,045	104,440
Grants	64,758,123	70,627,628	84,474,545	83,870,461
County charges	9,290,235	9,055,568	10,587,280	10,569,865
Court, costs, fines and forfeitures	1,080,181	1,325,488	1,369,036	1,724,379
Investment earnings	481,053	1,183,081	2,403,030	2,642,631
Payment in lieu of taxes	-	-	83,160	143,355
Contributions and other	407,466	822,642	1,155,695	308,366
Total revenues	<u>106,290,697</u>	<u>115,728,699</u>	<u>136,678,391</u>	<u>138,537,645</u>
Expenditures:				
Current:				
General government - administrative	8,094,990	8,491,678	8,841,723	9,536,444
General government - judicial	13,517,419	14,084,783	15,050,890	15,652,556
Corrections (1)	-	-	-	-
Public safety	11,476,018	12,576,249	13,733,295	15,032,388
Public works and enterprises	913,625	827,474	827,067	934,188
Human services:				
Mental health/intellectual and developmental disabilities	26,638,694	27,372,787	32,499,919	33,248,461
Children and youth	9,374,020	10,918,122	12,147,306	12,710,692
HealthChoices - Cumberland County	13,223,377	18,079,337	22,678,241	21,728,030
Food and shelter	3,397,619	3,969,006	4,392,767	4,389,777
Office of aging	3,141,073	3,499,844	4,587,396	4,264,224
Drug and alcohol	3,064,262	3,173,267	3,058,490	3,230,289
Fiscal Employer Agent	-	-	-	-
General fund	640,136	568,944	573,640	721,015
Witness assistance	434,286	356,673	375,099	392,197
Human services development	360,165	253,609	301,727	267,292
Capital projects	-	-	-	-
Other	-	-	-	-
Culture and recreation	931,061	142,459	63,177	102,070
Conservation and development	601,109	1,154,439	1,580,505	1,064,321
Economic development and assistance	1,314,077	2,244,756	4,330,084	2,900,074
Other	-	-	-	-
Debt service:				
Principal retirement	1,805,980	1,092,112	1,433,738	1,468,327
Debt interest	463,500	470,229	479,186	957,841
Fiscal charges	128,612	21,653	137,369	-
Capital Outlay	3,731,920	2,938,157	7,200,628	6,122,633
Payments to other governments	496,264	358,666	713,158	588,243
Total expenditures	<u>103,748,207</u>	<u>112,594,244</u>	<u>135,005,405</u>	<u>135,311,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,542,490</u>	<u>3,134,455</u>	<u>1,672,986</u>	<u>3,226,583</u>
Other financing sources (uses):				
Transfers in	6,880,060	6,949,292	7,861,282	9,290,911
Transfers out	(7,686,168)	(9,363,713)	(11,599,563)	(11,850,346)
Debt issued	7,824,917	1,698,615	9,900,000	-
Payment to refund bonds	(3,775,051)	-	-	-
Bond premium (discount)	-	3,227	(52,511)	-

Last Ten Years as of December 31, 2013

(unaudited)

2008	2009	2010	2011	2012	2013
40,270,517	43,016,438	43,972,939	44,249,273	44,610,906	50,104,058
101,762	115,886	96,872	104,492	122,829	148,860
88,045,118	79,570,052	72,033,160	67,782,498	67,258,482	68,165,204
11,086,953	15,477,114	14,386,937	15,507,346	16,183,605	13,031,309
1,851,223	1,970,159	1,968,327	2,182,893	2,435,785	2,686,728
1,897,431	1,106,741	652,759	422,986	222,194	20,558
116,614	141,168	128,664	128,359	130,142	126,630
331,004	670,539	441,878	397,790	454,101	480,560
<u>143,700,622</u>	<u>142,068,097</u>	<u>133,681,536</u>	<u>130,775,637</u>	<u>131,418,044</u>	<u>134,763,907</u>
10,071,676	9,470,786	10,419,194	10,779,834	10,851,620	11,048,718
16,251,512	16,858,261	16,598,749	17,837,905	18,623,142	18,585,289
-	-	-	-	-	17,186,818
15,165,158	15,525,396	18,098,141	19,313,626	19,595,172	2,757,154
680,216	1,167,927	863,974	686,114	757,449	765,921
35,964,303	27,883,589	18,367,330	17,226,078	17,460,022	16,620,557
13,525,507	12,975,471	12,492,268	13,605,024	14,064,911	14,425,663
22,892,242	27,042,053	28,601,026	27,491,595	28,363,948	28,879,386
4,644,898	4,821,488	3,219,164	962,539	832,219	869,959
4,755,060	5,047,609	4,968,161	4,098,978	3,629,633	3,261,904
3,286,072	3,043,704	3,012,234	2,844,349	3,340,669	2,799,298
-	-	1,250,455	2,453,634	3,079,857	29,692
740,773	705,617	643,881	744,325	710,743	803,362
403,120	406,683	420,078	438,939	470,691	446,175
291,959	274,963	230,470	209,799	146,452	105,501
-	211,299	-	-	-	-
21,000	-	-	-	-	-
136,569	243,647	135,125	92,871	170,073	192,933
726,504	525,300	433,154	379,522	384,628	404,532
3,711,259	3,972,265	3,888,847	3,949,724	3,408,129	3,525,295
-	-	-	-	-	-
1,615,330	1,423,447	1,907,615	1,780,187	2,501,101	2,680,175
967,808	1,250,182	1,363,595	1,220,283	1,698,453	1,600,423
119,291	145,207	115,388	197,724	-	18,295
6,574,648	14,029,489	9,574,735	7,766,720	14,259,834	4,375,453
715,601	289,677	424,159	370,994	1,592,960	367,243
<u>143,260,506</u>	<u>147,314,060</u>	<u>137,027,743</u>	<u>134,450,764</u>	<u>145,941,706</u>	<u>131,749,746</u>
440,116	(5,245,963)	(3,346,207)	(3,675,127)	(14,523,662)	3,014,161
10,006,158	8,849,334	10,011,522	12,367,178	11,980,877	8,568,427
(10,876,498)	(10,394,752)	(12,097,520)	(14,498,394)	(14,269,435)	(10,594,831)
17,121,750	9,656,482	9,850,000	18,000,000	152,100	2,474,252
-	(7,108,829)	(9,877,630)	-	-	(2,745,437)
(34,507)	92,084	152,888	561,838	-	296,152

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA
(modified accrual basis of accounting)

	2004	2005	2006	2007
(Continued)				
Other financing sources (uses):				
Sale of assets	\$ -	-	-	-
Insurance recovery	-	-	-	-
Capital leases	-	44,930	50,519	84,350
Total other financing sources (uses)	<u>3,243,758</u>	<u>(667,649)</u>	<u>6,159,727</u>	<u>(2,475,085)</u>
Net change in fund balances	<u>\$ 5,786,248</u>	<u>2,466,806</u>	<u>7,832,713</u>	<u>751,498</u>
Debt service as a percentage of noncapital expenditures	2.27 %	1.42	1.50	1.88

(1) Beginning in 2013, public safety expenditures were broken into two categories to provide better detail to the statement of revenues, expenditures, and changes in fund balance. The new categories are public safety and corrections.

Last Ten Years as of December 31, 2013

(unaudited)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
300	-	-	-	-	-
33,680	165,602	-	-	-	482
24,335	-	-	-	-	-
<u>16,275,218</u>	<u>1,259,921</u>	<u>(1,960,740)</u>	<u>16,430,622</u>	<u>(2,136,458)</u>	<u>(2,000,955)</u>
<u>16,715,334</u>	<u>(3,986,042)</u>	<u>(5,306,947)</u>	<u>12,755,495</u>	<u>(16,660,120)</u>	<u>1,013,206</u>
1.89	2.01	2.57	2.37	3.19	3.36

REVENUE CAPACITY
Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Fiscal Year	Residential Property	Commercial Property	Agricultural	Recreation	Total Taxable Assessed Value	Utility & Tax Exempt Property	Total Direct Tax Rate (4)	Estimated Actual Taxable Value (5)	Value as a Percentage of Actual Value (6)
2004 (1)	\$ 9,412,693,650	\$ 3,803,587,230	\$ 600,635,420	\$ 27,910,060	\$ 13,844,826,360	\$ 1,793,680,360	2.352	\$ 15,315,073,407	90.4%
2005 (2)	10,487,126,920	4,332,597,620	668,547,100	29,008,730	15,517,280,370	2,015,198,460	2.186	15,517,280,370	100.0
2006 (2)	10,801,168,820	4,440,201,950	673,647,300	30,065,890	15,945,083,960	2,349,724,010	2.377	18,160,687,882	87.8
2007 (2)	11,129,659,300	4,574,598,980	700,313,470	29,406,010	16,433,977,760	2,374,030,750	2.465	20,041,436,292	82.0
2008 (2)	11,441,197,970	4,669,758,070	715,304,350	28,548,970	16,854,809,360	2,453,087,320	2.465	21,254,488,474	79.3
2009 (2)	11,704,349,810	4,788,918,720	725,187,210	28,470,540	17,246,926,280	2,961,390,860	2.579	21,803,852,313	79.1
2010 (2)	11,907,901,590	4,919,759,440	740,578,380	28,279,280	17,596,518,690	2,972,923,890	2.579	21,968,188,127	80.1
2011 (3)	15,418,759,500	5,975,550,800	994,539,200	44,311,900	22,433,161,400	3,751,613,300	2.045	22,433,161,400	100.0
2012 (3)	15,594,896,200	6,048,035,100	991,535,600	43,960,200	22,678,427,100	3,767,043,200	2.045	22,543,168,091	100.6
2013 (3)	15,797,344,200	6,102,261,000	992,370,200	43,698,300	22,935,673,700	3,861,400,800	2.274	22,246,046,266	103.1

Notes:

- (1) Properties valued at 2000 reassessment base year
- (2) Properties valued at 2004 reassessment base year
- (3) Properties valued at 2010 reassessment base year
- (4) Direct Tax Rate:

	<u>County</u>	<u>Library</u>	<u>Total</u>
2004	2.149	0.203	2.352
2005	2.006	0.18	2.186
2006	2.197	0.18	2.377
2007	2.285	0.18	2.465
2008	2.285	0.18	2.465
2009	2.399	0.18	2.579
2010	2.399	0.18	2.579
2011	1.902	0.143	2.045
2012	1.902	0.143	2.045
2013	2.131	0.143	2.274

* Millage adjustment due to 5% cap for reassessment

Although the Countywide library tax is a direct tax of the County as the County ordains and enacts it, the library tax is restricted by the electorate to funding the Cumberland County Library System, a governmental unit that is separate from the County, and is therefore not recognized as a tax revenue of Cumberland County government.

- (5) Estimated actual value is calculated by dividing taxable assessed value by the Tax Equalization Division (TED)* common level ratios
- (6) Rates are based on the Tax Equalization Division (TED)* common level ratio

* Effective April 18, 2013 State Tax Equalization Board's (STEB) is now Tax Equalization Division (TED) and is under DCED

Source: County Board of Assessment

**REVENUE CAPACITY
Direct and Overlapping Property Tax Rates**

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Year Taxes Are Payable</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Direct Rates										
General	2.149	2.006	2.197	2.285	2.285	2.399	2.399	1.902	1.902	2.131
Library	0.203	0.18	0.18	0.18	0.18	0.18	0.18	0.143	0.143	0.143
Total Direct Rate	2.352	2.186	2.377	2.465	2.465	2.579	2.579	2.045	2.045	2.274
School Districts										
Big Spring	12.217	12.375	13.365	14.194	14.72	15.455	16.072	12.098	12.364	12.636
Camp Hill	12.76	12.03	12.77	13.39	14.22	14.8	16.21	12.9577	13.1622	13.1622
Carlisle Area	12.7	12.0	12.58	13.1	13.8	14.33	14.83	12.2606	12.3706	12.6056
Cumberland Valley	10.202	9.554	9.554	9.554	9.721	9.964	10.252	8.57	8.715	8.715
East Pennsboro	12.82	11.78	11.78	12.25	12.899	12.899	12.899	10.309	10.5254	10.8295
Mechanicsburg	13.41	12.83	12.83	13.26	13.73	14.29	14.7	12.168	12.289	12.289
Shippensburg Area	12.05	11.33	12.4	12.75	13.08	13.21	13.55	10.01	10.22	10.4
South Middleton	11.9	11.15	11.15	11.38	11.38	11.38	11.55	8.9245	8.9245	9.0081
West Shore Area	10.2	9.6	9.9	10.2	10.5	10.6	10.61	9	9.3	9.4
Municipalities										
Camp Hill	2.124	1.881	1.881	3.88	3.881	3.881	3.881	3.022	3.022	3.022
Carlisle	3.1	2.81	2.81	2.81	2.81	3.08	3.57	3.058	3.058	3.275
Cooke	1.0	0.968	1.5	1.5	1.5	1.5	2	1.4	1.5	1.5
Dickinson	0.03	0.02857	0.02857	0.02857	0.02857	**0.22	**0.22	.084**	.084**	.084**
East Pennsboro	0.888	0.79	0.79	1.09	1.09	1.19	1.19	0.957	0.957	0.957
Hampden	0.2	0.18	0.18	0.18	0.18	0.18	0.18	0.156	0.156	0.156
Hopewell	-	-	-	-	-	-	-	-	-	-
Lemoyne	1.99	1.99	1.99	1.99	1.99	2.5	2.5	2.1	2.1	2.3
Lower Allen	2.0	1.9	1.9	2.0	2.0	2.5	2.5	1.23	2.05	2.45
Lower Frankford	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.0807	0.1211	0.1211
Lower Mifflin	-	-	-	-	-	-	-	-	-	-
Mechanicsburg	2.45	2.23	2.23	2.23	3.0	3.0	3.25	2.58	2.58	2.58
Middlesex	0.99	0.87	0.87	0.87	0.87	0.87	1.2	0.998	1.22	1.22
Monroe	0.2	0.2	0.2	0.2	0.2	0.2	0.595	0.169	0.525	0.525
Mt. Holly Springs	2.03	1.67	1.83	1.83	1.8	1.944	1.966	1.374	1.613	2.036
Newburg	0.125	0.121*	0.121	0.121	1.0	1.0	1.0	0.7	1.0	1.25
New Cumberland	3.0	2.6	2.6	2.6	2.6	2.6	3.6	2.9	3.9	3.9
Newville	1.6657	1.6657	1.6657	1.6657	1.6657	1.6657	2.0657	1.358	2.434	2.398
North Middleton	0.981	0.889	0.889	0.889	0.889	0.889	0.889	0.694	0.694	0.694
North Newton	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.1	-	-
Penn	0.065	0.061	0.061	0.061	0.061	0.061	0.061	0.0414	0.0414	-
Shippensburg Borough	3.11	2.85	2.85	2.85	2.85	2.85	3.6	2.26	2.6	2.6
Shippensburg Twp.	1.0	0.95	0.95	0.95	0.95	0.95	0.95	0.675	0.675	0.675
Shiremanstown	1.75	1.68	1.75	2.0	2.0	2.2	2.35	1.9	2.1	2.1

(Continued)

**REVENUE CAPACITY
Direct and Overlapping Property Tax Rates**

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Year Taxes Are Payable</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Municipalities (continued)										
Silver Spring	0.656	0.584	0.584	0.584	1.034	1.034	1.034	0.8045	0.8045	0.8045
Southampton	0.10	0.10	0.10	0.10	-	-	-	-	-	-
South Middleton	-	-	0.16	**0.22	**0.22	**0.22	**0.22	0.17**	0.17**	0.17**
South Newton	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.0933	0.0933	0.0933
Upper Allen	0.244	0.23	1.25	1.25	1.25	1.25	1.532	1.2918	1.4	1.6
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.16095	0.16095	0.16095
Upper Mifflin	-	-	-	-	-	-	-	-	-	-
West Pennsboro	0.225	0.2135	0.2135	0.2135	0.2135	0.2135	0.35	0.2576	0.5076	0.5076
Wormleysburg	2.328	1.986	2.586	2.586	2.678	3.678	3.678	3.065	3.065	3.065

Notes:

- (1) * Mill rate decreased in 2005 for Newburg due to 5% revenue cap from 2004 reassessment.
- (2) ** South Middleton and Dickinson rate is a fire tax

Although the Countywide library tax is a direct tax of the County as the County ordains and enacts it, the library tax is restricted by the electorate to funding the Cumberland County Library System, a governmental unit that is separate from the County, and is therefore not recognized as a tax revenue of Cumberland County government.

The following districts have multiple tax rates which are represented as a total:

- Lower Allen
- Lower Frankford
- Monroe
- Mt. Holly Springs
- Newville
- Shippensburg Borough
- West Pennsboro

Source: County Board of Assessment

**REVENUE CAPACITY
Principal Property Taxpayers**

2004 and 2013 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2004			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
<u>Taxpayer</u>						
Prologis NA3 PA LP				\$ 123,560,500	1	0.54 %
PR CC Limited Partnership	\$ 31,901,230	5	0.23 %	75,664,500	2	0.33
Carlisle HMA Inc.				75,648,400	3	0.33
Pennsylvania Blue Shield	54,996,200	1	0.40	72,584,100	4	0.31
Allen Distribution	52,216,830	2	0.38	66,424,400	5	0.29
LIT Industrial LP				64,167,000	6	0.28
Cedar - Camp Hill LLC				61,766,800	7	0.27
KTR PA Cent LLC				60,300,000	8	0.26
Pancal 954 Centerville (Unit B) LLC				47,957,000	9	0.21
BIT Investment LP				40,378,700	10	0.18
E.H. Realty	41,572,480	3	0.30			
Morris Haimowitz LLC	33,814,490	4	0.24			
Keystone Lemoyne Partners	29,771,530	6	0.22			
Prologis-Macquarie Penna Trust	29,541,370	7	0.21			
Brandywind Central LP	29,168,790	8	0.21			
Inland Southwest	27,277,250	9	0.20			
New York Life Insurance Co.	25,796,950	10	0.19			
Totals	\$ <u>356,057,120</u>		<u>2.57 %</u>	\$ <u>688,451,400</u>		<u>3.00 %</u>

Notes:

(1) Percentage based on total County taxable assessed valuation for 2004:

\$13,844,826,360

(2) Percentage based on total County taxable assessed valuation for 2013:

\$22,935,673,700

Source: County Board of Assessment

**REVENUE CAPACITY
County Real Estate Tax Levies and Collections**

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Year Ended December 31	Total Tax Levy for Year (1) (4)	Subsequent Adjustments to Tax Levy for Year	Collected within the Year the Levy		of Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 28,785,495	\$ 83,132	\$ 28,040,824	97.41%	\$ 827,657	\$ 28,868,481	100.00%
2005	31,038,004	91,946	30,237,652	97.42	892,186	31,129,838	100.00%
2006	35,006,702	121,975	34,036,121	97.23	1,092,433	35,128,554	100.00%
2007	37,433,426	129,740	36,343,186	97.09	1,219,814	37,563,000	100.00%
2008	38,340,545	142,499	37,074,433	96.70	1,407,425	38,481,858	100.00%
2009	41,143,956	194,252	39,890,816	96.95	1,434,912	41,325,728	99.97%
2010	41,704,856	164,039	40,291,169	96.61	1,569,069	41,860,238	99.98%
2011	41,994,227	177,540	40,629,283	96.75	1,517,850	42,147,133	99.94%
2012	42,213,193	155,279	40,680,881	96.37	1,264,100	41,944,981	99.00%
2013	47,826,059	N/A	46,395,766	97.01	N/A	46,395,766	97.01%

Notes:

- (1) Includes additions to duplicates, penalties, refunds, credits, discounts and credits disallowed
- (2) Includes cash collections only
- (3) Includes penalties
- (4) The library tax approved by the electorate is not included in this schedule

Source: County Board of Assessment and Collections

**REVENUE CAPACITY
County Library Tax Levies and Collections**

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Year Ended December 31	Total Tax Levy for Year (1)	Subsequent Adjustments to Tax Levy for Year	Collected within the Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 2,719,168	\$ 7,307	\$ 2,648,849	97.41%	\$ 77,611	\$ 2,726,460	100.00%
2005	2,785,074	9,687	2,715,044	97.48	79,707	2,794,751	100.00
2006	2,868,081	10,137	2,789,326	97.25	88,881	2,878,207	100.00
2007	2,948,801	11,046	2,864,527	97.14	95,308	2,959,835	100.00
2008	3,020,262	11,224	2,950,187	96.68	81,176	3,031,363	100.00
2009	3,087,088	14,797	2,993,205	96.96	107,669	3,100,874	99.97
2010	3,129,169	12,317	3,022,092	96.58	117,888	3,139,980	99.98
2011	3,157,081	20,840	3,054,797	96.76	121,255	3,176,052	99.94
2012	3,173,665	14,185	3,058,563	96.37	97,054	3,155,617	98.99
2013	3,208,510	N/A	3,113,381	97.04	N/A	3,113,381	97.04

Notes:

- (1) Includes additions to duplicates and penalties
- (2) Includes discounts, penalties, rebates and adjustments
- (3) Includes penalties and adjustments

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Source: County Board of Assessment and Collections

DEBT CAPACITY
Ratio of Outstanding Debt by Type

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Total Personal Income	Per Capita
	General Obligation Bonds	General Obligation Notes	Capital Leases	General Obligation Bonds	General Obligation Notes	Capital Leases			
2004	\$ 12,061,985	\$ 715,000	\$ 12,747	\$ 23,884,119	\$ -	\$ 30,999	\$ 36,704,850	0.45	% \$ 166.10
2005	10,986,001	2,413,615	41,549	10,503,999	13,691,385	20,139	37,656,688	0.44	168.85
2006	19,593,108	2,296,756	68,082	10,106,892	13,038,244	8,378	45,111,460	0.50	199.50
2007	18,273,838	2,175,725	40,055	3,221,162	18,974,275	-	42,685,055	0.45	187.41
2008	33,931,267	2,050,520	38,587	4,188,733	18,239,480	-	58,448,587	0.62	253.76
2009	32,831,602	4,425,315	16,974	3,503,398	17,089,685	-	57,866,974	0.62	248.91
2010	31,636,153	4,079,401	722	2,663,847	15,904,064	-	54,284,187	0.54	230.60
2011	48,222,774	3,713,316	258,279	1,797,226	14,671,789	-	68,663,384	0.64	288.63
2012	46,032,187	3,468,101	345,000	902,813	13,388,688	-	64,136,789	0.58	268.17
2013	45,968,357	715,000	229,597	12,031,643	-	-	58,944,597	*	244.37

Note:

* Personal income information is not yet available

DEBT CAPACITY
Ratios of General Bonded Debt Outstanding

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Fiscal Year	General Obligation Bonds	General Obligation Notes	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004	\$ 35,946,104	\$ 715,000	\$ -	\$ 36,661,104	0.24 %	\$ 165.91
2005	21,490,000	16,105,000	-	37,595,000	0.24	168.57
2006	29,700,000	15,335,000	2,323	45,032,677	0.25	199.16
2007	21,495,000	21,150,000	-	42,645,000	0.21	187.23
2008	38,120,000	20,290,000	-	58,410,000	0.27	253.59
2009	36,335,000	21,515,000	-	57,850,000	0.27	248.84
2010	34,300,000	19,983,465	9,870	54,273,595	0.25	230.55
2011	50,020,000	18,385,105	-	68,405,105	0.30	288.65
2012	46,935,000	16,856,789	-	63,791,789	0.28	266.73
2013	58,000,000	715,000	-	58,715,000	0.26	243.42

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2013

COUNTY OF CUMBERLAND, PENNSYLVANIA

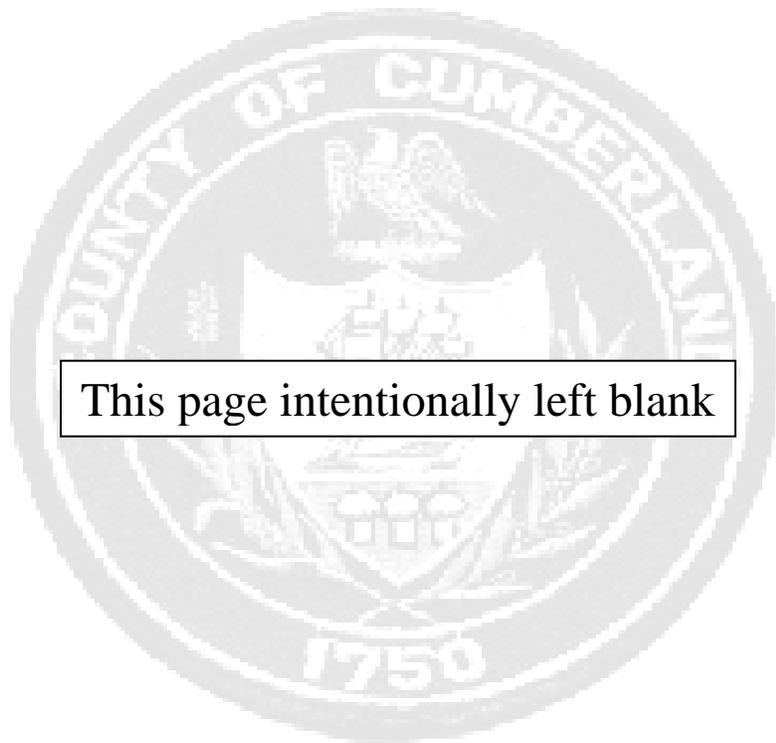
(unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
Big Spring	\$ 33,355,000	100%	\$ 33,355,000
Camp Hill	21,725,000	100	21,725,000
Carlisle Area	73,928,611	100	73,928,611
Cumberland Valley	90,780,168	100	90,780,168
East Pennsboro	20,127,000	100	20,127,000
Mechanicsburg	49,985,000	100	49,985,000
*Shippensburg Area	34,350,172	61	*
South Middleton	19,350,000	100	19,350,000
*West Shore Area	56,445,000	55	*
Total school districts			<u>361,249,134</u>
Municipalities:			
Camp Hill Borough	19,610,000	100	19,610,000
Carlisle Borough	23,595,000	100	23,595,000
East Pennsboro Township	29,608,549	100	29,608,549
Hampden Township	46,934,566	100	46,934,566
Lemoyne Borough	166,667	100	166,667
Lower Allen Township	13,731,536	100	13,731,536
Mechanicsburg Borough	13,990,861	100	13,990,861
Middlesex Township	3,965,258	100	3,965,258
Monroe Township	1,109,894	100	1,109,894
New Cumberland Borough	3,500,000	100	3,500,000
Shippensburg Township	821,785	100	821,785
Silver Spring Township	7,744,413	100	7,744,413
South Middleton Township	3,065,000	100	3,065,000
South Newton Township	48,536	100	48,536
Upper Allen Township	26,495,000	100	26,495,000
Wormleysburg Borough	2,852,464	100	2,852,464
Total municipalities			<u>197,239,529</u>
Subtotal overlapping debt			558,488,663
Total direct debt - County			<u>47,554,735</u>
Total direct and overlapping debt			<u>\$ 606,043,398</u>

Source: Confirmation with school districts and municipalities

Notes:

* Shippensburg and West Shore area school districts partially reside in Franklin and York Counties, respectively. The percentage of overlapping debt is estimated using taxable square miles. Applicable percentages were estimated by dividing the portion the taxable square miles within the Counties boundaries for each school district by the total taxable square miles for the school district.



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DEBT CAPACITY
Legal Debt Margin Information

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 348,158,757	379,373,394	420,628,703	453,522,334
Total net-debt applicable to limit	<u>40,106,964</u>	<u>40,238,452</u>	<u>45,035,000</u>	<u>42,645,000</u>
Net nonelectoral debt limit	<u>\$ 308,051,793</u>	<u>339,134,942</u>	<u>375,593,703</u>	<u>410,877,334</u>
Total net debt applicable to the limit as a percentage of debt limit	11.52 %	10.61	10.71	9.40

Last Ten Years

(unaudited)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
481,210,536	489,555,684	483,492,830	471,646,512	462,737,838	468,846,437
<u>58,410,000</u>	<u>57,850,000</u>	<u>54,283,464</u>	<u>68,405,105</u>	<u>63,791,789</u>	<u>58,715,000</u>
<u>422,800,536</u>	<u>431,705,684</u>	<u>429,209,366</u>	<u>403,241,407</u>	<u>398,946,049</u>	<u>410,131,438</u>
12.14	11.82	11.23	14.50	13.79	12.52

Legal Debt Margin Calculation for year ending 2013

Borrowing base revenue:

2011	\$ 153,475,154
2012	155,596,390
2013	<u>159,774,893</u>
Total revenue (1)	<u>\$ 468,846,437</u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	\$ 156,282,146
Debt limit percentage	<u>300%</u>
Debt limit	<u>468,846,438</u>
Total amount of debt applicable to debt limit	<u>58,715,000</u>
Legal debt margin	<u>\$ 410,131,438</u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	\$ 156,282,146
Debt limit percentage	<u>400%</u>
Debt limit	<u>625,128,584</u>
Total amount of debt applicable to debt limit	<u>58,715,000</u>
Legal debt margin	<u>\$ 566,413,584</u>

Note:

- (1) Total revenue and other financing sources less debt proceeds, transfers and grants for specific projects and interest on sinking fund.

Source: Annual Reports of Cumberland County Controller

DEMOGRAPHIC AND ECONOMIC INFORMATION
Demographic and Economic Information

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Year	Population	Total Personal Income (thousands of dollars)	Per Capita Personal Income	Median Household Income	School Enrollment (2)	Annual Average Unemployment Rate (1)
2004	\$ 220,974	\$ 8,221,632 (B)	\$ 37,164 (B)	\$ 50,733	33,183	3.9%
2005	223,017	8,511,254 (B)	38,105 (B)	55,429 (A)	33,689	3.7
2006	226,117	8,958,627 (B)	39,494 (B)	56,426 (A)	34,308	3.3
2007	227,762 (A)	9,502,107 (B)	41,545 (B)	58,268 (A)	34,720	3.2
2008	230,329 (A)	9,694,151 (B)	41,901 (B)	60,285 (A)	34,726	4.3
2009	232,483 (A)	9,754,040 (B)	41,700 (B)	60,400 (A)	35,352	6.5
2010	235,406 (C)	10,099,795 (B)	42,807 (B)	60,219 (A)	32,771	7.0
2011	236,979 (A)	10,685,222 (B)	45,133 (B)	60,832 (A)	32,610	6.7
2012	239,164 (A)	11,025,450 (B)	46,206 (B)	60,883 (A)	32,443	6.6
2013	241,212 (A)	*	*	*	32,726	6.1

Notes: * information not yet available

Sources: Unless otherwise indicated, Pennsylvania Department of Labor & Industry, Labor Market Information, Center for Workforce Information & Analysis
 (1) Annual, not seasonally adjusted from Pennsylvania Department of Labor & Industry, Labor Market Information, Center for Workforce Information & Analysis
 (2) Pennsylvania Department of Education
 (A) U.S. Census Bureau, American Factfinder
 (B) Bureau of Economic Analysis, U.S. Department of Commerce
 (C) U.S. Census 2010 Data

DEMOGRAPHIC AND ECONOMIC INFORMATION
Principal Employers - Ten Years Ago and Current

2004 and 2013 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Employer	2004			2013		
	Employees	Rank	Percentage of Total County Employment (3)	Employees	Rank	Percentage of Total County Employment (3)
U.S. Department of Defense:						
Naval Support Activity	4,270					
Carlisle Barracks	1,676					
Total	6,892 (1)	1	7%	5,946 (1)	1	5 %
Highmark Blue Shield	3,826	2	5	2,818	2	2
Holy Spirit Hospital	2,710	4	2	2,878 *	3	2
Giant Foods	3,008	3	2	2,335 *	4	2
Commonwealth of Pennsylvania	1,923 (2)	5	2	1,715 (2)	5	1
Cumberland Valley School District	-	-	-	1,524	6	1
Cumberland County Government	1,281	7	-	1,301	7	1
Fry Communications	1,188	8	2	1,035	8	1
Excel Logistics	-	-	-	1,000 *	9	1
JFC Temps Inc.	1,102	6	-	1,055	10	1
Electronic Data Systems Corp.	1,083	10	2	-	-	-
Roadway	1,300	6	-	-	-	-
Total	24,313		25%	21,607		18 %

Notes:

(1) Includes SPCC, DDRE and other Agencies at that location.

(2) Excluding Pennsylvania State University, Department of Higher Education

(3) Percentages based on Cumberland County labor force total furnished by the Pennsylvania Department of Labor and Industry

* Prior year reported information

Source: An initial listing of the top employers was furnished by the Pennsylvania Department of Labor and Industry.

OPERATING INFORMATION

Full-Time Equivalent County Employees by Function/Program

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	2004	2005	2006	2007
Primary Government:				
Governmental Activities:				
General Government-Administrative:				
Commissioners	9	8	8	7
Solicitors	4	3	3	3
Elections	6	5	5	7
Controller	16	16	16	16
Finance	8	10	10	10
Tax Claims	3	2	2	2
Treasurer	5	5	5	5
Tax collector administration	18	18	18	17
Human resources	6	5	5	4
Tax assessment	26	21	22	20
Recorder of deeds	10	9	9	8
Administrative services	1	3	5	4
Information management and technology	11	11	14	15
Enterprise resource management	5	3	3	3
Geographic information systems	2	2	2	2
Human service fiscal operations	3	2	2	2
Grant administration	2	2	2	3
County buildings	16	14	15	16
Planning	4	1	2	2
Domestic Relations	39	39	37	38
General Government-Judicial				
Building security	9	9	9	9
Courts	35	32	35	34
District judges	36	36	35	38
Clerk of court	12	12	11	12
Coroner	5	5	5	6
Public defender	13	12	13	15
District attorney (2)	32	26	24	25
District attorney-central processing (1)	19	-	-	-
Prothonotary	9	9	9	9
Register of wills	8	7	6	7
Sheriff	36	34	34	33
Public safety				
District attorney-criminal investigation (2)	-	6	5	4
District attorney-forensic lab	1	2	2	2
Victim witness services	9	8	8	9
Prison (1)	90	95	99	100
Adult probation	27	28	33	34
Juvenile probation	26	26	26	25
Emergency management & communications	9	8	8	9
Vector control	3	3	3	3
Recycling and waste	3	3	3	3
Human services:				
Mental health/intellectual and developmental disabilities	46	47	47	47
Children and youth	56	55	57	57
Office of aging	27	29	25	29
Community services	9	10	9	9
Drug and alcohol	17	15	17	18
Veteran's affairs	2	2	2	2
Culture and recreation	14	13	15	15
Conservation and development	7	8	9	9
Business-type Activities:				
County nursing home	301	280	287	292
Emergency telephone	43	45	45	45
Hazardous materials protection	1	1	1	1
Transportation services	25	23	25	28
Total Primary Government	1124	1068	1092	1113
Component Unit:				
Conservation district	8	8	8	8

Source: County payroll records

Method: Fulltime employee - 1; part time/temporary employee – part time/temporary hours worked/equivalent full time base hours;

Tax Collectors - .5 employee; Tipstaff - .3 employee

(1) At the end of 2005, the Central Processing division was placed in the County Prison.

(2) Criminal Investigation Unit reported separately beginning in 2005.

Last Ten Years

(unaudited)					
2008	2009	2010	2011	2012	2013
8	8	8	9	8	9
3	3	4	4	3	4
6	7	6	6	6	6
16	16	16	16	15	16
10	10	10	10	10	10
2	2	2	2	2	2
4	4	3	4	5	5
17	17	17	17	17	17
5	7	6	6	7	7
22	23	22	19	20	20
8	7	7	7	8	7
3	2	3	3	3	3
17	17	17	15	16	16
3	3	3	3	3	2
3	2	2	2	1	2
2	2	2	2	2	2
3	3	2	2	2	2
16	15	22	21	21	21
5	4	6	6	6	5
39	39	39	38	39	39
8	7	7	6	7	7
40	39	41	43	40	42
37	39	39	38	38	38
11	12	12	11	13	13
5	4	4	6	7	7
13	13	13	12	15	15
23	25	25	27	27	27
-	-	-	-	-	-
8	8	9	8	9	9
6	6	7	7	8	6
35	34	35	34	35	36
4	4	4	4	5	6
2	2	2	3	3	3
9	9	9	9	8	9
101	106	115	115	115	117
32	36	36	37	37	38
27	27	27	26	26	25
7	7	6	7	7	6
3	3	2	3	3	4
3	3	3	3	3	2
49	50	48	47	47	46
59	58	62	62	63	62
30	32	31	29	26	26
11	11	11	9	8	6
19	18	16	20	20	19
2	2	2	2	2	2
15	15	14	15	15	14
7	7	6	6	6	6
303	295	304	282	283	284
45	44	44	43	45	46
1	1	1	1	1	1
26	25	28	24	27	28
1133	1133	1160	1131	1143	1145
9	8	8	8	8	7

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental - type:										
General Government-administrative										
<i>Fiscal affairs</i>										
Property transfers recorded	7,764	7,643	7,385	6,625	5,864	5,592	5,280	4,889	5,801	6,177
Subdivision plans filed	258	248	273	275	206	192	152	141	115	133
<i>Administration</i>										
General election information										
Registered voters	144,727	134,349	137,564	139,288	252,349	147,650	150,533	152,249	158,190	148,322
Votes cast	106,687	44,506	50,284	39,620	114,499	34,432	81,873	35,313	111,381	33,618
Percent of votes cast	74%	33%	37%	28%	45%	23%	54%	23%	70%	23%
General Government-judicial										
<i>Court services:</i>										
Criminal cases filed	3,088	3,169	3,360	3,377	3,370	3,478	3,720	3,651	3,629	3,603
Summary appeals	221	249	207	281	256	272	267	231	234	258
Juvenile delinquency	N/A	N/A	N/A	N/A	153	179	284	245	241	334
Juvenile dependency	N/A	N/A	N/A	N/A	120	168	112	144	210	221
Marriage license applications	1,171	1,232	1,163	1,173	1,139	1,203	1,143	1,169	1,203	1,148
Estates and wills probated	1,083	1,034	1,056	1,096	1,202	1,112	1,198	1,277	1,257	1,266
Orphans' court cases filed	115	93	110	78	87	105	84	108	87	90
Adoption cases	N/A	139	143	126	134	119	114	106	91	97
<i>Court administration:</i>										
Guilty pleas (and sentenced)	1,246	N/A	N/A	N/A	N/A	N/A	N/A	1,767	N/A	N/A
Nonjury criminal trials	43	75	67	76	37	N/A	N/A	26	N/A	N/A
Criminal jury trials	44	35	53	41	56	57	43	40	47	55
Criminal appointment of counsel	327	374	419	406	368	408	479	433	479	486
Hearings by domestic relations conference officers	3,459	3,227	2,754	3,202	3,315	3,556	3,403	2,843	2,729	3,670
Civil cases tried by jury	18	11	10	9	19	12	9	17	8	N/A
Civil cases tried without jury	36	19	17	12	6	19	10	35	N/A	N/A
<i>Sheriff:</i>										
Prisoner transports	3,716	3,632	3,635	3,994	3,647	3,671	3,790	3,949	3,817	4,235

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
<i>County prison:</i>										
Average daily population	343	350	350	351	370	377	394	399	381	389
Commitments to prison	2,600	2,808	2,802	2,784	2,991	3,077	3,174	3,387	3,098	3,054
Releases from prison	2,603	2,778	2,786	2,799	2,768	3,044	3,218	3,346	3,141	2,974
<i>Adult probation:</i>										
Average caseload	1,579	1,868	1,732	1,836	2,004	2,452	2,685	2,476	2,475	2,408
DUI-Intermediate Punishment Program										
Bed Days Saved at County Prison	N/A	N/A	N/A	4,861	13,896	12,856	11,422	8,813	7,263	8,554
Accelerated Rehabilitative Disposition/DUI Program	N/A	672	639	690	701	707	679	774	868	686
<i>Day Reporting Center:</i>										
Bed Days Saved at County Prison	N/A	N/A	N/A	9,243	10,315	7,704	6,967	6,957	6,469	5,712
 Human services										
<i>Children and youth</i>										
Number of referrals	829	752	981	849	1,159	992	1,236	1,232	1,182	N/A
Clients receiving in-home services	198	272	286	262	391	434	343	370	392	N/A
Clients requiring placement	107	128	154	270	196	193	219	211	229	N/A
<i>Mental health services:</i>										
Emergency/crisis treatment:										
Number of out-patient hours	12,877	11,744	9,755	7,731	9,272	9,217	9,976	13,646	12,493	11,472
Number of out-patient consumers	879	783	614	557	531	502	538	596	567	585
In-patient days	1,297	981	823	493	611	520	585	687	274	189
Number of in-patient consumers	145	106	88	67	113	79	39	26	15	19
Residential days	16,674	17,274	16,214	16,992	19,435	23,665	51,619	55,626	54,193	57,265
Number of residential consumers	119	170	167	216	202	188	216	205	210	194
<i>HealthChoices:</i>										
In-patient psychiatric treatment										
Number of in-patient consumers	141	195	260	257	288	290	345	377	404	463
Number of in-patient days	1,961	2,205	3,550	4,925	5,976	5,215	5,609	6,293	6,920	7,809
Out-patient psychiatric treatment										
Number of out-patient consumers	1,452	1,976	2,483	2,613	2,910	2,823	3,219	3,432	3,627	3,806
Number of out-patient units	44,836	52,021	57,811	63,144	60,673	35,412	41,749	40,523	41,239	41,850

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Children's residential and behavioral health rehabilitation										
Number of consumers	584	707	846	756	956	812	1,013	1,029	1,140	1,142
Number of units	318,030	400,983	390,303	385,586	604,857	811,357	780,442	791,221	849,765	807,612
Targeted case management										
Number of consumers	336	347	405	434	483	492	487	482	481	487
Number of units	61,482	66,454	81,065	90,029	92,050	89,652	92,796	89,158	81,779	67,978
Crisis Intervention										
Number of consumers	350	364	412	527	562	614	634	692	653	752
Number of units	7,486	6,869	6,963	8,788	9,274	9,265	8,909	8,247	7,636	10,182
<i>Mental retardation services:</i>										
Number of consumers served	1,144	1,169	1,267	1,379	1,759	1,517	1,139	1,140	1,093	1,089
Number of transportation units	95,259	108,715	116,581	115,597	72,433	275,993	15,612	9,130	4,986	4,094
Number of residential units	56,062	65,730	66,721	79,021	*4,224	3,534	2,380	2,264	1,922	1,827
Number of workshop/vocational units	33,320	*195,836	194,688	250,844	*566,260	624,149	71,641	48,572	44,039	53,779
<i>Office of aging:</i>										
Senior transportation trips	N/A	51,386	52,000	48,253	50,152	48,628	46,442	46,950	47,740	45,496
Information and assistance contracts	N/A	4,958	8,900	12,206	12,849	13,938	16,879	16,800	13,014	14,003
Congregate meals served	N/A	36,671	35,500	32,969	33,611	33,102	33,082	30,873	31,260	31,830
Adult day care days provided	N/A	5,041	5,265	4,544	5,029	4,765	4,945	4,508	2,907	1,072
Home delivered meals served	N/A	12,051	8,863	7,255	7,153	6,855	5,780	4,480	3,960	4,140
Maintenance/modification of homes	N/A	208	213	244	268	227	171	207	152	151
<i>Drug and alcohol:</i>										
Community-based outpatient treatment (in hours unless otherwise noted)										
Assessment/evaluations	1,285	1,062	912	969	1,133	965	708	707	700	754
Individual counseling	2,925	2,483	2,659	2,781	4,257	4,653	4,681	3,978	4,003	3,773
Intensive outpatient group	3,454	3,048	4,942	4,705	4,365	5,585	9,039	6,700	5,824	6,414
Group	1,029	731	1,091	1,266	2,223	2,532	2,520	2,640	2,350	2,726
Methadone maintenance (weeks)	133	121	118	60	76	97	180	121	754	751
Prison-based treatment and intervention service hours	1,752	1,657	2,029	2,050	1,812	1,237	3,474	2,481	1,508	2,260
Inpatient non-hospital treatment (days)										
Inpatient non-hospital treatment	4,940	4,458	4,862	6,368	6,178	4,213	4,664	3,372	3,858	3,127
Halfway house facility days	979	515	725	1,421	690	891	365	306	276	297
Specialized treatment	2,695	2,262	2,885	4,035	3,652	3,707	2,870	2,166	1,186	633

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA	(unaudited)									
(Continued)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Case management services										
Average caseload	47	46	54	54	76	65	91	97	98	81
Assessments completed	276	239	264	245	228	185	276	276	253	184
Number of clients served	242	177	213	214	217	148	274	302	257	157
Intensive case management services										
Average caseload	10	8	6	9	9	7	7	7	6	5
Number of clients served	24	15	16	25	21	12	12	5	7	5
Capital Region Maternal Assistance Program:										
Intensive case management										
service clients	154	147	137	105	88	44	70	71	74	68
Drug and alcohol treatment clients	66	65	64	51	45	17	41	71	74	68
Business - type:										
Transportation:										
One way trips	146,634	146,858	150,825	149,448	151,872	150,270	144,827	145,398	143,590	136,485
Mileage	645,076	660,227	725,046	716,705	746,368	728,131	723,666	748,410	757,171	726,916

Notes:

Source: Cumberland County departmental statistics and annual reports.

N/A - not available

* Change in unit definition

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government - administrative										
Administration										
Square footage of New Courthouse building	91,058	91,058	91,058	91,058	91,058	91,058	91,058	91,058	91,058	91,058
Square footage of Reed building (ERP office)	1,292	1,292	1,292	1,292	N/A	N/A	N/A	N/A	N/A	N/A
Square footage of Old Jail	31,108	31,108	31,108	31,108	31,108	31,108	31,108	31,108	31,108	31,108
Square footage of Old Courthouse	22,020	22,020	22,020	22,020	22,020	22,020	22,020	22,020	22,020	22,020
Square footage of the Allen Road building	N/A	N/A	29,160	29,160	29,160	29,160	29,160	29,160	29,160	29,160
Square footage of the Ritner Highway building	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	36,000	36,000
Bureau of Elections										
Electronic voting machines	N/A	N/A	623	623	693	693	693	693	693	693
Court system and corrections										
District Attorney										
Square footage of Reed building (CID office)	2,584	2,584	2,584	2,584	N/A	N/A	N/A	N/A	N/A	N/A
Domestic Relations										
Square footage of Domestic Relations building	23,905	23,905	23,905	23,315	23,315	23,315	23,315	23,315	23,315	23,315
Probations										
Square footage of Juvenile Probation (HSB Building)	N/A	N/A	N/A	N/A	N/A	N/A	6,022	6,022	6,022	6,022
Square footage of Adult Probation (Reed Building)	N/A	N/A	N/A	N/A	N/A	N/A	5,168	5,168	5,168	5,168
Public safety										
County prison										
Maximum capacity of inmates	398	398	398	398	398	398	398	478	478	720
Square footage of the prison	93,107	93,107	93,107	93,107	93,107	109,617	109,617	145,064	145,064	178,410
Conservation										
Number of agricultural easements acquired	75	81	86	102	110	113	117	122	126	128
Acres in the agricultural easement program	9,530	10,307	10,818	12,553	13,480	13,867	14,333	14,825	15,311	15,437
Acres in agricultural secured areas	67,955	68,917	70,212	70,946	71,730	71,947	72,709	72,783	73,544	74,450
Square footage of agricultural extension building	8,024	8,024	8,024	8,024	N/A	N/A	N/A	N/A	N/A	N/A
Roads and bridge maintenance										
County maintained bridges	23	23	23	23	23	23	23	23	23	23

(Continued)

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

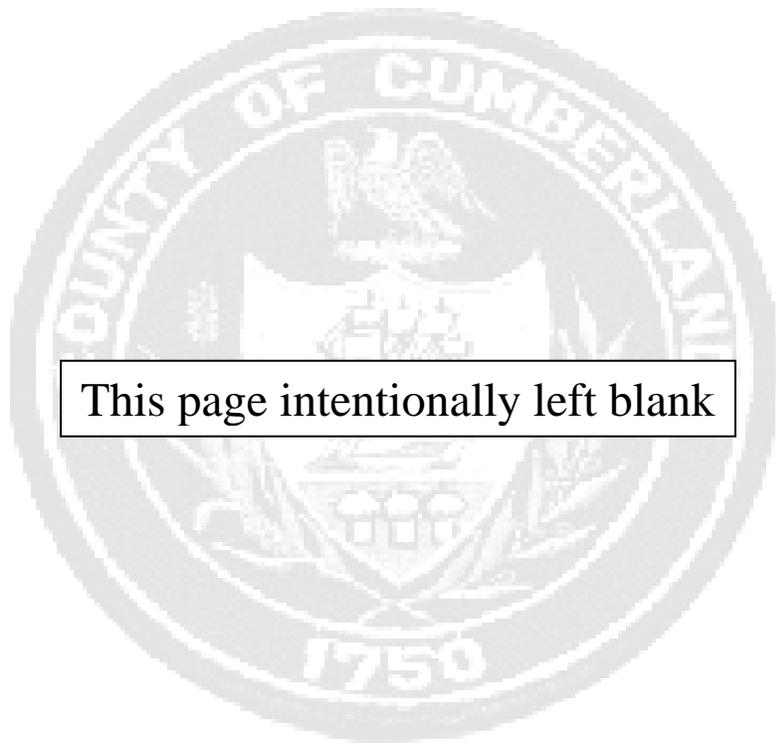
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Human Services										
Square footage of human services building (including parking garage)	42,400	42,400	42,400	42,400	42,400	47,844	47,844	47,844	47,844	47,844
Square footage of Aging/Community Services	N/A	N/A	N/A	N/A	N/A	N/A	8,024	8,024	8,024	8,024
Business-type activities:										
Nursing home										
Square footage of the nursing home	169,751	169,751	169,751	164,951	164,951	164,951	164,951	164,951	164,951	164,951
Maximum resident capacity	290	290	290	290	290	290	290	290	290	290
Emergency telephone center										
Square footage of the 911 center	10,024	10,024	10,024	10,024	10,024	10,024	10,024	24,233	24,233	24,233
Transportation services										
Buses and other vehicles	32	32	32	35	33	33	33	33	29	35

Note:

- (1) An alternative source for property square footage was used beginning in 2007.
- (2) Offices located in the Reed building were relocated in 2008 to the new Allen Road building as well as the Agricultural Extension department.
- (3) The Prison underwent expansion beginning in 2009.
- (4) The 911 center moved to a new building in 2011.

Sources:

- Capital asset reports from Controller's Office
- Planning Commission information
- Corrections Department information
- Nursing Home Reports



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