

County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2014



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

www.ccpa.net



Alfred L. Whitcomb
Controller



COUNTY OF CUMBERLAND, PENNSYLVANIA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014

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PHOTOGRAPHY CREDITS

The cover photograph is of the historic Stoner Bridge located by Messiah College, Mechanicsburg, Cumberland County. Cover photograph is courtesy of Bill Henry.

Controller of Cumberland County

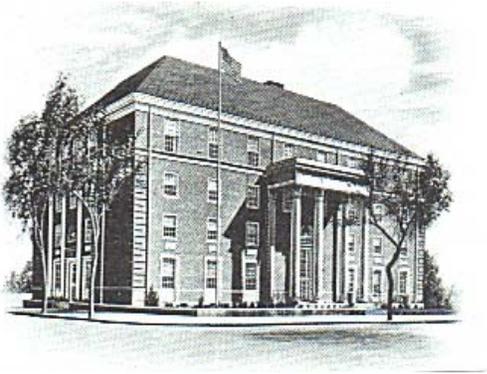
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AUDIT MANAGER

TINA L. MALICK
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

June 10, 2015

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. The 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 Boyer & Ritter LLC in cooperation with the Controller. Boyer & Ritter LLC 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, 2014, 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 2014 population of 243,762. 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 and the Industrial Development Authority, both are legally separate entities and discretely presented component units 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 121,200 people. The economy also benefits from a significant regional presence of federal, state and local government operations. Cumberland County ended 2014 with a December unemployment rate of 3.5 percent – the 4th lowest unemployment rate among Pennsylvania’s 67 counties - whereas statewide unemployment rate was 4.6 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, Holy Spirit Hospital, Giant Foods 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).

The economic downturn which started in 2008 appears to be abating. Property values are beginning to rebound, but slowly. Cumberland County was the fastest growing county in the Commonwealth in 2014. Reasons cited included low unemployment, safety, quality of services, educational opportunities, and high scores in numerous quality of life indicators. Very recently, Cumberland County was named one of the best places to live in Pennsylvania for many of the same reasons.

Cumberland County property tax rates remain the lowest among comparable counties in the state.

Long-term Planning

The 2015 Budget process found Cumberland County in an improved position relative to the previous 2 years. Cost containment measures begun a number of years ago, coupled with tax increases for 2013 (12%) and 2014 (3%), eliminated the need for any increase in the County property tax for 2015. Our bond rating remains at the AAA level; a level that few other Pennsylvania Counties enjoy. It allowed the County to obtain competitive rates for the bond issue utilized for construction of the Rehab Facility at the Claremont Nursing and Rehabilitation Center.

If we are to maintain current levels of service delivery and meet normal increases in demand for services as our population grows, without significantly raising taxes or reducing our credit standing, we need a sustained effort at cost management. As characteristic of governments dependent on real estate tax revenues, over time Cumberland County faces a long term structural imbalance between revenue and expenses in the absence of periodic tax increases. Expenses are expected to grow at a faster rate than revenues even as property values begin to rebound. If we waiver in our efforts to contain the growth of expenses, increase revenues, and follow prudent fiscal policies, we will likely face less optimistic and more costly fixes in future years.

The County’s cost containment efforts, especially since the County’s mission review concluded at the end of 2013, have added an estimated \$7.8 million to the County’s projected fund balance five years hence as compared to earlier projections; a very positive development. Such results demonstrate that through the cost containment and revenue enhancement measures the County has taken, we have slowed the rate of decline in our fund balance (a key indicator of fiscal stability used by rating and oversight agencies).

Our goal is to continue the trend of mitigating the decline in our fund balance and finding ever more expense reductions and revenue enhancements. We plan on achieving this by continuing to identify and implement short, mid and long term programs to improve cost efficiency and contain the rise in the overall cost of doing business.

County Strategy

As a result of lessons learned from the economic downturn, the County continues to operate austere and has shifted its emphasis in the following ways:

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

The County continues to work its way through the results of the mission review conducted in 2013 as part of an early intervention program to ensure the County's ongoing fiscal health. Opportunities brought to light in that review share the stage with ideas coming from County staff at our weekly Finance meetings. Departments continue to work hard to find new ways to maintain services at lower costs. We are on the brink of implementing a new compensation system based on pay for performance which will tie compensation to achievement, rather than merely rewarding seniority. Major changes in benefits are being reviewed that will allow for greater individual employee choice while enabling the County to better control the inevitable increase in the cost of benefits. Gainsharing pilots have increased in number and scope. Key cost center departments are redesigning their workflows and processes to do business more cost effectively.

A number of County departments have made remarkable progress in implementing evidence based best practices shown to improve outcomes and positive return on investments. This practice has to become the norm rather than the exception. Any proposal for net additional expenditures has to be held to the standard of a positive return on investment in order to be approved.

Major Initiatives

Here is a partial list of major initiatives currently in process or under consideration:

- Continued efforts to automate business processes where there is a positive rate of return.
- Continued efforts to reduce overtime via more flexible scheduling and the use of part time and per diem employees.
- Moves towards regional sharing of costs and infrastructure in areas like transportation, public safety and human services.
- Requiring more value, or reduced costs from multi-County organizations like CAT and the Tri-County Planning Commission.
- Improved collections of costs, fines and restitution through the criminal justice system.
- Performance based compensation that rewards the most productive teams and individuals.
- Increasing user fees and collections for specific services, where appropriate.
- Developing a more clearly defined and assertive approach to smart economic development for the County.
- A program for Continuous Quality Improvement (CQI) in 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, 2013. This was the twenty-sixth 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, 2013. 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 eleven 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, 2014. This is the seventh 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

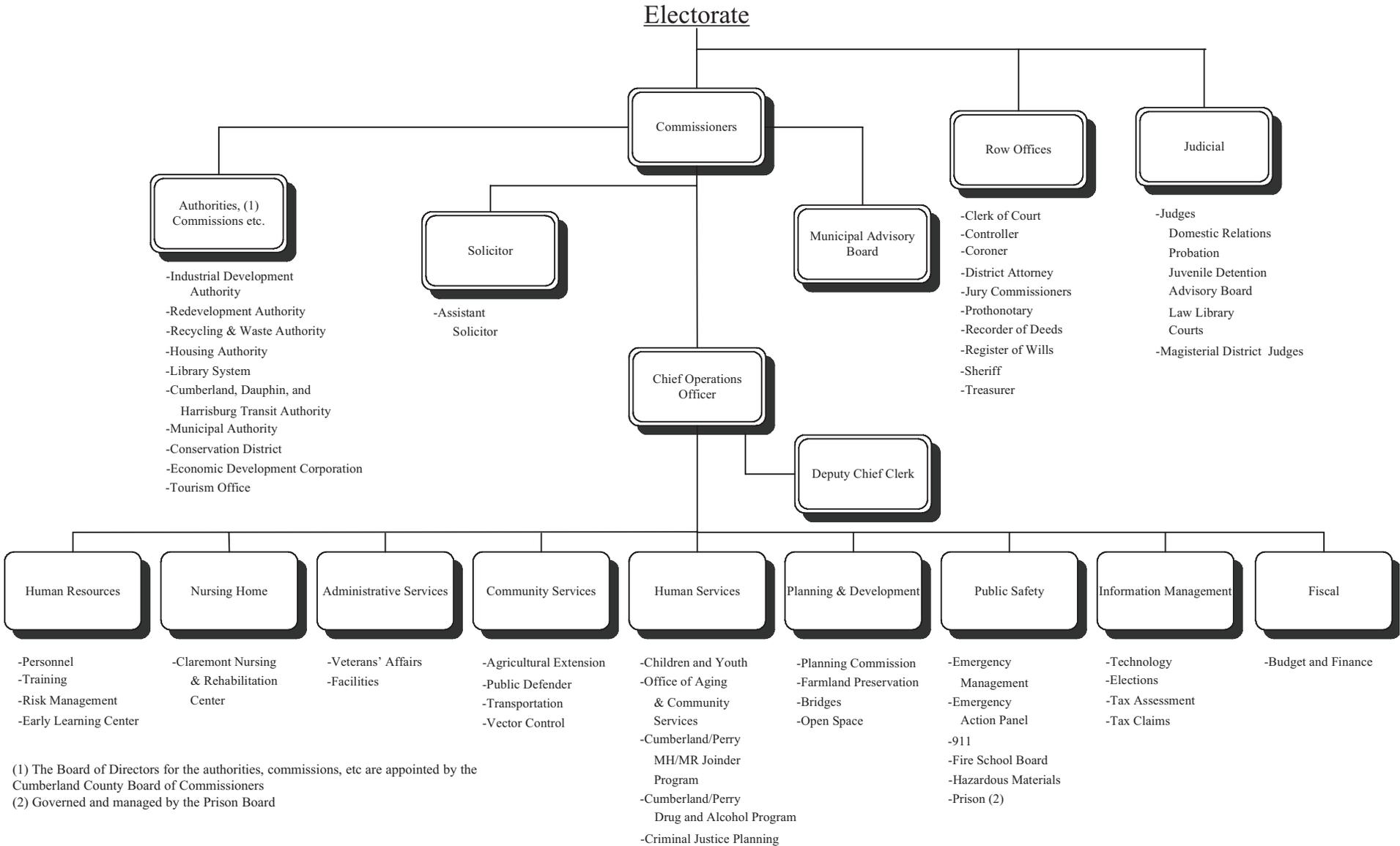
**County of Cumberland
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

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, 2014

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

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Lisa M. Grayson

CORONER

Charles E. Hall

RECORDER OF DEEDS

Tammy Shearer

JURY COMMISSIONERS (1)

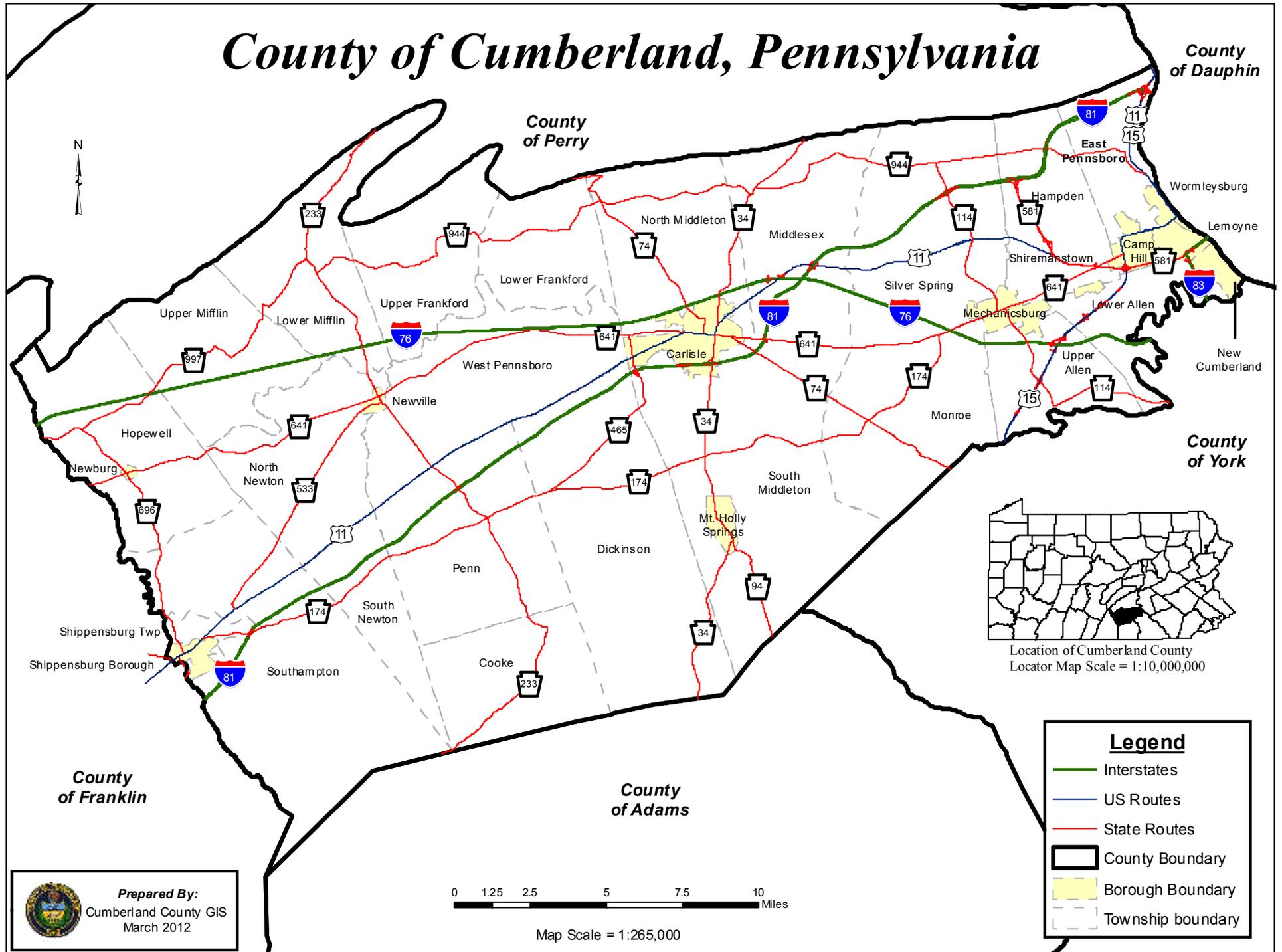
Vacant

DISTRICT ATTORNEY

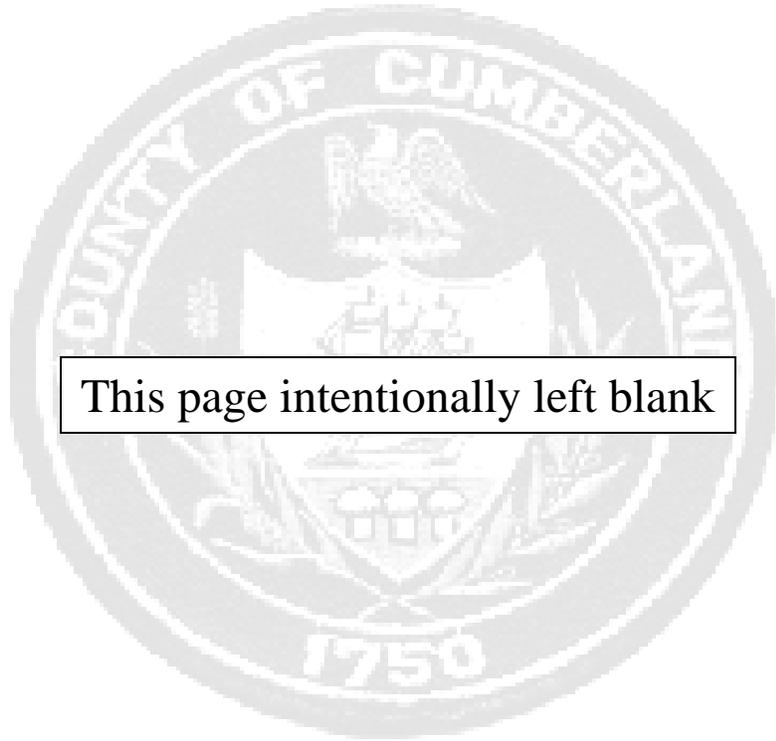
David J. Freed

(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.

County of Cumberland, Pennsylvania



Prepared By:
 Cumberland County GIS
 March 2012



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INDEPENDENT AUDITOR'S 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, 2014, 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain entities within the aggregate discretely presented component units, including the Conservation District 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 auditor's 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reorganization of Services to Governmental-Type Activities

As discussed in Note 2 to the financial statements, effective January 1, 2014, the County evaluated services being provided as business-type activities. Emergency telephone, transportation and hazardous materials activities were reorganized as governmental activities because the operating revenue derived from their services were not sufficiently offsetting operational expense to be considered business-type activities. Additionally, the residual balances from internal service fund, workers' compensation, have been reorganized as governmental-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 Governmental Accounting Standards Board 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 was derived from and relates 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 it.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is positioned to the right of the date and location text.

Camp Hill, Pennsylvania
June 23, 2015

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, 2014. 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 \$73,629,197 (*net position*). Of this amount, \$32,642,618 (*unrestricted net position*) may be used to meet the County's general ongoing obligations to citizens and creditors, whereas an additional \$8,832,346 of *restricted net position* are available for funding specific activities benefiting the citizens.
- As of December 31, 2014, Cumberland County's governmental funds reported combined ending fund balances of \$37,134,059, an increase of \$1,628,689, due primarily to a combination of expenditure reductions and a property tax millage adjustment. Approximately 80 percent of the total amount (\$29,605,739) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- The government's total net position increased by \$3,482,076 in 2014, which represents approximately two percent of total expense, due to the aforementioned reasons.
- The County's general fund total fund balance was \$31,567,683 at the end of 2014, up 9% or \$2,701,367 which compares favorably to the budgeted 2014 drawdown of \$4.3 million.
- At the end of 2014, general fund unassigned fund balance was \$19,493,060 and assigned fund balance was \$9,260,375 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 \$3,095,757. The County's debt decreased due to the payment of the scheduled principal payments offset by the project portion of the 2014 bond issue.
- The County's bond rating was confirmed AAA in April 2014.
- The County issued general obligation bonds in 2014 for construction of a dedicated short term therapy and rehabilitation unit at Claremont Nursing and Rehabilitation Center and refinanced the 2009 general obligation bond. The refinancing resulted in a \$77,019 reduction in payments and an economic gain of \$75,449.
- The County preserved 581 acres of premium farmland in 2014 with 712 acres pending settlement.
- Claremont Nursing and Rehabilitation Center's dedicated short term therapy rehabilitation unit was opened in March of 2015.
- The County continues to work its way through the results of the mission review conducted in 2013 as part of a state sponsored early intervention program to ensure the County maintains its fiscal health.
- The County is in the process of re-engineering workflows and business processes to improve efficiency, quality, and customer satisfaction.
- The County is in the process of implementing a performance based compensation plan that rewards the most productive teams and individuals.
- The County is reviewing services that require large infrastructure/overhead with neighboring counties to achieve better economies of scale.

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 reflect the County's nursing home (Claremont Nursing and Rehabilitation Center).

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 governmental fund capital projects, including bond financed acquisition/construction for governmental funds.

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 an enterprise fund to account for its nursing home operations, which is considered a major fund.

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 governmental-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 *governmental-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 89 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 \$73,629,197 at the close of the most recent calendar year.

Cumberland County's Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Other assets	\$ 59,253,057	52,570,708	8,097,202	10,447,956	67,350,259	63,018,664
Capital assets	77,471,938	73,327,096	10,749,407	17,378,578	88,221,345	90,705,674
Total assets	<u>136,724,995</u>	<u>125,897,804</u>	<u>18,846,609</u>	<u>27,826,534</u>	<u>155,571,604</u>	<u>153,724,338</u>
Deferred outflow of resources	<u>335,393</u>	<u>411,429</u>	<u>55,048</u>	<u>112,184</u>	<u>390,441</u>	<u>523,613</u>
Liabilities:						
Long-term liabilities	49,089,693	47,698,324	8,870,293	13,782,210	57,959,986	61,480,534
Other liabilities	20,916,872	17,311,241	3,455,990	4,447,208	24,372,862	21,758,449
Total liabilities	<u>70,006,565</u>	<u>65,009,565</u>	<u>12,326,283</u>	<u>18,229,418</u>	<u>82,332,848</u>	<u>83,238,983</u>
Net position:						
Net invested in capital assets	30,386,044	27,357,708	1,768,189	4,675,435	32,154,233	32,033,143
Restricted	8,832,346	8,345,285	-	-	8,832,346	8,345,285
Unrestricted	27,835,433	25,596,675	4,807,185	5,033,865	32,642,618	30,630,540
Total net position	* \$ <u>67,053,823</u>	<u>61,299,668</u>	<u>6,575,374</u>	<u>9,709,300</u>	<u>73,629,197</u>	<u>71,008,968</u>

* The County evaluated services being provided as business-type activities. Emergency telephone, transportation and HAZMAT were reorganized as governmental activities because the operating revenue derived from their services were not sufficiently offsetting operational expense to be considered business-type activities. Also, the residual balances from internal service fund, workers' compensation has been reorganized as governmental-type. This is because governmental-type activities are now the predominant user of its services. Therefore, the County's governmental and business-type net position as of January 1, 2014 has been restated. Fiscal 2013 amounts for governmental and business-type activities reported above have not been restated to reflect this change.

Forty-three 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 (\$8,832,346) is legally restricted. The remaining balance of *unrestricted net position* (\$32,642,618) 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.

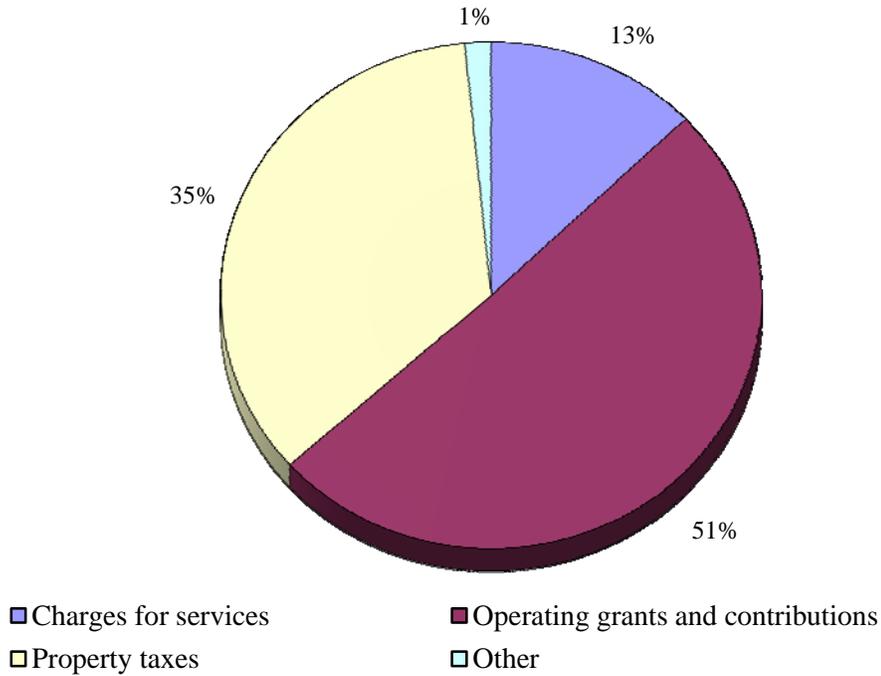
Cumberland County's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 18,138,077	16,645,965	25,693,602	27,296,440	43,831,679	43,942,405
Operating grants and contributions	71,875,988	68,363,454	220,525	3,293,128	72,096,513	71,656,582
Capital grants and contributions	306,454	156,483	-	715,541	306,454	872,024
General revenues:						
Property taxes	49,915,747	47,880,387	-	-	49,915,747	47,880,387
Other taxes	1,703,491	2,280,337	-	-	1,703,491	2,280,337
Unrestricted investment earnings	198,052	20,558	4,744	-	202,796	20,558
Total revenues	142,137,809	135,347,184	25,918,871	31,305,109	168,056,680	166,652,293
Expenses:						
General government-administrative	13,728,858	14,144,701	-	-	13,728,858	14,144,701
General government-judicial	18,396,045	18,545,493	-	-	18,396,045	18,545,493
Corrections	18,955,396	18,165,075	-	-	18,955,396	18,165,075
Emergency telephone	5,444,274	-	-	5,704,448	5,444,274	5,704,448
Hazardous materials protection	-	-	-	157,291	-	157,291
Public safety	4,125,147	3,826,455	-	-	4,125,147	3,826,455
Transportation services	2,506,885	-	-	2,503,355	2,506,885	2,503,355
Roads and bridge maintenance	327,879	511,078	-	-	327,879	511,078
Recycling and waste management	266,872	330,697	-	-	266,872	330,697
Human services	69,773,075	67,034,321	-	-	69,773,075	67,034,321
Culture and recreation	38,657	191,890	-	-	38,657	191,890
Conservation	571,509	486,778	-	-	571,509	486,778
Community redevelopment and housing	198,051	237,269	-	-	198,051	237,269
Economic development and assistance	4,058,868	3,602,456	-	-	4,058,868	3,602,456
Interest on long-term debt	1,702,282	1,618,892	-	-	1,702,282	1,618,892
Indirect expenses	(676,395)	(716,180)	676,395	716,180	-	-
Claremont Nursing and Rehabilitation Center	-	-	24,480,806	24,005,271	24,480,806	24,005,271
Total expenses	139,417,403	127,978,925	25,157,201	33,086,545	164,574,604	161,065,470
Increase (decrease) in net position before transfers	2,720,406	7,368,259	761,670	(1,781,436)	3,482,076	5,586,823
Transfers	-	(2,250,276)	-	2,250,276	-	-
Increase (decrease) in net position	2,720,406	5,117,983	761,670	468,840	3,482,076	5,586,823
Net position, beginning, as restated *	64,333,417	56,181,685	5,813,704	9,240,460	70,147,121	65,422,145
Net position, ending	\$ 67,053,823	61,299,668	6,575,374	9,709,300	73,629,197	71,008,968

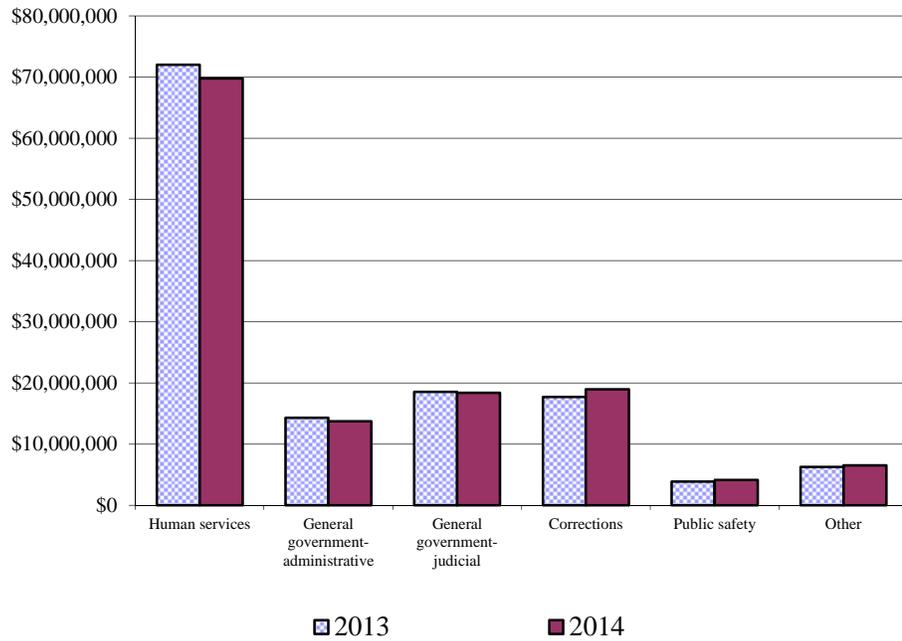
*The County evaluated services being provided as business-type activities. Emergency telephone, transportation and HAZMAT were reorganized as governmental activities because the operating revenue derived from their services were not sufficiently offsetting operational expense to be considered business-type activities. Also, the residual balances from internal service fund, workers' compensation has been reorganized as governmental-type. This is because governmental-type activities are now the predominant user of its services. Therefore, the County's governmental and business-type net position as of January 1, 2014 has been restated. Fiscal 2013 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, 2014:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

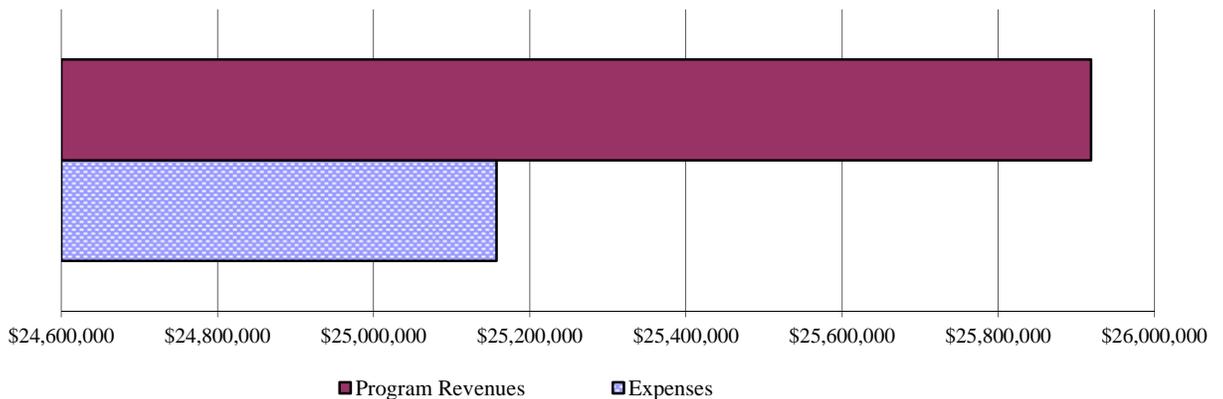


Governmental activities increased Cumberland County's net position by \$2,720,406. The primary changes in revenues and expenses are:

- Emergency telephone, transportation, hazmat, and workers compensation were reclassified as governmental activities. Governmental-type revenues and expenses increased \$5,612,255 and \$8,086,456, respectively, due to this reclassification.
- Property taxes increased by \$2,035,360 due to a 3% adjustment in the property tax millage.
- Per capita taxes decreased by \$651,209 due to the elimination of the per capita tax.
- Operating grants and contributions increased \$589,345 mainly due to the Redevelopment Authority CDBG and Home pass through grants.
- Human Services expenses increased about \$2,738,754. MH/IDD increased about \$1,400,000 mainly due to a new IDD residential program called Pathways and MH residential services. C&Y expenses increased about \$630,000 mainly due to increases in adoption subsidies, in-home services before placement, and foster family placements which were offset by a reduction in detention, shelter, and group home placements. There is also an increase in grants and charges for services for these programs.

Business-type activities. The following chart graphically depicts the sources of revenue and expenses of The County's business-type activity for the fiscal year ended December 31, 2014:

Expenses and Program Revenues - County Home



Business-type activities increased Cumberland County's net position by \$761,670. The primary changes in revenues and expenses from business-type activities.

- Emergency telephone, transportation, hazmat, and worker's compensation were reclassified as government activities. Business-type activities in 2014 reflect only the results of Claremont Nursing and Rehabilitation Center. Business-type revenues and expenses decreased \$5,612,255 and \$8,069,559, respectively, due to this reclassification.
- Charges for services increased \$1,214,195 primarily as a result of Claremont Nursing and Rehabilitation Center average census increasing to 269 from 261 in the previous year. The average rate also increased by about \$4 per day.
- Operating grants and contributions increased by \$220,525 due to a bequest from a former resident.
- Claremont Nursing and Rehabilitation expenses increased about 2% or \$475,535.

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 2014, Cumberland County's governmental funds reported combined ending fund balances of \$37,134,059 and an increase of \$1,628,689 in comparison to the prior year. Approximately 80 percent of the total amount (\$29,605,739) constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *nonspendable* (\$356,189) or *restricted* (\$7,172,131) 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, Hoffer scholarship, roads and bridge maintenance, judicial services, human services, public safety, row office automation, conservation, economic development and housing, Marcellus shale, hazmat emergency planning, 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 \$19,493,060 while total fund balance was \$31,567,683. 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 (\$28,753,435) and total fund balance (\$31,567,683) represents 56 percent and 61 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund increased by \$2,701,367 during the current year. In 2014, the Commissioners raised the property tax millage by 3 percent. They also instituted several cost cutting measures that "bent the cost curve down". Step increases were frozen for all non-union employees while the County is preparing to implement a new pay for performance compensation plan. The annual required contribution (ARC) to the County's retirement fund decreased by about \$1 million from the previous year based on actuarial projections.

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 \$1,249,125 or 1.8% over budget. Grants revenues were over budget due to the Redevelopment Authority pass-through grants incurring higher than anticipated expenditures in 2014 and the digital crime scene application grant project was started in 2014. County charges were over budget due to an increase in the number of inmates housed at the prison from other jurisdictions. Revenues for inmate usage of the telephone, transportation services, and commissary increased in 2014.

Actual general fund expenditures (including other financing uses) were under budget by \$5,186,583. The major items under budget were:

Benefits	\$ 1,176,220
Transfers (excluding subsidies)	\$ 875,712
Information Management and Technology Office (IMTO)	\$ 638,499
Conservation and Development	\$ 375,441

Benefits are under budget due to the ARC, medical insurance, and workers' compensation being lower than anticipated. Transfers were under budget due to a bond payment was made with the remaining funds from the prison expansion project. The Ritner Highway building and prison expansion projects did not utilize any contingency monies budgeted for in the general fund. Information management technology office is under budget due to the grant funded digital crime scene application project which allowed information management technology office to eliminate the need to purchase new servers and upgrade the backup system. Information management technology office evaluated software needs that increased functionality and lowered costs. Conservation and Development is under budget due to a change in the timeline of the marcellus shale and farmland preservation projects. 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, 2014, amounted to \$88,221,345 (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.

Beginning in January 1, 2014, the County implemented a new capital asset threshold of \$5,000. All assets with a value of less than \$5,000 were reclassified to the statement of net position category entitled non-inventoried assets. Additionally, emergency telephone, transportation and hazardous materials were reclassified from business-type to governmental activities. The balances on this schedule were restated for these changes.

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

		Governmental activities		Business-type activities		Total	
		2014	2013	2014	2013	2014	2013
Land	\$	2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems		51,389,577	53,579,502	7,681,010	8,391,106	59,070,587	61,970,608
Improvements other than buildings		1,850,782	1,950,030	129,101	168,367	1,979,883	2,118,397
Machinery and equipment		7,206,051	8,084,897	370,132	361,378	7,576,183	8,446,275
Bridges		4,301,974	3,438,026	-	-	4,301,974	3,438,026
Construction in progress		914,956	921,748	2,569,164	112,544	3,484,120	1,034,292
Agricultural easements		9,305,334	9,120,773	-	-	9,305,334	9,120,773
Total	\$	77,471,938	79,598,240	10,749,407	9,033,395	88,221,345	88,631,635

Total governmental activities net capital assets decreased in 2014 by \$2,126,302 (2.7%) through depreciation of existing capital assets. Bridges increased \$878,846 due to the completion of Enck's bridge in 2014.

Total business-type activities net capital assets increased by \$1,706,012 (1.9%) in 2014 as a result of construction of the nursing home's short term rehabilitation wing.

Additional information on Cumberland County's capital assets can be found in Notes on pages 73 through 75.

Debt Administration

At the end of the current fiscal year, Cumberland County had net outstanding bonded debt of \$57,184,031. 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, 2014 and 2013 were:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 47,860,057	52,547,606	9,323,973	7,732,182	57,184,031	60,279,788
General Obligation Notes	715,000	715,000	-	-	715,000	715,000
Total	\$ 48,575,057	53,262,606	9,323,973	7,732,182	57,899,031	60,993,788

Cumberland County's bonded debt decreased by \$3,094,757 in 2014.

Principal payments paid in 2014 were \$5,320,000.

Cumberland County's rating was confirmed "AAA" from Standard and Poor's for general obligation debt in April 2014.

The current debt limitation for Cumberland County is \$425,304,682 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 2014

Cumberland County felt the economic impacts of the national economic downturn. However, economic indicators continue to improve in 2014 and the County's diverse economy has fared better than national and state averages, in part, because of its significant base of Federal and state employers. Cumberland County's December unemployment rate was 3.5% while the statewide and national rates were 5.4% and 5.6%, respectively. Neighboring counties also have unemployment rates significantly below the statewide and national average. County residents benefit from an array of employment opportunities based in the private sector as well as local, state, and Federal governments.

Cumberland County was the fastest growing County in the Commonwealth since the last U.S. Census in 2010, according to the U.S. Census Bureau and analysis from the Pennsylvania State Data Center. The reasons cited for this growth included low unemployment, safety, quality of services, educational opportunities, and high scores in numerous quality of life indicators. Recently Cumberland County was named one of the best places to live in Pennsylvania for many of the same reasons.

Cumberland County continues to enjoy a diverse tax base with little reliance on any one taxpayer. The top ten taxpayers represent only 3.16% of assessed values as of December 31, 2014.

The 2015 budget finds Cumberland County in an improved position relative to the previous two years. Cost containment measures coupled with a tax increase in 2013 of 3% mitigated the need for any increase in property tax in 2015. However, the County's long term financial projections continue to show a growing operational deficit through 2018. The trend is based on a structural imbalance caused by the County's reliance on property taxes. Though cost containment efforts have "shifted" our cost curve and slowed projected increases in our expenses, the County remains diligent in its efforts to find new ways to maintain services at lower costs and is looking for ways to increase revenues through its collections processes as well as updating fees to cover the costs of providing services.

Although an operating deficit was budgeted in 2014, the County made aggressive changes that increased the General Fund's fund balance by \$2,701,367. This was done through a combination of revenue enhancements and cost cutting measures.

In 2015, the general fund budget shows a potential transfer of \$4,252,825 from reserves, though this amount is expected to be reduced directly by the County's ongoing mission review expense reductions and unused contingencies. The County projects estimated ending 2015 unassigned fund balance of \$22.7 million and a projected transfer from reserves of \$1,137,437. For purposes of budgeting the County uses the combination of unassigned fund balance and assigned for future budgetary requirements as the "fund balance".

The general fund ended 2014 with an unassigned fund balance of \$23.8 million (as defined above). At the end of 2015 the County is estimating an unassigned fund balance of about \$22.7 million.

Highlights of the County's initiatives in the 2015 budget include:

- Liquid fuels bridge replacements.
- Grand opening of Transitions at Claremont, a dedicated short-term rehabilitation unit at the County's nursing home.
- Implementation of the pay for performance compensation system for all non-union employees.

- Ongoing search for innovative ways to lower overall costs to the taxpayer.

The County is not deferring any capital or maintenance spending required to maintain the County facilities.

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, 2014

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	\$ 41,263,031	4,690,164	45,953,195	256,617	161,362	734,683
Investments	2,853,953	—	2,853,953	200,000	—	1,217,935
Receivables (net of allowance):						
Taxes	2,207,887	—	2,207,887	—	—	—
Due from other governments	6,516,800	—	6,516,800	81,562	—	929,837
Accounts receivable	1,862,718	2,213,689	4,076,407	—	—	—
Court costs and fines receivable	1,653,544	—	1,653,544	—	—	—
Notes receivable	—	—	—	—	523,035	—
Due from component units	18,553	—	18,553	—	—	11,250
Due from primary government	—	—	—	15,179	—	331,956
Internal balances	179,916	(179,916)	—	—	—	—
Prepaid items	460,899	73,333	534,232	—	783	242,730
Restricted assets:						
Cash and cash equivalents	874,744	991,679	1,866,423	—	—	—
Capital assets, not being depreciated:						
Land	2,503,264	—	2,503,264	—	2,179,715	—
Construction in progress	914,956	2,569,164	3,484,120	—	—	—
Agricultural easements	9,305,334	—	9,305,334	—	—	—
Capital assets, net of accumulated depreciation:						
Buildings and systems	51,389,577	7,681,010	59,070,587	5,434	—	—
Improvements other than buildings	1,850,782	129,101	1,979,883	—	—	—
Machinery and equipment	7,206,051	370,132	7,576,183	40,289	—	38,308
Bridges	4,301,974	—	4,301,974	—	—	—
Non-inventoried assets	1,316,255	308,253	1,624,508	22,270	—	—
Other assets	44,757	—	44,757	—	—	—
Total assets	<u>136,724,995</u>	<u>18,846,609</u>	<u>155,571,604</u>	<u>621,351</u>	<u>2,864,895</u>	<u>3,506,699</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred charges on refunding	335,393	55,048	390,441	—	—	—

(Continued)

STATEMENT OF NET POSITION

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	5,733,300	1,289,808	7,023,108	1,081	231,222	113,624
Accrued payroll	2,443,522	624,302	3,067,824	21,139	—	—
Due to component unit	378,444	—	378,444	—	—	—
Due to other governments	1,961,772	—	1,961,772	—	—	—
Accrued interest payable	274,175	49,122	323,297	—	—	—
Unearned revenues	4,471,172	120,193	4,591,365	23,817	—	12,425
Funds held as fiduciary	396,241	243,648	639,889	—	—	—
Noncurrent liabilities:						
Due in less than one year:						
Licensing agreement	91,489	—	91,489	—	—	—
General obligation bonds payable	4,608,213	1,086,787	5,695,000	—	—	—
General obligation notes payable	—	—	—	—	2,150,000	—
Sick and vacation accrual	314,836	42,130	356,966	2,603	—	—
Workers' compensation claims payable	243,708	—	243,708	—	—	—
Due in more than one year:						
General obligation bonds payable	43,251,844	8,237,187	51,489,031	—	—	—
General obligation notes payable	715,000	—	715,000	—	—	—
Sick and vacation accrual	3,449,383	380,989	3,830,372	43,068	—	—
Net OPEB obligation	692,513	252,117	944,630	6,990	—	—
Workers' compensation claims payable	980,953	—	980,953	—	—	—
Total liabilities	<u>70,006,565</u>	<u>12,326,283</u>	<u>82,332,848</u>	<u>98,698</u>	<u>2,381,222</u>	<u>126,049</u>

NET POSITION

Net invested in capital assets	30,386,044	1,768,189	32,154,233	45,723	—	38,308
Restricted for:						
Conservation	1,699,875	—	1,699,875	471,194	—	—
Human services	1,293,710	—	1,293,710	—	—	—
Judicial services	206,715	—	206,715	—	—	—
Public safety	2,971,426	—	2,971,426	—	—	—
Emergency telephone	110,030	—	110,030	—	—	—
Transportation	477,400	—	477,400	—	—	—
Records improvement	696,516	—	696,516	—	—	—
Roads and bridges	1,376,674	—	1,376,674	—	—	—
Unrestricted	27,835,433	4,807,185	32,642,618	5,736	483,673	3,342,342
Total net position	<u>\$ 67,053,823</u>	<u>6,575,374</u>	<u>73,629,197</u>	<u>522,653</u>	<u>483,673</u>	<u>3,380,650</u>

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2014

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	\$ 13,728,858	(1,620,418)	3,954,301	451,533	109,043	(7,593,563)	—	(7,593,563)	—	—	—	—
General government - judicial	18,396,045	82,922	2,690,559	2,722,094	—	(13,066,314)	—	(13,066,314)	—	—	—	—
Corrections	18,955,396	—	2,126,004	738,753	—	(16,090,639)	—	(16,090,639)	—	—	—	—
Emergency telephone	5,444,274	—	1,638,261	1,484,096	—	(2,321,917)	—	(2,321,917)	—	—	—	—
Public safety	4,125,147	—	1,582,213	708,927	78,338	(1,755,669)	—	(1,755,669)	—	—	—	—
Transportation	2,506,885	118,502	1,280,478	1,101,968	—	(242,941)	—	(242,941)	—	—	—	—
Roads and bridge maintenance	327,879	16,061	80	446,947	119,073	222,160	—	222,160	—	—	—	—
Recycling and waste management	266,872	41,295	121,023	75,303	—	(111,841)	—	(111,841)	—	—	—	—
Human services:												
Mental health/intellectual and developmental disabilities	17,837,104	176,292	3,101,838	14,403,100	—	(508,458)	—	(508,458)	—	—	—	—
HealthChoices-Cumberland County	28,653,048	—	—	28,652,699	—	(349)	—	(349)	—	—	—	—
Children and youth	14,873,696	281,090	359,686	12,083,726	—	(2,711,374)	—	(2,711,374)	—	—	—	—
Food and shelter	1,204,422	26,080	176,513	999,975	—	(54,014)	—	(54,014)	—	—	—	—
Office of aging	3,297,677	105,348	248,905	3,169,562	—	15,442	—	15,442	—	—	—	—
Other	3,907,128	96,433	628,285	2,656,276	—	(719,000)	—	(719,000)	—	—	—	—
Culture and recreation	38,657	—	—	—	—	(38,657)	—	(38,657)	—	—	—	—
Conservation	571,509	—	53,613	279,065	—	(238,831)	—	(238,831)	—	—	—	—
Community redevelopment and housing	198,051	—	176,318	—	—	(21,733)	—	(21,733)	—	—	—	—
Economic development and assistance	4,058,868	—	—	1,901,964	—	(2,156,904)	—	(2,156,904)	—	—	—	—
Interest on long-term debt	1,702,282	—	—	—	—	(1,702,282)	—	(1,702,282)	—	—	—	—
Total governmental activities	140,093,798	(676,395)	18,138,077	71,875,988	306,454	(49,096,884)	—	(49,096,884)	—	—	—	—
Business-type activities:												
County nursing home	24,480,806	676,395	25,693,602	220,525	—	—	756,926	756,926	—	—	—	—
Total business-type activities	24,480,806	676,395	25,693,602	220,525	—	—	756,926	756,926	—	—	—	—
Total primary government	\$ 164,574,604	—	43,831,679	72,096,513	306,454	(49,096,884)	756,926	(48,339,958)	—	—	—	—
Discretely presented component units:												
Conservation District	\$ 596,524	—	335,317	503,962	—	—	—	—	242,755	—	—	—
Industrial Development Authority	83,780	—	108,053	—	—	—	—	—	—	24,273	—	—
Cumberland Area Economic Development Corporation	1,803,611	—	1,836,662	17,426	—	—	—	—	—	—	50,477	—
Total discretely presented component units	\$ 2,483,915	—	2,280,032	521,388	—	—	—	—	242,755	24,273	50,477	—
General revenues:												
Real estate taxes						49,915,747	—	49,915,747	—	—	—	—
Per capita taxes						26,631	—	26,631	—	—	—	—
Hotel taxes						1,676,860	—	1,676,860	—	—	—	—
Unrestricted investment earnings						198,052	4,744	202,796	534	590	30,736	—
Total general revenues and transfers						51,817,290	4,744	51,822,034	534	590	30,736	—
Change in net position						2,720,406	761,670	3,482,076	243,289	24,863	81,213	—
Net position, beginning of year, as restated						64,333,417	5,813,704	70,147,121	279,364	458,810	3,299,437	—
Net position, end of year						\$ 67,053,823	6,575,374	73,629,197	522,653	483,673	3,380,650	—

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, 2014

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	\$ 32,178,615	2,603,358	300	114,240	6,337,110	41,233,623
Investments	603,101	—	—	—	623,600	1,226,701
Receivables (net of allowance):						
Taxes	2,114,870	—	—	—	93,017	2,207,887
Due from other governments	537,004	413,579	4,464,215	—	1,102,002	6,516,800
Accounts receivable	145,568	—	977	1,467,756	247,019	1,861,320
Court costs and fines receivable	1,653,544	—	—	—	—	1,653,544
Due from other funds	5,031,599	—	—	—	2,415,310	7,446,909
Prepaid items	240,956	780	—	—	137,493	379,229
Restricted cash	—	—	—	—	874,744	874,744
Other assets	44,885	—	—	—	—	44,885
Total assets	<u>\$ 42,550,142</u>	<u>3,017,717</u>	<u>4,465,492</u>	<u>1,581,996</u>	<u>11,830,295</u>	<u>63,445,642</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 1,136,007	1,798,293	1,307,533	2,991	1,094,136	5,338,960
Accrued liabilities and withholdings	1,673,135	117,118	159,355	—	493,914	2,443,522
Due to other funds	3,547,599	172,817	2,902,978	41,998	1,528,017	8,193,409
Due to component unit	10,935	—	—	—	344,712	355,647
Due to other governments	771,268	—	—	—	1,190,504	1,961,772
Unearned revenue	313,134	560,805	95,626	1,528,667	1,972,940	4,471,172
Funds held as fiduciary	379,521	—	—	—	16,720	396,241
Total liabilities	<u>7,831,599</u>	<u>2,649,033</u>	<u>4,465,492</u>	<u>1,573,656</u>	<u>6,640,943</u>	<u>23,160,723</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	1,581,416	—	—	—	—	1,581,416
Unavailable revenue-court costs and fines	1,569,444	—	—	—	—	1,569,444
Total deferred inflows of resources	<u>3,150,860</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,150,860</u>

BALANCE SHEET
Governmental Funds

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

FUND BALANCES

Nonspendable:							
Prepaid items	\$	240,956	780	—	—	114,453	356,189
Restricted:							
Landfill closure		203,492	—	—	—	—	203,492
Farmland preservation		318,409	—	—	—	—	318,409
Offender supervision		675,229	—	—	—	—	675,229
Juvenile probation restitution funds		18,920	—	—	—	—	18,920
Criminal investigation		747,271	—	—	—	—	747,271
Register of Wills-Act 34		74,025	—	—	—	—	74,025
Coroner - Act 122		33,861	—	—	—	—	33,861
Hoffer scholarship		10,503	—	—	—	—	10,503
Roads and bridge maintenance		—	—	—	—	1,376,674	1,376,674
Human services		—	367,904	—	8,340	619,782	996,026
Hazardous materials emergency planning		14,098	—	—	—	—	14,098
Public safety		—	—	—	—	39,660	39,660
Row office automation		153,201	—	—	—	511,936	665,137
Marcellus shale		324,283	—	—	—	134,664	458,947
Conservation		—	—	—	—	842,633	842,633
Capital projects		—	—	—	—	697,246	697,246
Unrestricted:							
Assigned:							
Human services		—	—	—	—	34,343	34,343
Future budgetary requirements		4,252,825	—	—	—	—	4,252,825
Capital projects		3,725,000	—	—	—	500,000	4,225,000
Transportation		—	—	—	—	420,524	420,524
Risk liability		250,000	—	—	—	—	250,000
Farmland preservation		603,101	—	—	—	—	603,101
Prison canteen		425,502	—	—	—	—	425,502
Criminal justice planning		3,947	—	—	—	—	3,947
Unassigned		19,493,060	—	—	—	(102,563)	19,390,497
Total fund balances		<u>31,567,683</u>	<u>368,684</u>	<u>—</u>	<u>8,340</u>	<u>5,189,352</u>	<u>37,134,059</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>42,550,142</u>	<u>3,017,717</u>	<u>4,465,492</u>	<u>1,581,996</u>	<u>11,830,295</u>	<u>63,445,642</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$	37,134,059
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.		77,471,938
Unamortized prepaid items used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		1,316,255
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.		3,160,860
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.		335,393
Internal service fund used by management to charge the costs of the self-insurance to individual funds:		
Workers' compensation		621,025
Health reimbursement arrangement		786,243
Long-term liabilities are not due and payable in the current period and, therefore, are not reported at the fund level:		
Bonds payable		(46,555,931)
Notes payable		(715,000)
Net premium on bonds and notes		(1,304,126)
Sick and vacation payable		(3,764,219)
Other post employment benefit obligations		(692,513)
Software Licensing Agreements		(91,489)
Interest accrued on long-term liabilities is not due and payable in the current period and, therefore is not reported in governmental funds.		(274,175)
Voluntary termination benefits is not due and payable in the current period and, therefore is not reported in governmental funds.		(374,497)
Net position of governmental activities	\$	<u><u>67,053,823</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Nonmajor Funds	Total
REVENUES						
Taxes	\$ 49,814,636	—	—	—	1,676,860	51,491,496
Licenses and permits	185,585	—	—	—	—	185,585
Grants	4,509,024	14,395,553	12,081,236	28,652,699	12,228,304	71,866,816
County charges	8,690,522	2,983,653	359,686	—	4,571,814	16,605,675
Court costs, fines and forfeitures	2,098,927	—	—	—	189,137	2,288,064
Investment earnings	146,739	3,646	—	349	14,722	165,456
Payment in lieu of taxes	134,637	—	—	—	—	134,637
Contributions and other	245,154	125,731	2,490	—	74,297	447,672
Total revenues	<u>65,825,224</u>	<u>17,508,583</u>	<u>12,443,412</u>	<u>28,653,048</u>	<u>18,755,134</u>	<u>143,185,401</u>
EXPENDITURES						
Current:						
General government – administrative	10,622,077	—	—	—	324,161	10,946,238
General government – judicial	15,162,013	—	—	—	3,219,514	18,381,527
Corrections	17,555,792	—	—	—	—	17,555,792
Public safety	2,995,701	—	—	—	—	2,995,701
Emergency telephone	—	—	—	—	4,606,338	4,606,338
Public works and enterprises	—	—	—	—	521,391	521,391
Transportation	—	—	—	—	2,201,417	2,201,417
Human services	924,334	18,001,412	15,082,777	28,653,048	8,097,861	70,759,432
Culture and recreation	3,593	—	—	—	—	3,593
Conservation and development	445,748	—	—	—	—	445,748
Economic development and assistance	2,304,952	—	—	—	1,676,760	3,981,712
Debt service:						
Principal retirement	—	—	—	—	4,623,934	4,623,934
Debt interest	—	—	—	—	1,720,603	1,720,603
Fiscal charges	—	—	—	—	39,226	39,226
Capital outlay	1,128,115	—	—	—	1,328,965	2,457,080
Payments to other governments	199,936	—	—	—	167,537	367,473
Total expenditures	<u>51,342,261</u>	<u>18,001,412</u>	<u>15,082,777</u>	<u>28,653,048</u>	<u>28,527,707</u>	<u>141,607,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,482,963</u>	<u>(492,829)</u>	<u>(2,639,365)</u>	<u>—</u>	<u>(9,772,573)</u>	<u>1,578,196</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	88,674	494,658	2,707,365	—	9,936,116	13,226,813
Transfers out	(11,872,180)	(1,500)	(68,000)	—	(1,285,133)	(13,226,813)
Refunding bonds issued	—	—	—	—	2,365,000	2,365,000
Premium on refunding bonds issued	—	—	—	—	76,644	76,644
Payment to refunding bond escrow agent	—	—	—	—	(2,401,932)	(2,401,932)
Proceeds from insurance recovery	—	—	—	—	5,884	5,884
Proceeds from sale of assets	1,910	—	—	—	2,987	4,897
Total other financing sources (uses)	<u>(11,781,596)</u>	<u>493,158</u>	<u>2,639,365</u>	<u>—</u>	<u>8,699,566</u>	<u>50,493</u>
Net change in fund balances	2,701,367	329	—	—	(1,073,007)	1,628,689
Fund balances, beginning of year, as restated	28,866,316	368,355	—	8,340	6,262,359	35,505,370
Fund balances, end of year	<u>\$ 31,567,683</u>	<u>368,684</u>	<u>—</u>	<u>8,340</u>	<u>5,189,352</u>	<u>37,134,059</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$	1,628,689
<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		2,455,126
Depreciation expense		(4,504,318)
Retirement and sale of equipment		(77,110)
Amortization of prepaid items		(364,858)
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.		(1,075,085)
<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		(2,365,000)
Long term debt paid		4,623,934
Long term debt refinanced		2,400,000
<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		121,832
Deferred amount on refunding		(78,760)
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.		(25,173)
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.		203,188
Governmental funds do not recognize interest on long term debt until legally due, while the statement of net position accrues for interest payable.		22,457
Governmental funds do not recognize voluntary seperation expense until due, while the statement of net position accrues for the amount payable		(374,497)
<p>Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:</p>		
Worker's compensation		27,419
Health reimbursement arrangement		102,562
Change in net position of governmental activities	\$	<u><u>2,720,406</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.

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

STATEMENT OF NET POSITION
Proprietary Funds

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds County Nursing Home</u>	<u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,690,164	29,408
Investments	—	1,627,252
Restricted cash:		
Patient funds	243,648	—
Bond proceeds	748,031	—
Due from other funds	—	1,320,459
Accounts receivable (net of allowance):		
Patient accounts receivable	2,213,689	—
Customer accounts receivable	—	1,400
Prepaid items	73,333	81,671
Total current assets	<u>7,968,865</u>	<u>3,060,190</u>
Noncurrent assets:		
Non-inventoried assets	308,253	—
Capital assets, net of depreciation	10,749,407	—
Total non-current assets	<u>11,057,660</u>	<u>—</u>
Total assets	<u>19,026,525</u>	<u>3,060,190</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	55,048	—
Total deferred outflows of resources	<u>55,048</u>	<u>—</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,289,808	19,850
Accrued liabilities and withholdings		
Accrued payroll	624,302	—
Accrued interest	49,122	—
Due to other funds	573,959	—
Unearned revenue	120,193	—
Funds held as fiduciary	243,648	—
General obligation bonds payable	1,086,787	—
Sick and vacation accrual	42,130	—
Self-insurance claims payable	—	243,708
Total current liabilities	<u>4,029,949</u>	<u>263,558</u>
Noncurrent liabilities:		
Due in more than one year:		
General obligation bonds payable	8,237,187	—
Self-insurance claims payable	—	980,953
Net OPEB obligation	252,117	—
Sick and vacation accrual	380,989	—
Total noncurrent liabilities	<u>8,870,293</u>	<u>980,953</u>
Total liabilities	<u>12,900,242</u>	<u>1,244,511</u>
NET POSITION		
Net invested in capital assets	1,768,189	—
Unrestricted	4,413,142	1,815,679
Total net position	<u>\$ 6,181,331</u>	<u>1,815,679</u>
Reconciliation of the Statement of Net Position - Proprietary Funds to the Statement of Activities:		
Total net position-Proprietary Funds	\$ 6,181,331	
Adjustment to reflect the consolidation of workers' compensation activity related to business-type activities	(42,040)	
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	436,083	
Net position of business-type activities	<u>\$ 6,575,374</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	
	<u>County</u>	<u>Internal</u>
	<u>Nursing Home</u>	<u>Service Funds</u>
Operating revenues:		
Charges for sales and services:		
County charges	\$ 25,665,071	1,216,326
Rentals and other revenues	28,531	—
Total operating revenues	<u>25,693,602</u>	<u>1,216,326</u>
Operating expenses:		
Patient/client services	19,399,026	1,077,460
Depreciation	840,647	—
Administrative	4,786,872	—
Total operating expenses	<u>25,026,545</u>	<u>1,077,460</u>
Operating income	<u>667,057</u>	<u>138,866</u>
Nonoperating revenues (expenses):		
Interest income	4,744	32,595
Interest expense	(172,144)	—
Total net nonoperating revenues (expenses)	<u>(167,400)</u>	<u>32,595</u>
Income before transfers and capital contributions	499,657	171,461
Capital contributions	220,525	—
Change in net position	720,182	171,461
Net position, beginning of year, as restated	5,461,149	1,644,218
Net position, end of year	<u>\$ 6,181,331</u>	<u>1,815,679</u>
Reconciliation of the Statement of Revenues, Expense, and Changes in Fund Balance to the Statement of Activities:		
Change in net position of enterprise funds	\$ 720,182	
Adjustment to reflect the consolidation of workers' compensation activity related to the business-type activities.	(2,656)	
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	44,144	
Change in net position of business-type activities	<u>\$ 761,670</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal</u>
	<u>County</u>	<u>Service Fund</u>
	<u>Nursing Home</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received on county charges	\$ 27,799,021	1,082,620
Payments to vendors	(7,343,408)	(522,390)
Payments to employees	(16,324,726)	(412,316)
Net cash provided by operating activities	<u>4,130,887</u>	<u>147,914</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributed capital	5,282	—
Net cash provided by noncapital financing activities	<u>5,282</u>	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,152,786)	—
Proceeds from the issuance of long term bonds	2,500,000	—
Principal paid on capital debt	(834,174)	—
Interest paid on capital debt	(232,351)	—
Net cash used in capital and related financing activities	<u>(719,311)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	—	(531,930)
Investment income received	4,744	33,095
Net cash provided by (used in) investing activities	<u>4,744</u>	<u>(498,835)</u>
Net increase (decrease) in cash and cash equivalents	3,421,602	(350,921)
Cash and cash equivalents, January 1	2,260,241	380,329
Cash and cash equivalents, December 31	<u>\$ 5,681,843</u>	<u>29,408</u>

(Continued)

STATEMENT OF CASH FLOWS

Proprietary Funds

For the year ended December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type</u>	
	<u>Activities</u>	
	<u>Enterprise Funds</u>	<u>Governmental</u>
	<u>County</u>	<u>Internal</u>
	<u>Nursing Home</u>	<u>Service Fund</u>
(Continued)		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 667,057	138,866
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	840,647	—
Changes in assets and liabilities in:		
Patient accounts receivable	2,081,252	—
Due from other funds	411,689	(133,706)
Prepaid items	(31,413)	302
Non-inventoried assets	84,668	—
Accounts payable	60,033	(12,250)
Accrued liabilities and withholdings	10,006	—
Unearned revenues	22,803	—
Funds held as fiduciary	(24,707)	—
Net OPEB obligation	8,852	—
Self-insurance claims payable	—	154,702
Total adjustments	<u>3,463,830</u>	<u>9,048</u>
Net cash provided by (used in) operating activities	<u>\$ 4,130,887</u>	<u>147,914</u>

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, 2014

COUNTY OF CUMERLAND, PENNSYLVANIA

	Pension Trust - Employees' Retirement	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 5,242,587	3,024,000
Investments:		
Negotiable bank certificates of deposit	10,013,406	—
U.S. government and agency securities	20,385,677	—
Corporate bonds and notes	27,224,313	—
Other governments	891,293	—
Equity securities	51,353,983	—
Mutual funds	67,239,519	—
Total investments	177,108,191	—
Due from broker	7,377	—
Accrued interest and dividends receivable	806,884	—
Total assets	183,165,039	3,024,000
LIABILITIES		
Due to other governments	—	1,180,761
Due to broker	321,438	—
Other liabilities	40,973	1,843,239
Total liabilities	362,411	3,024,000
NET POSITION		
Net position held in trust for pension benefits and other purposes	\$ 182,802,628	—

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, 2014***COUNTY OF CUMBERLAND, PENNSYLVANIA****ADDITIONS**

Contributions:

Employer	\$ 4,134,246
Plan members	2,913,238
Total contributions	<u>7,047,484</u>

Investment income:

Net appreciation in fair value of investments	5,259,628
Interest	1,555,415
Dividends	<u>3,375,548</u>
Total investment earnings	10,190,591
Less investment expense	<u>476,329</u>
Net investment income	<u>9,714,262</u>
Total additions	<u>16,761,746</u>

DEDUCTIONS

Benefits	7,731,824
Refunds of contributions	693,356
Administrative expenses	<u>151,573</u>
Total deductions	<u>8,576,753</u>

Change in net position 8,184,993

Net position - beginning of year	<u>174,617,635</u>
Net position - end of year	<u>\$ 182,802,628</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 243,762 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.

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 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 .67% 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 2014, the County paid CAT \$339,415. As a participant in the joint venture, the County's annual subsidy payment was \$319,324 in 2014. Additionally, the County pays \$11,320 per year to CAT for transportation services for Shippensburg Borough. The County also pays approximately \$8,711 per year for the Shared Ride program.

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 2014, the County's share of Agricultural Extension program expenses were \$367,488 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) 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 both workers' compensation self-insurance and 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* as a major proprietary fund. Descriptions of this fund precede its 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.

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 such as completion of the prison expansion.

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.

Beginning in 2014, capital assets are defined by the County as all assets with a value greater than \$5,000 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:

<u>Description</u>	<u>Useful Life in Years</u>
Land	Not depreciated
Agricultural easements	Not depreciated
Buildings and systems	5 - 50
Improvements other than buildings	10 - 45
Machinery and equipment	5 - 20
Computer, audio and video equipment	5 - 7
Computer software	5 - 7
Bridges	50

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.

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.

Juvenile probation restitution fund – The County receives monies from juvenile probationers within the County for disbursement to appropriate crime victims.

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.

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.

Hazardous materials emergency planning – Monies collected, per statute, for training programs, public and facility owner education, information and participation programs, general administrative and operational expenses.

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, at the state-level, represents 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 2015.

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

Transportation – This assignment was established for future transportation expenditures.

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 Cumberland County farmland.

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 and deferred outflow of resources, less total liabilities and 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 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 has implemented GASB 67 in the current year, and is currently evaluating what effect, if any, 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 will implement this standard if there are combinations or disposals of any government operations.

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, 2013, the County evaluated services being provided by as business-type activities. Emergency telephone, transportation and hazardous materials activities were re-categorized from business-type to governmental activities because the operating revenue derived from their services was not sufficiently offsetting operational expense to be considered business-type activities. Governmental activities are now the predominant user of such services. As a result, the County's governmental and business-type net position and fund statements, as of January 1, 2014 have been restated. Where presented, 2013 amounts, for governmental and business-type activities have not been restated to reflect the above re-categorization.

The residual balances from the County's workers' compensation internal service fund has also been re-categorized from business-type to governmental activities as governmental activities are now the predominant user of workers' compensation services.

The CAEDC, a discretely presented component unit, restated its net position for an amount previously recognized as a liability for unearned revenue in the amount of \$67,869.

Also, the IDA, a discretely presented component unit, restated its net position to correct a misstatement in accounts receivable. Accordingly, accounts receivable and net position decreased \$31,154.

The aforementioned discretely presented component units issue separately audited financial statements that provide further information on the restatements.

RESTATEMENT NOTE

December 31, 2014

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>Nonmajor Funds</u>	<u>Total</u>
Fund balances, as previously reported, at December 31, 2013	\$ 28,840,845	368,355	-	8,340	5,753,771	34,971,311
Proprietary funds reclassification to government funds:						
Emergency telephone	-	-	-	-	1,136,695	1,136,695
Nonmajor proprietary fund	25,471	-	-	-	233,740	259,211
Emergency telephone revenue recognition restatement	-	-	-	-	(861,847)	(861,847)
Fund balances, as restated, as of December 31, 2013	<u>\$ 28,866,316</u>	<u>368,355</u>	<u>-</u>	<u>8,340</u>	<u>6,262,359</u>	<u>35,505,370</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, 2013	\$ 5,461,149	1,565,996	1,705,116	8,732,261	1,644,218
Proprietary funds reclassification to government funds:					
Emergency telephone	-	(704,149)	-	(704,149)	-
Nonmajor proprietary fund	-	-	(1,705,116)	(1,705,116)	-
Emergency telephone revenue recognition restatement	-	(861,847)	-	(861,847)	-
Net position, as restated, at December 31, 2013	<u>\$ 5,461,149</u>	<u>-</u>	<u>-</u>	<u>5,461,149</u>	<u>1,644,218</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, 2013	\$ 61,299,668	9,709,300	71,008,968	279,364	489,964	3,231,568
Business type reclassification to government type:						
Emergency telephone, HAZMAT and transportation funds	3,348,429	(3,348,429)	-	-	-	-
Internal service (workers' compensation) which is primarily serving governmental rather than business-type funds	547,167	(547,167)	-	-	-	-
Revenue recognition	(861,847)	-	(861,847)	-	(31,154)	67,869
Net position, as restated, at December 31, 2013	<u>\$ 64,333,417</u>	<u>5,813,704</u>	<u>70,147,121</u>	<u>279,364</u>	<u>458,810</u>	<u>3,299,437</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 establishes targeted investment allocations of:

<u>Investment</u>	<u>Target</u>	<u>Benchmark</u>
Domestic equity	51%	Russell 3000
International equity	14%	MSCI BAFE (net)
Fixed Income	35%	Barclay Intermediate Governmental/Credit

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, 2014, \$46,777,300 of the County’s bank balance of \$48,896,195 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 1,571,517
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>45,205,783</u>
Total	<u>\$ 46,777,300</u>

Custodial credit risk – fiduciary fund deposits – Excluding the negotiable certificates of deposit held by the County’s Pension Fund as of December 31, 2014, \$2,030,904 of the County’s bank balance of its fiduciary funds of \$3,562,416 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, 2014, through a \$603,101 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, 2014, the County had debt securities with the following maturities/duration:

Workers' Compensation Fund Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less Than 1</u>	<u>1-5</u>
<u>Debt securities</u>			
U.S. government	\$ 1,000,050	500,196	499,854
U.S. agency	174,821	75,065	99,756
Total debt securities	<u>1,174,871</u>	<u>575,261</u>	<u>599,610</u>
		49%	51%
		<u>Duration</u>	
Money market funds	29,408		
Mutual funds:			
Government fixed income	201,560	3.3	
Diversified fixed income	<u>250,821</u>	2.0	
Total investments	<u>\$ 1,656,660</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, \$29,408 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, \$1,627,252 are classified as investments on the statement of net position of the primary government.

The County held \$603,101 of U.S. Treasury zero coupon STRIPS at December 31, 2014. 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, 2014, the County’s pension trust fund had the following investments:

		Pension Trust Fund Investments			
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
<u>Debt securities</u>					
Money market funds	\$ 5,242,587	5,242,587	—	—	—
Negotiable bank certificates of deposit	10,013,406	245,105	9,768,301	—	—
U.S. Treasury inflation protected securities	2,976,446	—	2,677,455	298,991	—
U.S. government	11,243,754	—	5,977,695	2,736,504	2,529,555
U.S. agency	6,165,477	—	836,940	5,328,537	—
Collateralized mortgage backed	503,115	—	—	—	503,115
Corporate bonds and notes	26,721,198	378,004	17,777,588	8,565,606	—
Other governments	891,293	—	191,579	699,714	—
Total debt securities	<u>63,757,276</u>	<u>5,865,696</u>	<u>37,229,558</u>	<u>17,629,352</u>	<u>3,032,670</u>
		9%	58%	28%	5%
<u>Other investments</u>					
Equity mutual fund-foreign	13,706,532				
Equity mutual fund-global	18,129,865				
Equity mutual fund-U.S.	35,403,122				
Equity securities-U.S.	51,353,983				
Total investments	<u>\$ 182,350,778</u>				

The total pension trust fund investments of \$182,350,778, above, includes \$5,242,587 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 \$2,976,446 of U.S. Treasury inflation-adjusted bonds (TIPS) at December 31, 2014. 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, 2014 follow:

Pension Trust Fund Debt Securities Highly Sensitive to Interest Rate Changes

<u>Debt Security</u>	<u>Amount</u>	<u>Interest Terms</u>
U.S. government	\$ 307	1-year constant maturity U.S. Treasury + 217bps
U.S. government	4,744	12-month U.S. LIBOR + 173bps
U.S. government	9,433	1-year constant maturity U.S. Treasury +222bps
U.S. government	27,794	1-year constant maturity U.S. Treasury + 230bps
Corporate	318,164	3-month U.S. LIBOR + 20bps
Corporate	<u>378,004</u>	3-month U.S. LIBOR + 1bps
	<u>\$ 738,446</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, 2014 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: \$6,176,709 of U.S. government securities, \$6,165,477 of U.S. agency debt securities and \$4,417,027 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, 2014 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Rating</u>
<u>Debt securities:</u>		
Money market funds	\$ 29,408	Not rated
U.S. government	1,000,050	Not rated
U.S. agencies	174,821	Not rated
<u>Mutual funds:</u>		
Governmental fixed income	201,560	Not rated
Diversified fixed income	250,821	Not rated
U.S. Treasury STRIPS	<u>603,101</u>	Not rated
Total debt securities	<u>\$ 2,259,761</u>	

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2014 is as follows:

Debt Securities	Fair Value	Credit Quality Ratings*				
		Aaa	Aa	A	Baa	Unrated
Money market funds	\$ 5,242,587	-	-	-	-	5,242,587
Negotiable bank certificates						
of deposit	10,013,406	6,202,979	245,105	2,369,488	-	1,195,834
U.S. Treasury inflation protected	2,976,446	-	-	-	-	2,976,446
U.S. government	11,243,754	10,514,016	-	-	-	729,738
U.S. agency	6,165,477	6,165,477	-	-	-	-
Collateralized mortgage backed	503,115	503,115	-	-	-	-
Corporate bonds and notes	26,721,198	-	5,780,813	16,721,698	4,218,687	-
Other governments	891,293	-	891,293	-	-	-
Total debt securities	\$ 63,757,276	23,385,587	6,917,211	19,091,186	4,218,687	10,144,605

*Expressed in Moody’s equivalent ratings.

Negotiable bank certificates of deposits, including unrated certificates, are subject to FDIC coverage as per regulations.

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, 2014 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 \$13,706,532 investment at fair value in international equity mutual funds as of December 31, 2014. 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 2014, County real estate taxes were levied at the rate of 2.195 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, 2014, which are expected to be collected within one year.

The County nursing home has \$1,998,445 in net patient accounts receivable as of December 31, 2014, 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 \$485,530 against the gross patient accounts receivable. Of the County nursing home's patient accounts receivable, \$115,568 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$746,487 for 2014 which is determined by a review of account status. Of the County's delinquent taxes receivable, \$376,313 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, 2014 is \$11,524,728. Of that balance, the County has recognized an allowance for doubtful accounts of \$9,871,184. Of the County's court costs and fines receivable, \$101,780 is expected to be collected beyond one year.

6. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance, as restated *	Additions	Sales and Other Dispositions **	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,503,264	—	—	2,503,264
Construction in progress	921,748	1,389,445	(1,396,237)	914,956
Agricultural easements	9,120,773	184,561	—	9,305,334
Total capital assets, not being depreciated	<u>12,545,785</u>	<u>1,574,006</u>	<u>(1,396,237)</u>	<u>12,723,554</u>
Capital assets, being depreciated:				
Buildings and systems	86,082,707	436,149	(300,250)	86,218,606
Improvements other than buildings	2,200,946	8,985	—	2,209,931
Machinery and equipment	19,953,293	860,509	(470,129)	20,343,673
Bridges	9,714,049	971,714	(518,658)	10,167,105
Total capital assets being depreciated	<u>117,950,995</u>	<u>2,277,357</u>	<u>(1,289,037)</u>	<u>118,939,315</u>
Less accumulated depreciation for:				
Buildings and systems	(32,503,205)	(2,562,397)	236,573	(34,829,029)
Improvements other than buildings	(250,916)	(108,233)	—	(359,149)
Machinery and equipment	(11,868,396)	(1,725,922)	456,696	(13,137,622)
Bridges	(6,276,023)	(107,766)	518,658	(5,865,131)
Total accumulated depreciation	<u>(50,898,540)</u>	<u>(4,504,318)</u>	<u>1,211,927</u>	<u>(54,190,931)</u>
Total capital assets, being depreciated, net	<u>67,052,455</u>	<u>(2,226,961)</u>	<u>(77,110)</u>	<u>64,748,384</u>
Governmental activities capital assets, net	<u>\$ 79,598,240</u>	<u>(652,955)</u>	<u>(1,473,347)</u>	<u>77,471,938</u>

* Beginning 1/1/14, the County implemented a new capital asset threshold of \$5,000. All assets with a value of under \$5,000 were reclassified to the net position statement category entitled non-inventoried assets. Beginning in 1/1/2014, emergency telephone, transportation and hazmat were reclassified from business-type to governmental activities. The beginning balances of this footnote were restated for these changes.

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

6. Capital Assets (continued)

	Beginning Balance, as Restated*	Additions	Sales and Other Dispositions**	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 112,544	2,456,620	—	2,569,164
Total capital assets, not being depreciated	<u>112,544</u>	<u>2,456,620</u>	<u>—</u>	<u>2,569,164</u>
Capital assets, being depreciated:				
Buildings and systems	23,560,565	—	—	23,560,565
Improvements other than buildings	635,139	—	—	635,139
Machinery and equipment	1,643,158	100,039	—	1,743,197
Total capital assets, being depreciated	<u>25,838,862</u>	<u>100,039</u>	<u>—</u>	<u>25,938,901</u>
Less accumulated depreciation for:				
Buildings and systems	(15,169,459)	(710,096)	—	(15,879,555)
Improvements other than buildings	(466,772)	(39,266)	—	(506,038)
Machinery and equipment	(1,281,780)	(91,285)	—	(1,373,065)
Total accumulated depreciation	<u>(16,918,011)</u>	<u>(840,647)</u>	<u>—</u>	<u>(17,758,658)</u>
Total capital assets, being depreciated, net	<u>8,920,851</u>	<u>(740,608)</u>	<u>—</u>	<u>8,180,243</u>
Business-type activities capital assets, net	<u>\$ 9,033,395</u>	<u>1,716,012</u>	<u>—</u>	<u>10,749,407</u>

* Beginning 1/1/14, the County implemented a new capital asset threshold of \$5,000. All assets with a value of under \$5,000 were reclassified to the net position statement category entitled non-inventoried assets. Beginning in 1/1/2014, emergency telephone, transportation and hazmat were reclassified from business-type to governmental activities. The beginning balances of this footnote were restated for these changes.

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

6. Capital Assets (continued)

Depreciation expense was charged to the functions/programs of the County in 2014 as follows:

Governmental activities:

General government - administrative	\$	1,184,109
General government - judicial		172,599
Corrections		1,240,607
Emergency telephone		791,479
Public safety		458,681
Transportation		433,675
Roads and bridge maintenance		107,766
Recycling and waste management		38,799
Human services:		
Mental health/intellectual and developmental disabilities		2,348
Children and youth		12,540
Food and shelter		22,800
Office of aging		13,785
Other		4,322
Culture and recreation		12,729
Conservation		8,079

Total depreciation expense - governmental activities	\$	<u><u>4,504,318</u></u>
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Business-type activities:

County nursing home	\$	<u>840,647</u>
Total depreciation expense - business-type activities	\$	<u><u>840,647</u></u>

7. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2014 follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Children and Youth	\$ 2,902,978
	HealthChoices-Cumberland County	41,998
	MH/IDD	13,009
	County Nursing Home	572,742
	Non-major governmental funds	1,500,872
Non-major governmental funds	General	2,227,140
	MH/IDD	159,808
	County Nursing Home	1,217
	Non-major governmental funds	27,145
Internal Service Fund	General	1,320,459
Total		<u>\$ 8,767,368</u>

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, 2014 follow:

	Transfers in				Total
	General Fund	MH/IDD	Children and Youth	Governmental Non-major	
Transfers out:					
General Fund	\$ -	494,658	2,707,365	8,670,157	11,872,180
MH/IDD	1,500	-	-	-	1,500
Children and Youth	-	-	-	68,000	68,000
Non-major funds	87,174	-	-	1,197,959	1,285,133
Total transfers outs	\$ <u>88,674</u>	<u>494,658</u>	<u>2,707,365</u>	<u>9,936,116</u>	<u>13,226,813</u>

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, 2014:

<u>Liabilities</u>	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 51,076,757	2,365,000	6,885,826	46,555,931	4,608,213
Notes	715,000	-	-	715,000	-
Net premium (discount) on bonds and notes	1,470,849	76,644	243,367	1,304,126	-
Total bonds and notes payable	<u>53,262,606</u>	<u>2,441,644</u>	<u>7,129,193</u>	<u>48,575,057</u>	<u>4,608,213</u>
Sick and vacation	3,967,407	3,902,430	4,105,618	3,764,219	314,836
Other postemployment benefit obligations	667,340	76,281	51,108	692,513	-
Worker's Compensation	1,069,959	422,569	267,867	1,224,661	243,708
Software licensing agreements	229,597	-	138,108	91,489	91,489
Governmental activities long-term liabilities	<u>\$ 59,196,909</u>	<u>6,842,924</u>	<u>11,691,894</u>	<u>54,347,939</u>	<u>5,258,246</u>
Business-type activities:					
Bonds and notes payable:					
Bonds	\$ 6,923,243	2,500,000	834,174	8,589,069	1,086,787
Net premium (discount) on notes	808,939	47,774	121,808	734,905	-
Total bonds and notes payable	<u>7,732,182</u>	<u>2,547,774</u>	<u>955,982</u>	<u>9,323,974</u>	<u>1,086,787</u>
Sick and vacation	426,087	856,970	859,938	423,119	42,130
Other postemployment benefit obligations	243,265	26,825	17,973	252,117	-
Business-type activities long-term liabilities	<u>\$ 8,401,534</u>	<u>3,431,569</u>	<u>1,833,893</u>	<u>9,999,210</u>	<u>1,128,917</u>

Beginning balances were restated for an accounting reclassification of fund-type. Emergency Telephone 911, Hazmat, and Transportation were reclassified from a business-type activity to a Governmental activity.

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, 2014.

All bonds and notes outstanding at December 31, 2014, 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	14,265,000	—
G.O. bonds – 2010 issue	1.75% - 2.25%	2019	9,850,000	7,420,000	—
G.O. bonds – 2011 issue	2% - 5%	2031	18,000,000	16,045,000	—
G.O. bonds – 2013 issue	2% - 5%	2021	14,670,000	6,460,932	6,089,068
G.O. bonds – 2014 issue	2% - 2.255%	2024	4,865,000	2,365,000	2,500,000
Long-term debt at December 31, 2014				47,270,932	8,589,068
Premium/Discount on notes				1,304,126	734,905
Net long-term debt at December 31, 2014				\$ 48,575,058	9,323,973

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, 2014, of the 2008 bond issue, \$14,265,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2014, of the 2010 bond issue, \$7,420,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2014, of the 2011 bond issue, \$16,450,000 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.

Of the outstanding balance at December 31, 2014, of the 2013 bond issue, \$6,089,068 has been accounted for in the County nursing home, and \$6,460,932 benefits the general fund, and therefore, repayment will be budgeted in the General Fund.

In 2014, the County issued general obligation bonds, series 2014 to refund the 2009 bonds and to fund the nursing home renovations for a new dedicated short term rehabilitation unit. The proceeds of the 2014 bonds less issuance costs and construction fund were used to call and fully defease the 2009 bonds. The refunding resulted in a \$77,019 reduction in payments and an economic gain of \$75,449 in total. Of the outstanding balance at December 31, 2014, of the 2014 bond issue, \$2,500,000 has been accounted for in the County nursing home and \$2,365,000 benefits the general fund, and therefore, repayment will be budgeted in the general fund.

The County’s December 31, 2014, net nonelectoral debt limit, and combined net nonelectoral debt and net lease rental debt limit are \$425,304,6841 and \$585,692,908 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, 2014, including interest payments, are as follows:

		Governmental Activities		Business- type Activities	
		Principal	Interest	Principal	Interest
2015	\$	4,608,213	1,598,116	1,086,787	279,702
2016		4,723,520	1,474,114	1,121,480	244,508
2017		4,869,203	1,329,370	1,160,797	203,407
2018		5,050,511	1,172,673	1,179,489	161,446
2019		3,617,199	1,020,806	1,227,801	113,604
2020-2024		11,682,285	3,631,587	2,812,715	118,521
2025-2029		10,280,000	1,452,061	—	—
2030-2031		2,440,000	98,600	—	—
Total	\$	47,270,931	11,777,327	8,589,069	1,121,188

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 2024. Total expenses for such leases were \$683,703 for the year ended December 31, 2014.

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, 2014:

Year Ending December 31	Lease Payments
2015	\$ 569,073
2016	430,032
2017	364,050
2018	317,759
2019	286,841
2020-2024	879,365
Total	\$ 2,847,120

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.

A. 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, the date of the latest actuarial valuation:

	<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.

B. 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.

C. 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:

	2014
Employer normal cost	\$ 61,188
Amortization of unfunded actuarial accrued liability	59,029
Annual required contribution	120,217
Interest on the net OPEB obligation	36,694
Adjustment to the ARC	(53,057)
Annual OPEB cost	103,854
Contributions made	(69,581)
Increase in net OPEB obligation	34,273
Net OPEB obligation, beginning of year	917,347
Net OPEB obligation, end of year	<u>\$ 951,620</u>

The percentage of OPEB cost contributed for 2012 through 2014 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>
12/31/2012	\$291,459	40.52%	\$888,618
12/31/2013	\$104,367	72.50%	\$917,347
12/31/2014	\$103,854	67.00%	\$951,620

D. Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2014, is \$1,045,464. 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>
1/1/2014	-	\$1,045,464	\$1,045,464	-	\$51,584,761	2.00%

E. 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. Summary of Significant Accounting Policies

Method used to value investments. 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. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

B. Plan Description

Plan administration

Cumberland County's Employees' Retirement Trust Fund (the Plan) is a single-employer defined benefit pension plan that covers full-time employees of the County. The Plan is covered by the County Pension Law, Act 96 of 1971 of the General Assembly of the Commonwealth of Pennsylvania, as amended.

Management of the Plan is vested in the Plan's board, which consists of five members-the Controller, the Treasurer and the three Commissioners.

Plan membership

As of December 31, 2014, employee membership data related to the pension plan was as follows:

Inactive plan members or beneficiaries receiving benefits	526
Inactive plan members entitled to but not yet receiving benefits	106
Active plan members	<u>1,157</u>
	<u>1,789</u>

Benefits provided

All full-time employees are required to participate in the Plan. The pension plan provides retirement, disability and death benefits. Retirement benefits for Plan member with normal retirement at age 60 (or 55 with 20 years of service) are 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 involuntarily terminated. 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. A plan member who leaves the County with less than 5 years may withdraw his or her contributions, plus any accumulated interest.

The death benefits of an active Plan member with 10 years of service are either a lump sum payment of both the County and members contributions or an optional pension annuity to their surviving beneficiary.

Disability retirement benefits are available to active plan members with more than 5 years of service and who collect Social Security disability insurance payments are entitled to disability compensation of 25% of the average three highest compensation years.

Benefit terms provide for an ad hoc post-employment benefit change. Cost-of-living adjustments for pensioners are provided at the discretion of the Retirement Board and must be reviewed once every three years. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

Contributions

The Retirement Board may, at any time, either authorize active members of the retirement system, whether original or new members, to transfer from one member contribution class to another in which contribution rates can vary from 5 percent currently to a potential 9 percent, if elected. For further information see section 7 of the County Pension Law, Act 96 of 1971.

As a condition of participation the Retirement Board, under Section 7 of the County Pension Law, Act 96 of 1971, currently requires employees to contribute five percent of their salary. Employees may elect to contribute up to 15 percent of their salary. Interest is credited to the employee’s account each year at the currently approved annual rate of four percent as voted upon by the County Retirement Board.

Section 6 of the County Pension Law requires the actuary of the Pension board to annually certify the amount of appropriation to be made by the County to the Retirement fund to build up and maintain adequate reserves

for the payment of the County's share of retirement allowances. The actuarially determined annual required contribution (ARC) for 2014 was \$4,134,246 and is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount of finance any unfunded accrual liability.

C. Investments***Investment policy***

The Retirement Board's investment policy is described in Note 3, Deposits and Investments.

Concentrations

The limit on concentrations is part of the investment policy described in the Policies section of footnote 3, Deposits and Investments.

Rate of return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.73 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

D. Receivables

As of December 31, 2014, the County's pension plan does not contain any outstanding receivables for contributions from the County or any other non-employer contributing entity.

E. Allocated insurance contracts

As of December 31, 2014, the pension plan does not have any allocated insurance contracts that are excluded from pension plan assets.

F. Reserves

As of December 31, 2014, the pension plan does not have any reserves set aside for future benefit increases or decreased employer contributions.

G. Deferred retirement option program

The County does not offer plan participants a deferred retirement option program upon retirement.

H. Net Pension Liability of the County

The components of net pension liability of the County at December 31, 2014, were as follows:

Total pension liability	\$182,789,687
Plan fiduciary net position	<u>182,843,601</u>
County’s net pension liability	<u>\$ (53,914)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 100.03%

There is a \$40,973 difference between the Pension Trust statement of fiduciary net position on page 45 and the plan fiduciary net position recorded in the components of net pension liability of this note due to other liabilities reported in the statement of fiduciary net position.

I. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3.5%
Investment rate of return	7.5%, net of administrative expense, including inflation

Mortality rates are based on the 2013 RP annuitant and non-annuitant mortality tables for males and females with no projected improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on past experience under the plan and reasonable future expectations which represent the Retirement Board’s best estimate of anticipated experience under the plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2014, (see the discussion of the pension plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.4%
International equity	5.5
Debt or fixed income securities	1.3

J. Discount rate

The discount rate (long-term expected rate of return) used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at

equal monthly installments to fund the actuarially determined amounts. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods to determine the total net pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The net pension liability of the County is calculated using the current discount rate of 7.50 percent. The table below illustrates what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) and 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease <u>(6.50%)</u>	Current Discount Rate (7.50%)	1% Increase <u>(8.50%)</u>
County’s net pension liability	\$20,323,705	\$(53,914)	\$(11,560,351)

The schedules of 1) changes in net pension liability and related ratios, 2) County contributions, and 3) investment returns are presented as required supplementary information (RSI) following the notes to the financial statements.

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, 2014.

13. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2014, the County’s commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2014</u>	<u>Remaining Commitment</u>
County Bridge Replacement	\$1,553,108	\$2,740,938

The bridge replacement projects, in the County’s non-major funds, 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, except for CNRC and prison employees where the maximum is \$600,000. 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, 2014 and December 31, 2013, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2014	\$ 1,069,959	560,485	(137,917)	92,430	175,436	1,224,661
2013	\$ 984,424	523,443	(19,685)	60,754	357,469	1,069,959

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.

		<u>Beginning of Year Liability</u>	<u>Provision for Claims</u>		<u>Claim Payments</u>		<u>End of Year Liability</u>
			<u>Current Year</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Prior Years</u>	
2014	\$	30,000	509,389	-	509,262	13,127	17,000
2013	\$	41,000	763,260	-	757,111	17,149	30,000

15. Subsequent Event

On March 2, 2015, the Cumberland County Commissioners approved a business arrangement with York County’s rabbitransit to take over the shared ride transportation service. This transition will eliminate the Cumberland County Transportation Fund and will be effective July 1, 2015.

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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Taxes:				
Real estate taxes	\$ 49,762,846	49,762,846	49,788,005	25,159
Per capita taxes	—	—	26,631	26,631
Library taxes	3,241,953	3,241,953	3,245,175	3,222
Licenses and permits	142,400	142,400	185,585	43,185
Grants	3,126,003	3,131,977	3,738,246	606,269
County charges	11,680,905	11,680,905	12,046,511	365,606
Court costs, fines, and forfeitures	997,079	997,079	1,054,109	57,030
Interest	76,712	77,823	146,086	68,263
Contributions and other	176,200	176,200	288,755	112,555
Payment in lieu of taxes	132,045	132,045	134,638	2,593
Total revenues	<u>69,336,143</u>	<u>69,343,228</u>	<u>70,653,741</u>	<u>1,310,513</u>
EXPENDITURES				
Current:				
General government – administrative:				
Commissioners	792,165	842,030	787,003	55,027
Solicitors	352,050	341,620	300,253	41,367
Elections	920,111	967,597	865,005	102,592
Controller	1,054,786	1,053,625	1,002,680	50,945
Finance office	863,251	814,351	748,984	65,367
Tax claims	261,483	261,687	245,125	16,562
Treasurer	303,736	316,376	291,682	24,694
Tax collectors administration	332,600	337,475	314,530	22,945
Personnel	588,493	839,732	709,523	130,209
Tax assessment	1,401,995	1,234,720	1,114,704	120,016
Recorder of Deeds	520,854	408,554	381,830	26,724
Administrative services	201,465	311,819	231,076	80,743
Information management and technology office	2,086,391	2,360,156	1,721,657	638,499
Enterprise resource management office	574,426	542,426	446,727	95,699
Insurance	400,030	400,046	397,788	2,258
Human services fiscal operations	168,414	171,279	168,118	3,161
County buildings	2,678,081	2,642,384	2,398,027	244,357
Planning	582,186	521,766	489,913	31,853
Pooled reserves-program innovation, improvements and contingencies	950,000	8,649	—	8,649
Pooled reserves-contingencies	1,000,000	155,575	—	155,575
Debt retirement	5,547	5,583	3,583	2,000
Homestead	53,350	55,190	54,630	560
Uniform Parcel Identifier	97,286	95,676	88,103	7,573
Program subsidy	144,300	144,300	142,281	2,019
Total general government – administrative	<u>16,333,000</u>	<u>14,832,616</u>	<u>12,903,222</u>	<u>1,929,394</u>
General government – judicial:				
Building security	433,115	449,155	393,628	55,527
Courts	3,473,299	3,693,363	3,598,310	95,053
Court appointed advocate	159,819	162,739	159,221	3,518
District judges	3,280,744	3,164,951	2,888,354	276,597
Law library	261,316	261,316	239,788	21,528
Clerk of Court	762,663	743,892	716,090	27,802
Coroner	945,426	1,071,457	958,180	113,277

(Continued)

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

General Fund

For the year ended December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
EXPENDITURES (continued)				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,235,569	1,223,869	1,141,257	82,612
District Attorney	2,114,177	2,079,677	2,008,959	70,718
Prothonotary	614,026	742,395	598,909	143,486
Register of Wills	583,246	572,466	487,446	85,020
Sheriff	2,912,246	2,776,070	2,592,328	183,742
Total general government – judicial	<u>16,775,646</u>	<u>16,941,350</u>	<u>15,782,470</u>	<u>1,158,880</u>
Public safety:				
DA crime investigation	538,174	599,349	549,748	49,601
DA justice services	362,522	588,604	495,137	93,467
HAZMAT	158,702	142,757	112,517	30,240
Vector control	234,669	269,339	250,821	18,518
Fire training	24,390	24,390	17,609	6,781
Public safety	677,392	662,616	639,675	22,941
Total public safety	<u>1,995,849</u>	<u>2,287,055</u>	<u>2,065,507</u>	<u>221,548</u>
Corrections:				
County prison	12,758,629	13,046,858	12,759,345	287,513
Probation and parole	5,215,378	5,123,568	4,850,024	273,544
Total corrections	<u>17,974,007</u>	<u>18,170,426</u>	<u>17,609,369</u>	<u>561,057</u>
Human services	236,095	283,907	268,037	15,870
Culture and recreation	4,102,901	4,113,077	4,072,734	40,343
Conservation and development	1,112,532	1,143,452	768,011	375,441
Economic development	2,124,910	2,382,142	2,382,108	34
Total expenditures	<u>60,654,940</u>	<u>60,154,025</u>	<u>55,851,458</u>	<u>4,302,567</u>
Excess of revenues over expenditures	<u>8,681,203</u>	<u>9,189,203</u>	<u>14,802,283</u>	<u>5,613,080</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	224,579	224,579	161,281	(63,298)
Transfers out	(12,592,486)	(13,100,486)	(12,216,470)	884,016
Proceeds from the sale of assets	—	—	1,910	1,910
Total other financing sources (uses)	<u>(12,367,907)</u>	<u>(12,875,907)</u>	<u>(12,053,279)</u>	<u>822,628</u>
Net change in fund balance	(3,686,704)	(3,686,704)	2,749,004	6,435,708
Fund balance, beginning of year, as restated	<u>18,143,421</u>	<u>18,143,421</u>	<u>27,427,235</u>	<u>9,283,814</u>
Fund balance, end of year	<u>\$ 14,456,717</u>	<u>14,456,717</u>	<u>30,176,239</u>	<u>15,719,522</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, 2014*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 14,443,115	14,745,197	14,369,285	(375,912)
County charges	2,173,081	2,444,796	2,430,361	(14,435)
Interest	19,400	19,400	3,771	(15,629)
Contributions and other	113,439	113,439	117,135	3,696
Total revenues	16,749,035	17,322,832	16,920,552	(402,280)
EXPENDITURES				
Current:				
Human services	17,217,437	17,806,094	17,331,954	474,140
Capital outlay	21,881	7,021	—	7,021
Total expenditures	17,239,318	17,813,115	17,331,954	481,161
Deficiency of revenues under expenditures	(490,283)	(490,283)	(411,402)	78,881
OTHER FINANCING SOURCES (USES)				
Transfers in	496,283	496,283	480,253	(16,030)
Transfers out	(6,000)	(6,000)	(4,500)	1,500
Total other financing sources (uses)	490,283	490,283	475,753	(14,530)
Net change in fund balance	—	—	64,351	64,351
Fund balance, beginning of year	—	—	304,332	304,332
Fund balance, end of year	\$ —	—	368,683	368,683

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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 12,526,632	12,526,632	12,314,446	(212,186)
County charges	389,850	389,850	360,957	(28,893)
Contributions and others	500	500	1,842	1,342
Total revenues	<u>12,916,982</u>	<u>12,916,982</u>	<u>12,677,245</u>	<u>(239,737)</u>
EXPENDITURES				
Current:				
Human services	15,564,605	15,591,605	15,191,990	399,615
Capital outlay	27,000	—	—	—
Total expenditures	<u>15,591,605</u>	<u>15,591,605</u>	<u>15,191,990</u>	<u>399,615</u>
Deficiency of revenues under expenditures	<u>(2,674,623)</u>	<u>(2,674,623)</u>	<u>(2,514,745)</u>	<u>159,878</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,749,623	2,749,623	2,582,745	(166,878)
Transfers out	(75,000)	(75,000)	(68,000)	7,000
Total other financing sources (uses)	<u>2,674,623</u>	<u>2,674,623</u>	<u>2,514,745</u>	<u>(159,878)</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 28,143,827	29,525,796	29,391,867	(133,929)
Interest	1,200	1,200	326	(874)
Total revenues	<u>28,145,027</u>	<u>29,526,996</u>	<u>29,392,193</u>	<u>(134,803)</u>
EXPENDITURES				
Current:				
Human services	28,145,027	29,526,996	29,392,193	134,803
Total expenditures	<u>28,145,027</u>	<u>29,526,996</u>	<u>29,392,193</u>	<u>134,803</u>
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	—	—	8,340	8,340
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>8,340</u>	<u>8,340</u>

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

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT PLAN SCHEDULES

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years

	<u>2014</u>
Pension liability	
Service cost	\$ 1,903,395
Interest	13,023,617
Changes of benefit terms	-
Differences between expected and actual experience	406,591
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(8,425,180)</u>
Net change in total pension liability	6,908,423
Total pension liability-beginning	<u>175,881,264</u>
Total pension liability-ending	<u>\$ 182,789,687</u>
 Plan fiduciary net position	
Contributions-employer	\$ 4,134,246
Contributions-member	2,913,238
Net investment income	9,714,262
Benefit payments, including refunds of member contributions	(8,425,180)
Administrative expense	<u>(150,259)</u>
Net change in plan fiduciary net position	8,186,307
 Plan fiduciary net position-beginning	<u>174,657,294</u>
Plan fiduciary net position-ending	<u>\$ 182,843,601</u>
 Net pension liability	<u>\$ (53,914)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 100.03 %
 Covered-employee payroll	 \$ 52,236,859
Net pension liability as a percentage of covered-employee payroll	(0.10) %

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available is shown.

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT PLAN SCHEDULES

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Schedule of County Contributions
Last 10 Years

	<u>2014</u>
Actuarially determined contribution	\$ 4,134,246
Contributions in relation to the actuarially determined contribution	<u>4,134,246</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 52,236,859
Contributions as a percentage of covered-employee payroll	7.91 %

Notes to Schedule

Valuation date: January 1, 2014

Actuarially determined required contributions are determined at the beginning of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution amounts:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	21 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	3.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60, or 55 with 20 years' service
Mortality	2013 RP annuitant and non-annuitant mortality tables for males and females with no projected improvement.

Schedule of Investment Returns
Last 10 Years

	<u>2014</u>
Annual money weighted rate of return, net of investment expense	6.73 %

The schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information for those years for which information is available is shown.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
 COUNTY OF CUMBERLAND, PENNSYLVANIA

December 31, 2014
(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
1/1/2010	-	\$ 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%
1/1/2014	-	1,045,464	1,045,464	-	51,584,761	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, 2014

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, 2014, or on a fiscal year ended June 30, 2014. 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, 2014, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ 2,749,004
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	(64,712)
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	4
Offender supervision fund	<u>17,071</u>
GAAP basis - net change in fund balance	<u><u>\$ 2,701,367</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2014

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, there was a general fund supplemental appropriation enacted in the amount of \$7,085. The schedule of revenues, expenditures and changes in fund balances – budget and actual (budget basis) reflects this.

Actual expenditures and 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

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.

Emergency telephone fund – Used to account 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.

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, 2014

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	\$ 793,337	529,069	602,414	—	—	15,315	1,206,902
Investments	623,600	—	—	—	—	—	—
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	77,021	372,597	158,464	—	49,725	164,631	—
Accounts receivable	—	—	1,516	—	60,686	824	—
Due from other funds	—	—	—	44,023	22,851	699,273	—
Prepaid items	—	5,911	5,561	—	—	—	—
Restricted cash	—	—	—	—	—	—	—
Total assets	\$ 1,493,958	907,577	767,955	44,023	133,262	880,043	1,206,902
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 117,284	754	60,692	108	66,445	170,466	—
Accrued liabilities and withholdings	—	95,629	67,571	4,261	11,781	52,121	—
Due to other funds	—	794,474	106,590	—	—	—	16,398
Due from component unit	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	1,190,504
Unearned revenue	—	—	419,196	39,654	21,712	145,000	—
Funds held as fiduciary	—	16,720	—	—	—	—	—
Total liabilities	117,284	907,577	654,049	44,023	99,938	367,587	1,206,902
FUND BALANCES							
Nonspendable:							
Prepaid items	—	5,911	5,561	—	—	—	—
Restricted:							
Roads and bridge maintenance	1,376,674	—	—	—	—	—	—
Human services	—	—	107,326	—	—	512,456	—
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
Marcellus shale	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	1,019	—	33,324	—	—
Capital projects	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—
Unassigned	—	(5,911)	—	—	—	—	—
Total fund balances	1,376,674	—	113,906	—	33,324	512,456	—
Total liabilities and fund balances	\$ 1,493,958	907,577	767,955	44,023	133,262	880,043	1,206,902

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue							
	Recycling							
	Witness Assistance	ARD/DUI Program	Records Improvement	and Waste	Affordable Housing	Hotel Tax	Transportation	
(Continued)								
ASSETS								
Cash and cash equivalents	\$	—	—	545,835	810,404	16,998	809,910	200
Investments		—	—	—	—	—	—	—
Receivables:								
Taxes		—	—	—	—	—	93,017	—
Due from other governments		70,027	—	—	50,287	—	—	103,833
Accounts receivable		—	—	—	—	—	—	5,527
Due from other funds		—	29	—	—	—	—	436,478
Prepaid items		6,329	—	23,040	—	—	—	—
Restricted cash		—	—	—	—	—	—	—
Total assets	\$	<u>76,356</u>	<u>29</u>	<u>568,875</u>	<u>860,691</u>	<u>16,998</u>	<u>902,927</u>	<u>546,038</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$	1,102	29	43,803	4,474	—	—	23,657
Accrued liabilities and withholdings		15,895	—	1,970	2,806	—	—	61,223
Due to other funds		13,370	—	11,166	10,778	16,998	558,215	—
Due to component unit		—	—	—	—	—	344,712	—
Due to other governments		—	—	—	—	—	—	—
Unearned revenue		—	—	—	—	—	—	40,634
Funds held as fiduciary		—	—	—	—	—	—	—
Total liabilities		<u>30,367</u>	<u>29</u>	<u>56,939</u>	<u>18,058</u>	<u>16,998</u>	<u>902,927</u>	<u>125,514</u>
FUND BALANCES								
Nonspendable:								
Prepaid items		6,329	—	—	—	—	—	—
Restricted:								
Roads and bridge maintenance		—	—	—	—	—	—	—
Human services		—	—	—	—	—	—	—
Public safety		39,660	—	—	—	—	—	—
Row office automation		—	—	511,936	—	—	—	—
Marcellus shale		—	—	—	—	—	—	—
Conservation		—	—	—	842,633	—	—	—
Capital projects		—	—	—	—	—	—	—
Assigned:								
Human services		—	—	—	—	—	—	—
Capital projects		—	—	—	—	—	—	—
Transportation		—	—	—	—	—	—	420,524
Unassigned		—	—	—	—	—	—	—
Total fund balances		<u>45,989</u>	<u>—</u>	<u>511,936</u>	<u>842,633</u>	<u>—</u>	<u>—</u>	<u>420,524</u>
Total liabilities and fund balances	\$	<u><u>76,356</u></u>	<u><u>29</u></u>	<u><u>568,875</u></u>	<u><u>860,691</u></u>	<u><u>16,998</u></u>	<u><u>902,927</u></u>	<u><u>546,038</u></u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone</u>	<u>Total</u>			
(Continued)					
ASSETS					
Cash and cash equivalents	\$ —	5,330,384	—	1,006,726	6,337,110
Investments	—	623,600	—	—	623,600
Receivables:					
Taxes	—	93,017	—	—	93,017
Due from other governments	55,417	1,102,002	—	—	1,102,002
Accounts receivable	178,466	247,019	—	—	247,019
Due from other funds	1,212,656	2,415,310	—	—	2,415,310
Prepaid items	96,652	137,493	—	—	137,493
Restricted cash	—	—	—	874,744	874,744
Total assets	\$ <u>1,543,191</u>	<u>9,948,825</u>	<u>—</u>	<u>1,881,470</u>	<u>11,830,295</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 55,790	544,604	—	549,532	1,094,136
Accrued liabilities and withholdings	180,657	493,914	—	—	493,914
Due to other funds	—	1,527,989	—	28	1,528,017
Due from component unit	—	344,712	—	—	344,712
Due to other governments	—	1,190,504	—	—	1,190,504
Unearned revenue	1,306,744	1,972,940	—	—	1,972,940
Funds held as fiduciary	—	16,720	—	—	16,720
Total liabilities	<u>1,543,191</u>	<u>6,091,383</u>	<u>—</u>	<u>549,560</u>	<u>6,640,943</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	96,652	114,453	—	—	114,453
Restricted:					
Roads and bridge maintenance	—	1,376,674	—	—	1,376,674
Human services	—	619,782	—	—	619,782
Public safety	—	39,660	—	—	39,660
Row office automation	—	511,936	—	—	511,936
Marcellus shale	—	—	—	134,664	134,664
Conservation	—	842,633	—	—	842,633
Capital projects	—	—	—	697,246	697,246
Assigned:					
Human services	—	34,343	—	—	34,343
Capital projects	—	—	—	500,000	500,000
Transportation	—	420,524	—	—	420,524
Unassigned	(96,652)	(102,563)	—	—	(102,563)
Total fund balances	<u>—</u>	<u>3,857,442</u>	<u>—</u>	<u>1,331,910</u>	<u>5,189,352</u>
Total liabilities and fund balances	\$ <u>1,543,191</u>	<u>9,948,825</u>	<u>—</u>	<u>1,881,470</u>	<u>11,830,295</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2014

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	566,019	2,115,818	3,135,592	103,248	994,275	2,072,287	—
County charges	80	23,119	248,905	—	176,513	433,168	—
Court costs, fines and forfeitures	—	12,524	—	—	—	176,613	—
Interest	3,394	403	808	45	208	—	1,203
Contributions and other	—	—	33,970	—	5,700	14,461	—
Total revenues	<u>569,493</u>	<u>2,151,864</u>	<u>3,419,275</u>	<u>103,293</u>	<u>1,176,696</u>	<u>2,696,529</u>	<u>1,203</u>
EXPENDITURES							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	3,093,195	—	—	—	—	—
Emergency telephone	—	—	—	—	—	—	—
Public works and enterprises	234,643	—	—	—	—	—	—
Human services	—	—	3,385,571	115,332	1,209,950	2,943,133	310
Economic development and assistance	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Fiscal charges	—	—	—	—	—	—	—
Capital outlay	125,340	35,684	29,635	—	—	—	—
Payments to other governments	1,531	—	—	—	—	—	—
Total expenditures	<u>361,514</u>	<u>3,128,879</u>	<u>3,415,206</u>	<u>115,332</u>	<u>1,209,950</u>	<u>2,943,133</u>	<u>310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>207,979</u>	<u>(977,015)</u>	<u>4,069</u>	<u>(12,039)</u>	<u>(33,254)</u>	<u>(246,604)</u>	<u>893</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	—	977,015	30,452	68,000	55,961	283,719	—
Transfers out	—	—	—	(55,961)	(787)	—	(893)
Refunding bonds issued	—	—	—	—	—	—	—
Premium on refunding bonds issued	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—
Proceeds from insurance recovery	—	—	—	—	—	—	—
Proceeds from sale of assets	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>977,015</u>	<u>30,452</u>	<u>12,039</u>	<u>55,174</u>	<u>283,719</u>	<u>(893)</u>
Net changes in fund balance	207,979	—	34,521	—	21,920	37,115	—
Fund balances, beginning of year, as restated	1,168,695	—	79,385	—	11,404	475,341	—
Fund balances, end of year	<u>\$ 1,376,674</u>	<u>—</u>	<u>113,906</u>	<u>—</u>	<u>33,324</u>	<u>512,456</u>	<u>—</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue							
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling and Waste		Affordable Housing	Hotel Tax	Transportation
(Continued)								
REVENUES								
Taxes	\$ —	—	—	—	—	1,676,860	—	—
Grants	214,703	—	—	55,303	—	—	1,101,967	—
County charges	29,747	297,365	149,824	121,023	176,318	—	1,277,491	—
Court costs, fines and forfeitures	—	—	—	—	—	—	—	—
Interest	—	—	726	1,457	31	658	—	—
Contributions and other	—	—	—	20,000	—	—	—	—
Total revenues	<u>244,450</u>	<u>297,365</u>	<u>150,550</u>	<u>197,783</u>	<u>176,349</u>	<u>1,677,518</u>	<u>2,379,458</u>	<u>—</u>
EXPENDITURES								
Current:								
General government – administrative	—	—	193,610	—	33,848	—	—	—
General government – judicial	—	126,319	—	—	—	—	—	—
Emergency telephone	—	—	—	—	—	—	—	—
Public works and enterprises	—	—	—	286,748	—	—	—	—
Human services	443,565	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	1,676,760	—	—
Transportation	—	—	—	—	—	—	2,201,417	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—	—
Fiscal charges	—	—	—	—	—	—	—	—
Capital outlay	—	—	189,955	—	—	—	—	—
Payments to other governments	—	—	—	—	164,203	—	—	—
Total expenditures	<u>443,565</u>	<u>126,319</u>	<u>383,565</u>	<u>286,748</u>	<u>198,051</u>	<u>1,676,760</u>	<u>2,201,417</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(199,115)</u>	<u>171,046</u>	<u>(233,015)</u>	<u>(88,965)</u>	<u>(21,702)</u>	<u>758</u>	<u>178,041</u>	<u>—</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	201,737	—	—	—	838	—	—	—
Transfers out	—	(171,046)	—	—	—	(758)	—	—
Refunding bonds issued	—	—	—	—	—	—	—	—
Premium on refunding bonds issued	—	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	—	—
Proceeds from insurance recovery	—	—	—	—	—	—	5,756	—
Proceeds from sale of assets	—	—	—	—	—	—	2,987	—
Total other financing sources (uses)	<u>201,737</u>	<u>(171,046)</u>	<u>—</u>	<u>—</u>	<u>838</u>	<u>(758)</u>	<u>8,743</u>	<u>—</u>
Net changes in fund balance	2,622	—	(233,015)	(88,965)	(20,864)	—	186,784	—
Fund balances, beginning of year, as restated	43,367	—	744,951	931,598	20,864	—	233,740	—
Fund balances, end of year	<u>\$ 45,989</u>	<u>—</u>	<u>511,936</u>	<u>842,633</u>	<u>—</u>	<u>—</u>	<u>420,524</u>	<u>—</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone</u>	<u>Total</u>			
(Continued)					
REVENUES					
Taxes	\$ —	1,676,860	—	—	1,676,860
Grants	1,483,950	11,843,162	—	385,142	12,228,304
County charges	1,638,261	4,571,814	—	—	4,571,814
Court costs, fines and forfeitures	—	189,137	—	—	189,137
Interest	1,781	10,714	—	4,008	14,722
Contributions and other	146	74,277	—	20	74,297
Total revenues	<u>3,124,138</u>	<u>18,365,964</u>	<u>—</u>	<u>389,170</u>	<u>18,755,134</u>
EXPENDITURES					
Current:					
General government – administrative	—	227,458	—	96,703	324,161
General government – judicial	—	3,219,514	—	—	3,219,514
Emergency telephone	4,606,338	4,606,338	—	—	4,606,338
Public works and enterprises	—	521,391	—	—	521,391
Human services	—	8,097,861	—	—	8,097,861
Economic development and assistance	—	1,676,760	—	—	1,676,760
Transportation	—	2,201,417	—	—	2,201,417
Debt service:					
Principal retirement	—	—	4,623,934	—	4,623,934
Debt interest	—	—	1,720,603	—	1,720,603
Fiscal charges	—	—	39,226	—	39,226
Capital outlay	2,715	383,329	—	945,636	1,328,965
Payments to other governments	—	165,734	—	1,803	167,537
Total expenditures	<u>4,609,053</u>	<u>21,099,802</u>	<u>6,383,763</u>	<u>1,044,142</u>	<u>28,527,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,484,915)</u>	<u>(2,733,838)</u>	<u>(6,383,763)</u>	<u>(654,972)</u>	<u>(9,772,573)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,974,343	3,592,065	6,344,051	—	9,936,116
Transfers out	(764,404)	(993,849)	—	(291,284)	(1,285,133)
Refunding bonds issued	—	—	2,365,000	—	2,365,000
Premium on refunding bonds issued	—	—	76,644	—	76,644
Payment to refunded bond escrow agent	—	—	(2,401,932)	—	(2,401,932)
Proceeds from insurance recovery	128	5,884	—	—	5,884
Proceeds from sale of assets	—	2,987	—	—	2,987
Total other financing sources (uses)	<u>1,210,067</u>	<u>2,607,087</u>	<u>6,383,763</u>	<u>(291,284)</u>	<u>8,699,566</u>
Net changes in fund balance	(274,848)	(126,751)	—	(946,256)	(1,073,007)
Fund balances, beginning of year, as restated	274,848	3,984,193	—	2,278,166	6,262,359
Fund balances, end of year	\$ <u>—</u>	<u>3,857,442</u>	<u>—</u>	<u>1,331,910</u>	<u>5,189,352</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants:				
Liquid fuels tax	\$ 1,624,000	1,624,000	566,019	(1,057,981)
County charges	250	250	80	(170)
Interest	1,600	1,600	3,394	1,794
Total revenues	<u>1,625,850</u>	<u>1,625,850</u>	<u>569,493</u>	<u>(1,056,357)</u>
EXPENDITURES				
Current:				
Public works and enterprises	505,755	505,755	234,643	271,112
Capital outlay	2,255,000	2,255,000	125,340	2,129,660
Payments to other governments	40,000	40,000	1,531	38,469
Total expenditures	<u>2,800,755</u>	<u>2,800,755</u>	<u>361,514</u>	<u>2,439,241</u>
Excess (deficiency) of revenues over (under) expenditures	(1,174,905)	(1,174,905)	207,979	1,382,884
Fund balance, beginning of year	<u>1,184,334</u>	<u>1,184,334</u>	<u>1,168,695</u>	<u>(15,639)</u>
Fund balance, end of year	<u>\$ 9,429</u>	<u>9,429</u>	<u>1,376,674</u>	<u>1,367,245</u>

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

Domestic Relations Office

For the year ended December 31, 2014

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	\$ 2,226,856	2,226,856	2,115,818	(111,038)
County charges	27,975	27,975	23,119	(4,856)
Court costs, fines, and forfeitures	13,500	13,500	12,524	(976)
Interest	500	500	403	(97)
	<u>2,268,831</u>	<u>2,268,831</u>	<u>2,151,864</u>	<u>(116,967)</u>
EXPENDITURES				
Current:				
General government – judicial	3,182,021	3,194,361	3,093,195	101,166
Capital outlay	52,432	40,092	35,684	4,408
	<u>3,234,453</u>	<u>3,234,453</u>	<u>3,128,879</u>	<u>105,574</u>
Deficiency of revenues under expenditures	<u>(965,622)</u>	<u>(965,622)</u>	<u>(977,015)</u>	<u>(11,393)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>965,622</u>	<u>965,622</u>	<u>977,015</u>	<u>11,393</u>
	<u>965,622</u>	<u>965,622</u>	<u>977,015</u>	<u>11,393</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, 2014

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	\$ 3,121,692	3,196,692	3,093,903	(102,789)
County charges	227,800	227,800	244,460	16,660
Interest	200	200	696	496
Contributions and other	24,500	24,500	35,519	11,019
Total revenues	<u>3,374,192</u>	<u>3,449,192</u>	<u>3,374,578</u>	<u>(74,614)</u>
EXPENDITURES				
Current:				
Human services	3,560,402	3,600,402	3,347,708	252,694
Capital outlay	10,000	45,000	39,415	5,585
Total expenditures	<u>3,570,402</u>	<u>3,645,402</u>	<u>3,387,123</u>	<u>258,279</u>
Deficiency of revenues under expenditures	<u>(196,210)</u>	<u>(196,210)</u>	<u>(12,545)</u>	<u>183,665</u>
OTHER FINANCING SOURCES				
Transfers in	196,210	196,210	30,452	(165,758)
Total other financing sources	<u>196,210</u>	<u>196,210</u>	<u>30,452</u>	<u>(165,758)</u>
Net change in fund balance	—	—	17,907	17,907
Fund balance, beginning of year	<u>123,262</u>	<u>123,262</u>	<u>200,499</u>	<u>77,237</u>
Fund balance, end of year	<u>\$ 123,262</u>	<u>123,262</u>	<u>218,406</u>	<u>95,144</u>

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

Human Services Development

For the fiscal year ended June 30, 2014

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	\$ 129,187	129,187	129,187	—
Interest	—	—	45	45
Total revenues	<u>129,187</u>	<u>129,187</u>	<u>129,232</u>	<u>45</u>
EXPENDITURES				
Current:				
Human services	<u>106,520</u>	<u>115,925</u>	<u>115,925</u>	<u>—</u>
Total expenditures	<u>106,520</u>	<u>115,925</u>	<u>115,925</u>	<u>0</u>
Excess of revenues over expenditures	<u>22,667</u>	<u>13,262</u>	<u>13,307</u>	<u>45</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	68,000	(7,000)
Transfers out	<u>(97,667)</u>	<u>(88,262)</u>	<u>(81,307)</u>	<u>6,955</u>
Total other financing sources (uses)	<u>(22,667)</u>	<u>(13,262)</u>	<u>(13,307)</u>	<u>(45)</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**

Food and Shelter

For the fiscal year ended June 30, 2014

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	\$ 638,031	938,951	758,988	(179,963)
County charges	195,000	285,000	152,489	(132,511)
Contributions and other	—	—	5,700	5,700
Interest	—	—	208	208
Total revenues	<u>833,031</u>	<u>1,223,951</u>	<u>917,385</u>	<u>(306,566)</u>
EXPENDITURES				
Current:				
Human services	<u>982,023</u>	<u>1,373,156</u>	<u>988,722</u>	<u>384,434</u>
Total expenditures	<u>982,023</u>	<u>1,373,156</u>	<u>988,722</u>	<u>384,434</u>
Deficiency of revenues over expenditures	<u>(148,992)</u>	<u>(149,205)</u>	<u>(71,337)</u>	<u>77,868</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	149,992	149,992	81,307	(68,685)
Transfers out	<u>(1,000)</u>	<u>(787)</u>	<u>(787)</u>	<u>—</u>
Total other financing sources (uses)	<u>148,992</u>	<u>149,205</u>	<u>80,520</u>	<u>(68,685)</u>
Net change in fund balance	—	—	9,183	9,183
Fund balance, beginning of year	<u>49,164</u>	<u>49,164</u>	<u>53,872</u>	<u>4,708</u>
Fund balance, end of year	<u>\$ 49,164</u>	<u>49,164</u>	<u>63,055</u>	<u>13,891</u>

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

Drug and Alcohol

For the fiscal year ended June 30, 2014

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	\$ 2,097,778	2,072,007	2,085,659	13,652
County charges	281,576	375,146	382,225	7,079
Court costs, fines and forfeitures	161,417	162,017	163,890	1,873
Contributions and other	6,837	14,337	14,361	24
Total revenues	<u>2,547,608</u>	<u>2,623,507</u>	<u>2,646,135</u>	<u>22,628</u>
EXPENDITURES				
Current:				
Human services	2,872,907	3,133,645	2,919,637	214,008
Capital outlay	4,500	—	—	—
Total expenditures	<u>2,877,407</u>	<u>3,133,645</u>	<u>2,919,637</u>	<u>214,008</u>
Deficiency of revenues under expenditures	<u>(329,799)</u>	<u>(510,138)</u>	<u>(273,502)</u>	<u>236,636</u>
OTHER FINANCING SOURCES				
Transfers in	<u>308,939</u>	<u>278,629</u>	<u>278,629</u>	<u>—</u>
Total other financing sources	<u>308,939</u>	<u>278,629</u>	<u>278,629</u>	<u>—</u>
Net change in fund balance	(20,860)	(231,509)	5,127	236,636
Fund balance, beginning of year	<u>437,970</u>	<u>437,970</u>	<u>427,960</u>	<u>(10,010)</u>
Fund balance, end of year	<u>\$ 417,110</u>	<u>206,461</u>	<u>433,087</u>	<u>226,626</u>

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

Fiscal Employer Agent

For the fiscal year ended June 30, 2014

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	\$ —	1,000	1,110	110
Total revenues	—	1,000	1,110	110
EXPENDITURES				
Current:				
Human services	—	400	—	400
Payments to other governments	—	600	256	344
Total expenditures	—	1,000	256	744
Excess of revenues over expenditures	—	—	854	854
OTHER FINANCING SOURCES				
Transfers out	—	—	(854)	(854)
Total other financing uses	—	—	(854)	(854)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	187,773	187,773
Fund balance, end of year	\$ —	—	187,773	187,773

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

Witness Assistance

For the year ended December 31, 2014

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	\$ 186,605	186,605	214,703	28,098
County charges	24,000	24,000	29,747	5,747
Contributions and other	100	100	—	(100)
Total revenues	<u>210,705</u>	<u>210,705</u>	<u>244,450</u>	<u>33,745</u>
EXPENDITURES				
Current:				
Human services	<u>481,317</u>	<u>481,317</u>	<u>443,565</u>	<u>37,752</u>
Total expenditures	<u>481,317</u>	<u>481,317</u>	<u>443,565</u>	<u>37,752</u>
Deficiency of revenues under expenditures	<u>(270,612)</u>	<u>(270,612)</u>	<u>(199,115)</u>	<u>71,497</u>
OTHER FINANCING SOURCES				
Transfers in	<u>254,615</u>	<u>254,615</u>	<u>201,737</u>	<u>(52,878)</u>
Total other financing sources	<u>254,615</u>	<u>254,615</u>	<u>201,737</u>	<u>(52,878)</u>
Net change in fund balance	(15,997)	(15,997)	2,622	18,619
Fund balance, beginning of year	<u>44,145</u>	<u>44,145</u>	<u>43,367</u>	<u>(778)</u>
Fund balance, end of year	<u>\$ 28,148</u>	<u>28,148</u>	<u>45,989</u>	<u>17,841</u>

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

Witness Assistance - VOCA

For the year ended June 30, 2014

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	\$ 76,790	76,790	—	(76,790)
Total revenues	76,790	76,790	—	(76,790)
EXPENDITURES				
Current:				
Human services	162,366	162,366	—	162,366
Total expenditures	162,366	162,366	—	162,366
Deficiency of revenues under expenditures	(85,576)	(85,576)	—	85,576
OTHER FINANCING SOURCES				
Transfers in	85,576	85,576	—	(85,576)
Total other financing sources	85,576	85,576	—	(85,576)
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, 2014

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	\$ 312,000	312,000	297,365	(14,635)
Total revenues	312,000	312,000	297,365	(14,635)
EXPENDITURES				
Current:				
General government – judicial	167,175	140,875	126,319	14,556
Total expenditures	167,175	140,875	126,319	14,556
Excess of revenues over expenditures	144,825	171,125	171,046	(79)
OTHER FINANCING SOURCES				
Transfers out	(144,825)	(171,125)	(171,046)	79
Total other financing uses	(144,825)	(171,125)	(171,046)	79
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, 2014

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	\$ 205,000	205,000	149,824	(55,176)
Interest	1,900	1,900	726	(1,174)
Total revenues	<u>206,900</u>	<u>206,900</u>	<u>150,550</u>	<u>(56,350)</u>
EXPENDITURES				
Current:				
General government – administrative	213,600	282,039	193,610	88,429
Capital outlay	88,870	244,464	189,955	54,509
Total expenditures	<u>302,470</u>	<u>526,503</u>	<u>383,565</u>	<u>142,938</u>
Deficiency of revenues under expenditures	<u>(95,570)</u>	<u>(319,603)</u>	<u>(233,015)</u>	<u>86,588</u>
OTHER FINANCING SOURCES				
Transfers out	<u>—</u>	<u>(247,380)</u>	<u>—</u>	<u>247,380</u>
Total other financing uses	<u>—</u>	<u>(247,380)</u>	<u>—</u>	<u>247,380</u>
Net change in fund balance	(95,570)	(566,983)	(233,015)	333,968
Fund balance, beginning of year	<u>770,427</u>	<u>770,427</u>	<u>744,951</u>	<u>(25,476)</u>
Fund balance, end of year	<u>\$ 674,857</u>	<u>203,444</u>	<u>511,936</u>	<u>308,492</u>

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

Recycling and Waste

For the year ended December 31, 2014

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	\$ 323,800	323,800	55,303	(268,497)
County charges	115,000	115,000	121,023	6,023
Interest	1,200	1,200	1,457	257
Contributions and other	20,000	20,000	20,000	—
Total revenues	<u>460,000</u>	<u>460,000</u>	<u>197,783</u>	<u>(262,217)</u>
EXPENDITURES				
Current:				
Public works and enterprises	487,284	487,284	286,748	200,536
Capital outlay	380,000	380,000	—	380,000
Total expenditures	<u>867,284</u>	<u>867,284</u>	<u>286,748</u>	<u>580,536</u>
Deficiency of revenues under expenditures	(407,284)	(407,284)	(88,965)	318,319
Fund balance, beginning of year	<u>953,580</u>	<u>953,580</u>	<u>931,598</u>	<u>(21,982)</u>
Fund balance, end of year	<u>\$ 546,296</u>	<u>546,296</u>	<u>842,633</u>	<u>296,337</u>

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

Affordable Housing

For the year ended December 31, 2014

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	\$ 240,000	240,000	176,318	(63,682)
Interest	110	110	31	(79)
Total revenues	<u>240,110</u>	<u>240,110</u>	<u>176,349</u>	<u>(63,761)</u>
EXPENDITURES				
Current:				
General government - administrative	44,488	44,488	33,848	10,640
Payments to other governments	<u>198,640</u>	<u>198,640</u>	<u>164,203</u>	<u>34,437</u>
Total expenditures	<u>243,128</u>	<u>243,128</u>	<u>198,051</u>	<u>45,077</u>
Deficiency of revenues under expenditures	<u>(3,018)</u>	<u>(3,018)</u>	<u>(21,702)</u>	<u>(18,684)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>—</u>	<u>—</u>	<u>838</u>	<u>838</u>
Total other financing sources	<u>—</u>	<u>—</u>	<u>838</u>	<u>838</u>
Net change in fund balance	(3,018)	(3,018)	(20,864)	(17,846)
Fund balance, beginning of year	<u>62,200</u>	<u>62,200</u>	<u>20,864</u>	<u>(41,336)</u>
Fund balance, end of year	<u>\$ 59,182</u>	<u>59,182</u>	<u>—</u>	<u>(59,182)</u>

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

Hotel Tax

For the year ended December 31, 2014

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	\$ 1,600,000	2,186,734	1,676,860	(509,874)
Interest	850	850	658	(192)
Total revenues	<u>1,600,850</u>	<u>2,187,584</u>	<u>1,677,518</u>	<u>(510,066)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>1,600,000</u>	<u>2,186,734</u>	<u>1,676,760</u>	<u>509,974</u>
Total expenditures	<u>1,600,000</u>	<u>2,186,734</u>	<u>1,676,760</u>	<u>509,974</u>
Excess of revenues over expenditures	<u>850</u>	<u>850</u>	<u>758</u>	<u>(92)</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(850)</u>	<u>(850)</u>	<u>(758)</u>	<u>92</u>
Total other financing uses	<u>(850)</u>	<u>(850)</u>	<u>(758)</u>	<u>92</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>	<u><u>—</u></u>	<u><u>—</u></u>

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

Transportation

For the fiscal year ended June 30, 2014

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	\$ —	877,000	529,329	(347,671)
County charges	—	654,726	635,818	(18,908)
Interest	—	360	—	(360)
Total revenues	—	1,532,086	1,165,147	(366,939)
EXPENDITURES				
Current:				
Transportation	—	1,267,533	1,114,979	152,554
Capital outlay	—	375,100	—	375,100
Total expenditures	—	1,642,633	1,114,979	527,654
Excess (deficiency) of revenues over (under) expenditures	—	(110,547)	50,168	160,715
OTHER FINANCING SOURCES				
Transfer in	—	110,547	—	(110,547)
Proceeds from insurance recovery	—	—	3,592	3,592
Total other financing sources	—	110,547	3,592	(106,955)
Net change in fund balance	—	—	53,760	53,760
Fund balance, beginning of year, as restated	—	—	233,740	233,740
Fund balance, end of year	\$ —	—	287,500	287,500

Please note the above schedule for transportation presents six months of activity from January 1st to June 30th, 2014. Beginning on January 1st, transportation was reclassified from an enterprise fund to governmental. Also, the decision to reclassify was after the budget was adopted and budget amendments were approved subsequent to that date.

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

Emergency Telephone

For the fiscal year ended December 31, 2014

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	\$ 1,759,794	1,759,794	1,483,950	(275,844)
County charges	1,703,428	1,703,428	1,638,261	(65,167)
Interest	—	—	1,781	1,781
Contributions and other	—	—	146	146
Total revenues	<u>3,463,222</u>	<u>3,463,222</u>	<u>3,124,138</u>	<u>(339,084)</u>
EXPENDITURES				
Current:				
Emergency telephone	5,105,085	5,101,172	4,606,338	494,834
Capital outlay	<u>293,674</u>	<u>297,587</u>	<u>2,715</u>	<u>294,872</u>
Total expenditures	<u>5,398,759</u>	<u>5,398,759</u>	<u>4,609,053</u>	<u>789,706</u>
Deficiency of revenues over expenditures	<u>(1,935,537)</u>	<u>(1,935,537)</u>	<u>(1,484,915)</u>	<u>450,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	899,947	899,947	1,974,343	1,074,396
Transfers out	(764,410)	(764,410)	(764,404)	6
Proceeds from insurance recovery	—	—	128	128
Total other financing sources (uses)	<u>135,537</u>	<u>135,537</u>	<u>1,210,067</u>	<u>1,074,530</u>
Net change in fund balance	(1,800,000)	(1,800,000)	(274,848)	1,525,152
Fund balance, beginning of year, as restated	<u>1,800,000</u>	<u>1,800,000</u>	<u>274,848</u>	<u>(1,525,152)</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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
EXPENDITURES				
Debt service:				
Principal retirement	4,625,977	4,625,977	4,623,934	2,043
Debt interest	1,727,508	1,727,508	1,720,603	6,905
Fiscal charges	—	(37,000)	39,226	(76,226)
Total expenditures	6,353,485	6,316,485	6,383,763	(67,278)
Deficiency of revenues under expenditures	(6,353,485)	(6,316,485)	(6,383,763)	(67,278)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,353,485	6,353,485	6,344,051	(9,434)
Refunding bonds issued	—	2,365,000	2,365,000	—
Premium on refunding bonds issued	—	—	76,644	76,644
Payment to refunded bond escrow agent	—	(2,402,000)	(2,401,932)	68
Total other financing sources (uses)	6,353,485	6,316,485	6,383,763	67,278
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, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 300,000	300,000	385,142	85,142
Interest	2,550	2,550	4,008	1,458
Contributions and other	—	—	20	20
Total revenues	<u>302,550</u>	<u>302,550</u>	<u>389,170</u>	<u>86,620</u>
EXPENDITURES				
Current:				
General government-administrative	541,145	566,336	96,703	469,633
Capital outlay	1,800,000	2,170,809	945,636	1,225,173
Payments to other governments	—	4,000	1,803	2,197
Total expenditures	<u>2,341,145</u>	<u>2,741,145</u>	<u>1,044,142</u>	<u>1,697,003</u>
Deficiency of revenues under expenditures	<u>(2,038,595)</u>	<u>(2,438,595)</u>	<u>(654,972)</u>	<u>1,783,623</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	575,000	575,000	—	(575,000)
Transfer out	—	(300,000)	(291,284)	8,716
Total other financing sources (uses)	<u>575,000</u>	<u>275,000</u>	<u>(291,284)</u>	<u>(566,284)</u>
Net change in fund balance	(1,463,595)	(2,163,595)	(946,256)	1,217,339
Fund balance, beginning of year	<u>2,686,939</u>	<u>2,686,939</u>	<u>2,278,166</u>	<u>(408,773)</u>
Fund balance, end of year	<u>\$ 1,223,344</u>	<u>523,344</u>	<u>1,331,910</u>	<u>808,566</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, 2014

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	\$ 228,136	228,136	169,305	(58,831)
Interest	250	250	175	(75)
Total revenues	<u>228,386</u>	<u>228,386</u>	<u>169,480</u>	<u>(58,906)</u>
EXPENDITURES				
Current:				
Public safety	228,386	225,265	166,491	58,774
Capital outlat	—	3,121	2,989	132
Total expenditures	<u>228,386</u>	<u>228,386</u>	<u>169,480</u>	<u>58,906</u>
Excess of revenues over expenditures	—	—	—	—
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**

Criminal Justice Planning

For the fiscal year ended June 30, 2014

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	\$ 365,893	470,792	468,683	(2,109)
County charges	3,000	3,000	3,007	7
Contributions and other	—	—	1,400	1,400
Total revenues	<u>368,893</u>	<u>473,792</u>	<u>473,090</u>	<u>(702)</u>
EXPENDITURES				
Current:				
Human services	529,754	632,957	628,080	4,877
Capital outlay	4,100	15,504	15,344	160
Total expenditures	<u>533,854</u>	<u>648,461</u>	<u>643,424</u>	<u>5,037</u>
Deficiency of revenues under expenditures	<u>(164,961)</u>	<u>(174,669)</u>	<u>(170,334)</u>	<u>4,335</u>
OTHER FINANCING SOURCES				
Transfers in	<u>164,961</u>	<u>170,356</u>	<u>169,726</u>	<u>(630)</u>
Total other financing sources	<u>164,961</u>	<u>170,356</u>	<u>169,726</u>	<u>(630)</u>
Net change in fund balance	—	(4,313)	(608)	3,705
Fund balance, beginning of year	<u>4,908</u>	<u>4,908</u>	<u>4,909</u>	<u>1</u>
Fund balance, end of year	<u>\$ 4,908</u>	<u>595</u>	<u>4,301</u>	<u>3,706</u>

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

Offender Supervision

For the fiscal year ended June 30, 2014

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	\$ 550	550	—	(550)
Court costs, fines, and forfeitures	636,180	638,558	702,845	64,287
Total revenues	636,730	639,108	702,845	63,737
EXPENDITURES				
Current:				
Public safety	658,041	660,419	625,813	34,606
Total expenditures	658,041	660,419	625,813	34,606
Excess (deficiency) of revenues over (under) expenditures	(21,311)	(21,311)	77,032	98,343
OTHER FINANING SOURCES				
Transfers out	(75,000)	(75,000)	(75,000)	—
Total other financing uses	(75,000)	(75,000)	(75,000)	—
Net change in fund balance	(96,311)	(96,311)	2,032	98,343
Fund balance, beginning of year	799,029	799,029	799,032	3
Fund balance, end of year	\$ 702,718	702,718	801,064	98,346

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

STOP Grant

For the year ended December 31, 2014

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	—
Interest	—	—	1	1
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>125,001</u>	<u>1</u>
EXPENDITURES				
Current:				
Public safety	<u>258,745</u>	<u>261,245</u>	<u>250,565</u>	<u>10,680</u>
Total expenditures	<u>258,745</u>	<u>261,245</u>	<u>250,565</u>	<u>10,680</u>
Deficiency of revenues under expenditures	<u>(133,745)</u>	<u>(136,245)</u>	<u>(125,564)</u>	<u>10,681</u>
OTHER FINANCING SOURCES				
Transfers in	<u>133,745</u>	<u>136,245</u>	<u>125,564</u>	<u>(10,681)</u>
Total other financing sources	<u>133,745</u>	<u>136,245</u>	<u>125,564</u>	<u>(10,681)</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>	<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, 2014

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	\$ —	1,607	1,788	181
Total revenues	—	1,607	1,788	181
EXPENDITURES				
Current:				
Human services	53,545	62,127	33,577	28,550
Total expenditures	53,545	62,127	33,577	28,550
Deficiency of revenues under expenditures	(53,545)	(60,520)	(31,789)	28,731
OTHER FINANCING SOURCES				
Transfers in	53,545	60,520	31,789	(28,731)
Total other financing sources	53,545	60,520	31,789	(28,731)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

Internal Service Fund Combining Statements

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, 2014

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	\$ 29,408	—	29,408
Investments	1,627,252	—	1,627,252
Due from other funds	—	1,320,459	1,320,459
Customer accounts receivable	1,400	—	1,400
Prepaid	81,671	—	81,671
Total current assets	<u>1,739,731</u>	<u>1,320,459</u>	<u>3,060,190</u>
Total assets	<u>1,739,731</u>	<u>1,320,459</u>	<u>3,060,190</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,850	17,000	19,850
Self-insurance claims payable	243,708	—	243,708
Total current liabilities	<u>246,558</u>	<u>17,000</u>	<u>263,558</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	980,953	—	980,953
Total noncurrent liabilities	<u>980,953</u>	<u>—</u>	<u>980,953</u>
Total liabilities	<u>1,227,511</u>	<u>17,000</u>	<u>1,244,511</u>
NET POSITION			
Unrestricted	512,220	1,303,459	1,815,679
Total net position	<u>\$ 512,220</u>	<u>1,303,459</u>	<u>1,815,679</u>

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

Internal Service Funds

For the year ended December 31, 2014

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	\$ 560,230	656,096	1,216,326
Total operating revenues	<u>560,230</u>	<u>656,096</u>	<u>1,216,326</u>
Operating expenses:			
Patient/client services	568,070	509,390	1,077,460
Total operating expenses	<u>568,070</u>	<u>509,390</u>	<u>1,077,460</u>
Operating income (loss)	(7,840)	146,706	138,866
Nonoperating revenues:			
Interest income	32,595	—	32,595
Total nonoperating revenues	<u>32,595</u>	<u>—</u>	<u>32,595</u>
Change in net position	24,755	146,706	171,461
Total net position, beginning of year	487,465	1,156,753	1,644,218
Total net position, end of year	<u>\$ 512,220</u>	<u>1,303,459</u>	<u>1,815,679</u>

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2014***COUNTY OF CUMBERLAND, PENNSYLVANIA****(unaudited)**

	Workers' Compensation	Health Reimbursement Arrangement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received on county charges	\$ 560,230	522,390	1,082,620
Payments to vendors	—	(522,390)	(522,390)
Payments to employees	(412,316)	—	(412,316)
Net cash provided by operating activities	<u>147,914</u>	<u>—</u>	<u>147,914</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(531,930)	—	(531,930)
Gain on investments	33,095	—	33,095
Net cash used by investing activities	<u>(498,835)</u>	<u>—</u>	<u>(498,835)</u>
Net decrease in cash and cash equivalents	(350,921)	—	(350,921)
Cash and cash equivalents, January 1	380,329	—	380,329
Cash and cash equivalents, December 31	<u>\$ 29,408</u>	<u>—</u>	<u>29,408</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (7,840)	146,706	138,866
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Prepays	302	—	302
Due from other funds	—	(133,706)	(133,706)
Accounts payable	750	(13,000)	(12,250)
Self-insurance debt-claims payable	154,702	—	154,702
Total adjustments	<u>155,754</u>	<u>(146,706)</u>	<u>9,048</u>
Net cash provided by operating activities	<u>\$ 147,914</u>	<u>—</u>	<u>147,914</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	\$ 6,523	62,874	47,402	422,599	686,652
Total assets	\$ 6,523	62,874	47,402	422,599	686,652
LIABILITIES					
Due to other governments	\$ —	—	—	130,044	8,390
Escrow and other liabilities	6,523	62,874	47,402	292,555	678,262
Total liabilities	\$ 6,523	62,874	47,402	422,599	686,652

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
1,005,753	8,303	4,260	478,580	216,861	(30)	84,223	3,024,000
<u>1,005,753</u>	<u>8,303</u>	<u>4,260</u>	<u>478,580</u>	<u>216,861</u>	<u>(30)</u>	<u>84,223</u>	<u>3,024,000</u>
1,005,753	8,303	4,260	17,981	6,030	—	—	1,180,761
—	—	—	460,599	210,831	(30)	84,223	1,843,239
<u>1,005,753</u>	<u>8,303</u>	<u>4,260</u>	<u>478,580</u>	<u>216,861</u>	<u>(30)</u>	<u>84,223</u>	<u>3,024,000</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2014*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2014	Additions	Deletions	Balance, December 31, 2014
Prison Work Release				
ASSETS				
Cash and cash equivalents	\$ 7,895	448,366	449,738	6,523
LIABILITIES				
Escrow	\$ 7,895	448,366	449,738	6,523
Total liabilities	\$ 7,895	448,366	449,738	6,523
Prison Inmate Accounts				
ASSETS				
Cash and cash equivalents	\$ 34,870	1,070,135	1,042,131	62,874
LIABILITIES				
Escrow	\$ 34,870	1,070,135	1,042,131	62,874
Total liabilities	\$ 34,870	1,070,135	1,042,131	62,874
Perry County HealthChoices				
ASSETS				
Cash and cash equivalents	\$ 23,492	710,044	686,134	47,402
LIABILITIES				
Escrow and other liabilities	\$ 23,492	710,044	686,134	47,402
Total liabilities	\$ 23,492	710,044	686,134	47,402

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2014*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2014	Additions	Deletions	Balance, December 31, 2014
(Continued)				
Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 390,749	2,210,726	2,178,876	422,599
LIABILITIES				
Due to other governments	\$ 109,901	1,381,067	1,360,924	130,044
Escrow	280,848	829,659	817,952	292,555
Total liabilities	\$ 390,749	2,210,726	2,178,876	422,599
Prothonotary				
ASSETS				
Cash and cash equivalents	\$ 813,048	143,653	270,049	686,652
LIABILITIES				
Due to other governments	\$ 7,113	103,750	102,473	8,390
Escrow	805,935	39,903	167,576	678,262
Total liabilities	\$ 813,048	143,653	270,049	686,652
Recorder of Deeds				
ASSETS				
Cash and cash equivalents	\$ 1,679,337	25,269,600	25,943,184	1,005,753
LIABILITIES				
Due to other governments	\$ 1,679,337	25,269,600	25,943,184	1,005,753
Total liabilities	\$ 1,679,337	25,269,600	25,943,184	1,005,753

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2014*

COUNTY OF CUMBERLAND, PENNSYLVANIA (unaudited)

	Balance, January 1, 2014	Additions	Deletions	Balance, December 31, 2014
(Continued)				
Treasurer				
ASSETS				
Cash and cash equivalents	\$ 4,084	168,408	164,189	8,303
LIABILITIES				
Due to other governments	\$ 4,084	168,408	164,189	8,303
Total liabilities	\$ 4,084	168,408	164,189	8,303
Register of Wills				
ASSETS				
Cash and cash equivalents	\$ 82,554	16,855,678	16,933,972	4,260
LIABILITIES				
Due to other governments	\$ 82,554	16,855,678	16,933,972	4,260
Total liabilities	\$ 82,554	16,855,678	16,933,972	4,260
Sheriff				
ASSETS				
Cash and cash equivalents	\$ 978,566	1,984,139	2,484,125	478,580
LIABILITIES				
Due to other governments	\$ 19,181	110,307	111,507	17,981
Escrow	959,385	1,873,832	2,372,618	460,599
Total liabilities	\$ 978,566	1,984,139	2,484,125	478,580

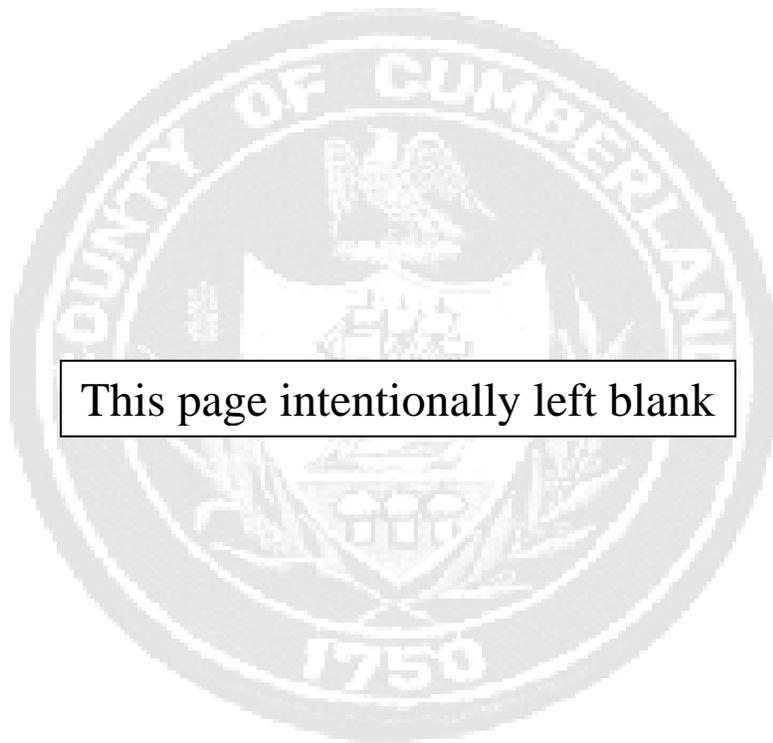
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2014*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2014	Additions	Deletions	Balance, December 31, 2014
(Continued)				
District Attorney				
ASSETS				
Cash and cash equivalents	\$ 135,657	168,136	86,932	216,861
LIABILITIES				
Due to other governments	\$ 24,419	616	19,005	6,030
Escrow	111,238	167,520	67,927	210,831
Total liabilities	\$ 135,657	168,136	86,932	216,861
Flexible Spending Account				
ASSETS				
Cash and cash equivalents	\$ 7,131	39,962	47,123	(30)
LIABILITIES				
Escrow	\$ 7,131	39,962	47,123	(30)
Total liabilities	\$ 7,131	39,962	47,123	(30)
Human Services Guardianship Accounts				
ASSETS				
Cash and cash equivalents	\$ 48,503	211,205	175,485	84,223
LIABILITIES				
Escrow	\$ 48,503	211,205	175,485	84,223
Total liabilities	\$ 48,503	211,205	175,485	84,223
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 4,205,886	49,280,052	50,461,938	3,024,000
LIABILITIES				
Due to other governments	\$ 1,926,589	43,889,426	44,635,254	1,180,761
Escrow and other liabilities	2,279,297	5,390,626	5,826,684	1,843,239
Total liabilities	\$ 4,205,886	49,280,052	50,461,938	3,024,000



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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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net invested in capital assets	\$ 16,289,475	17,291,386	18,992,768	21,107,189
Restricted	8,747,231	15,555,829	12,011,798	26,125,693
Unrestricted	<u>9,977,088</u>	<u>5,547,482</u>	<u>13,983,874</u>	<u>4,149,705</u>
Total governmental activities net position	<u>\$ 35,013,794</u>	<u>38,394,697</u>	<u>44,988,440</u>	<u>51,382,587</u>
Business-type activities				
Net invested in capital assets	\$ (857,994)	(1,304,478)	(1,495,109)	(1,301,131)
Restricted	-	-	-	-
Unrestricted	<u>5,326,223</u>	<u>7,920,167</u>	<u>9,723,191</u>	<u>9,914,008</u>
Total business-type activities net position	<u>\$ 4,468,229</u>	<u>6,615,689</u>	<u>8,228,082</u>	<u>8,612,877</u>
Primary government				
Net invested in capital assets	\$ 15,431,481	15,986,908	17,497,659	19,806,058
Restricted	8,747,231	15,555,829	12,011,798	26,125,693
Unrestricted	<u>15,303,311</u>	<u>13,467,649</u>	<u>23,707,065</u>	<u>14,063,713</u>
Total primary government net position	<u>\$ 39,482,023</u>	<u>45,010,386</u>	<u>53,216,522</u>	<u>59,995,464</u>

Last Ten Years as of December 31, 2014

(unaudited)

2009	2010	2011	2012	2013	2014
23,171,314	23,210,201	25,321,465	26,848,932	27,357,708	30,386,044
16,434,597	13,578,839	11,341,250	10,653,143	8,345,285	8,832,346
18,005,779	24,309,827	25,663,371	22,076,410	25,596,675	27,835,433
<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>	<u>67,053,823</u>
(403,424)	664,320	3,270,869	4,383,167	4,675,435	1,768,189
-	-	-	-	-	-
9,021,640	8,334,573	6,284,362	5,020,588	5,033,865	4,807,185
<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>	<u>6,575,374</u>
22,767,890	23,874,521	28,592,334	31,232,099	32,033,143	32,154,233
16,434,597	13,578,839	11,341,250	10,653,143	8,345,285	8,832,346
27,027,419	32,644,400	31,947,733	27,096,998	30,630,540	32,642,618
<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>	<u>73,629,197</u>

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA (accrual basis of accounting)

	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government - administrative	\$ 23,843,051	11,265,601	12,084,842	12,914,833
General government - judicial (1)	-	14,431,904	14,884,695	15,300,757
Corrections (2)	-	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	14,342,433	15,368,282	16,554,754	16,524,566
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	1,125,543	1,472,466	952,524	479,261
Recycling and waste management	568,828	567,813	535,267	449,387
Human services:				
Mental health/intellectual and developmental disabilities	27,253,708	32,343,624	33,099,088	35,708,717
HealthChoices - Cumberland County	18,079,337	22,678,241	21,728,030	22,892,241
Children and youth	10,821,115	12,015,385	12,559,788	13,327,513
Food and shelter	3,995,395	4,379,791	4,298,143	4,554,398
Office of aging	3,391,598	4,485,342	4,176,758	4,585,368
Other	3,968,892	3,879,024	4,196,473	4,248,998
Culture and recreation	87,920	45,273	81,430	106,326
Conservation	418,545	711,848	882,688	1,047,706
Community redevelopment and housing	266,693	379,553	245,888	217,028
Economic development and assistance	2,380,343	4,437,310	3,026,549	3,870,456
Interest on long-term debt	470,589	661,412	846,026	1,130,803
Indirect expenses	(363,597)	(393,955)	(432,428)	(494,329)
Total governmental activities expenses	<u>110,650,393</u>	<u>128,728,914</u>	<u>129,720,515</u>	<u>136,864,029</u>
Business-type activities:				
County nursing home	20,509,268	21,604,381	21,715,212	22,463,389
Early Learning Center	407,655	456,022	487,679	516,737
Emergency telephone (3)	6,342,878	4,817,157	5,163,736	5,277,951
Hazardous materials protection (3)	177,854	223,403	278,299	258,893
Transportation services (3)	1,722,524	1,889,158	2,122,585	2,305,882
Indirect expenses	363,597	393,955	432,428	494,329
Total business-type activities expenses	<u>29,523,776</u>	<u>29,384,076</u>	<u>30,199,939</u>	<u>31,317,181</u>
Total primary government expenses	<u>\$ 140,174,169</u>	<u>158,112,990</u>	<u>159,920,454</u>	<u>168,181,210</u>
Program revenues				
Governmental activities:				
Charges for services				
General government - administrative	\$ 6,715,978	3,687,016	4,034,692	3,861,945
General government - judicial (1)	-	2,108,136	3,760,691	4,182,989
Corrections (2)	-	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	2,595,561	2,512,689	2,697,819	3,155,752
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	4,597	6,680	53,110	29,729
Recycling and waste management	91,690	1,037,382	266,099	128,166
Human services	1,232,531	2,230,349	1,417,763	1,811,103
Culture and recreation	9,466	12,426	10,537	10,942
Conservation	14,233	61,522	139,365	59,533

Last Ten Years as of December 31, 2014

(unaudited)

2009	2010	2011	2012	2013	2014
12,627,406	13,814,789	14,046,596	14,280,937	14,144,701	13,728,858
16,100,981	16,658,597	17,814,045	18,528,473	18,545,493	18,396,045
-	-	-	-	18,165,075	18,955,396
-	-	-	-	-	5,444,274
17,366,885	19,253,729	20,794,098	21,611,054	3,826,455	4,125,147
-	-	-	-	-	2,506,885
855,299	672,542	387,359	281,498	511,078	327,879
514,416	380,137	458,016	586,934	330,697	266,872
27,708,562	18,141,649	16,928,959	17,257,878	16,409,341	17,837,104
27,042,052	28,601,028	27,491,594	28,363,948	28,879,387	28,653,048
12,839,074	12,342,876	13,417,768	13,813,083	14,186,821	14,873,696
4,726,775	3,137,335	936,619	810,200	851,772	1,204,422
4,889,623	4,785,973	3,915,211	3,425,700	3,055,181	3,297,677
3,973,504	5,051,374	6,143,289	8,338,934	3,651,819	3,907,128
227,443	108,217	67,799	138,045	191,890	38,657
531,424	423,928	386,490	432,798	486,778	571,509
218,714	212,555	220,815	222,796	237,269	198,051
4,093,769	3,992,708	3,877,944	3,539,001	3,602,456	4,058,868
1,280,716	1,320,663	1,323,974	1,687,988	1,618,892	1,702,282
(531,008)	(613,073)	(635,931)	(641,105)	(716,180)	(676,395)
<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>	<u>139,417,403</u>
23,833,449	24,806,003	25,737,338	24,610,308	24,005,271	24,480,806
483,456	479,681	532,003	339,864	-	-
5,329,529	9,481,575	6,505,960	5,969,320	5,704,448	-
247,389	194,317	228,067	192,719	157,291	-
2,360,459	2,331,954	2,611,077	2,502,154	2,503,355	-
531,008	613,073	635,931	641,105	716,180	676,395
<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>25,157,201</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>	<u>164,574,604</u>
4,325,427	3,952,398	3,972,749	4,464,773	4,838,303	3,954,301
3,895,465	4,021,584	3,878,412	4,610,779	4,527,455	2,690,559
-	-	-	-	1,743,574	2,126,004
-	-	-	-	-	1,638,261
2,951,887	3,055,916	3,359,727	3,125,837	1,429,935	1,582,213
-	-	-	-	-	1,280,478
-	7,272	49,773	10,791	2,952	80
114,998	116,498	145,302	109,662	111,890	121,023
6,215,264	5,377,369	6,420,238	6,999,960	3,740,695	4,515,227
11,052	11,300	11,193	11,397	8,648	-
35,915	54,341	26,799	30,282	18,716	53,613

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	2005	2006	2007	2008
Program revenues (continued)				
Community redevelopment and housing	305,800	294,109	265,108	227,398
Economic development and assistance	2,826	63,418	198,360	146,409
Operating grants and contributions				
General government - administrative	2,369,485	1,090,729	76,132	245,575
General government - judicial	336,127	2,413,569	2,531,381	2,497,334
Corrections (2)	\$ -	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	1,765,008	1,738,660	1,327,598	1,243,092
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	1,107,146	1,469,833	2,392,227	951,691
Recycling and waste management	127,997	93,749	57,033	470,419
Human services:				
Mental health/intellectual and developmental disabilities	26,481,739	31,325,889	32,062,709	34,853,233
HealthChoices - Cumberland County	18,069,073	22,660,910	21,707,823	22,881,948
Children and youth	8,907,164	9,688,684	10,225,414	10,642,965
Food and shelter	3,870,511	3,840,332	4,149,274	4,486,184
Office of aging	3,185,237	3,851,537	4,033,513	4,336,567
Other	3,538,699	3,296,947	3,414,422	3,104,052
Culture and recreation	-	-	-	45,119
Conservation	27,421	57,060	77,726	165,986
Community redevelopment and housing	-	-	-	-
Economic development and assistance	1,400,894	3,000,109	1,606,690	2,226,010
Capital grants and contributions				
General government - administrative	40,927	-	-	-
General government - judicial	-	-	54,953	6,832
Public safety	14,197	16,527	12,465	65,745
Roads and bridge maintenance	-	2,581	272,199	96,987
Recycling and waste management	-	-	-	-
Conservation	-	149,604	64,901	-
Total governmental activities program revenues	82,214,307	96,710,447	96,910,004	101,933,705
Business-type activities:				
Charges for services				
County nursing home	22,182,781	21,414,687	22,729,768	22,536,429
Early Learning Center	321,779	369,206	400,963	399,429
Emergency telephone (3)	2,016,473	1,971,210	2,062,474	1,944,338
Hazardous materials protection (3)	49,880	50,901	49,690	50,708
Transportation services (3)	825,904	841,716	1,002,810	1,100,062
Operating grants and contributions				
County nursing home	12,449	7,410	7,732	10,718
Early Learning Center	7,975	13,020	22,493	34,016
Emergency telephone (3)	53,540	1,799,540	1,395,121	3,002,387
Hazardous materials protection (3)	21,553	27,834	28,349	30,112
Transportation services (3)	711,810	845,171	955,443	1,134,124
Capital grants and contributions				
Early Learning Center	5,630	-	14,975	1,283
Emergency telephone (3)	-	-	-	-

Last Ten Years as of December 31, 2014

(unaudited)

2009	2010	2011	2012	2013	2014
235,154	214,505	197,915	221,410	223,797	176,318
98,884	130,752	143,883	93,888	-	-
110,861	217,232	567,219	574,441	350,086	451,533
2,650,047	2,883,864	2,943,449	2,657,904	2,829,612	2,722,094
-	-	-	-	699,760	738,753
-	-	-	-	-	1,484,096
1,235,751	1,856,181	1,637,737	1,405,009	598,286	708,927
-	-	-	-	-	1,101,968
529,854	589,234	557,169	445,570	532,209	446,947
160,115	75,312	67,821	100,250	68,822	75,303
26,936,260	17,436,659	14,306,924	14,750,083	13,928,418	14,403,100
27,040,563	28,634,245	27,489,782	28,354,028	28,879,053	28,652,699
10,658,021	9,927,394	10,726,676	10,745,739	12,395,912	12,083,726
689,254	920,238	703,688	632,886	574,527	999,975
3,934,097	4,001,745	3,445,930	3,218,411	3,075,150	3,169,562
2,953,656	2,796,894	2,777,210	2,715,633	2,581,674	2,656,276
163,881	-	-	-	92,272	-
430,053	70,146	49,269	289,545	294,722	279,065
-	-	-	-	-	-
2,535,722	2,308,941	1,994,012	1,632,160	1,462,951	1,901,964
-	571,757	638,503	44,185	-	109,043
-	-	-	-	-	-
22,749	27,099	21,602	23,339	21,409	78,338
-	8,752	61,649	104,717	135,074	119,073
-	-	-	-	-	-
-	-	-	-	-	-
97,934,930	89,267,628	86,194,631	87,372,679	85,165,902	90,320,519
23,592,054	25,259,305	25,276,933	24,669,038	24,474,978	25,693,602
406,814	414,613	429,812	251,875	-	-
1,835,550	1,761,860	1,714,758	1,647,432	1,606,054	-
58,096	50,500	47,450	45,518	58,377	-
1,051,045	1,044,212	1,049,685	1,012,670	1,157,031	-
22,612	23,045	159,868	9,265	15,434	220,525
32,355	39,215	43,492	8,753	-	-
2,470,344	6,410,484	3,891,927	2,637,325	2,180,632	-
33,361	71,630	23,548	39,015	36,427	-
1,139,457	1,050,365	1,156,134	979,680	1,060,635	-
-	-	-	-	-	-
-	-	-	-	-	-

FINANCIAL TRENDS
Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	2005	2006	2007	2008
Hazardous materials protection (3)	361,514	-	895	3,505
Transportation services (3)	385,840	76,263	249,923	198,638
Total business-type activities program revenues	26,957,128	27,416,958	28,920,636	30,445,749
Total primary government program revenues	\$ 109,171,435	124,127,405	125,830,640	132,379,454
Net expense:				
Governmental activities	\$ (28,436,086)	(32,018,467)	(32,810,511)	(34,930,324)
Business-type activities	(2,566,648)	(1,967,118)	(1,279,303)	(871,432)
Total primary government net expense	\$ (31,002,734)	(33,985,585)	(34,089,814)	(35,801,756)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Real estate taxes	\$ 30,954,255	35,211,322	37,534,225	38,319,951
Per capita taxes	660,792	610,226	729,222	638,640
Hotel taxes	923,487	950,036	1,057,801	1,345,191
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	1,183,081	2,403,031	2,642,631	1,897,431
Transfers	(2,414,420)	(3,770,245)	(2,559,625)	(876,742)
Total governmental activities	31,307,195	35,404,370	39,404,254	41,324,471
Business-type activities:				
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	222,448	344,333	332,071	379,485
Transfers	2,414,420	3,770,245	2,559,625	876,742
Total business-type activities	2,636,868	4,114,578	2,891,696	1,256,227
Total primary government	\$ 33,944,063	39,518,948	42,295,950	42,580,698

Changes in Net Position

Governmental activities	\$ 2,871,109	3,385,903	6,593,743	6,394,147
Business-type activities	70,220	2,147,460	1,612,393	384,795
Total primary government	\$ 2,941,329	5,533,363	8,206,136	6,778,942

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.
- (3) Beginning in 2014, emergency telephone, transportation and hazmat were reclassified from a business-type program to a governmental-type in statement of activities.

Last Ten Years as of December 31, 2014

(unaudited)

2009	2010	2011	2012	2013	2014
3,427	1,673	200,000	1,011	-	-
433,123	13,585	611,271	449,718	715,541	-
31,078,238	36,140,487	34,604,878	31,751,300	31,305,109	25,914,127
129,013,168	125,408,115	120,799,509	119,123,979	116,471,011	116,234,646
(36,530,705)	(39,017,399)	(41,380,014)	(45,305,483)	(42,813,023)	(49,096,884)
(1,707,052)	(1,766,116)	(1,645,498)	(2,504,170)	(1,781,436)	756,926
(38,237,757)	(40,783,515)	(43,025,512)	(47,809,653)	(44,594,459)	(48,339,958)
41,366,554	41,788,709	42,140,921	42,385,600	47,880,387	49,915,747
639,342	629,068	677,729	650,909	676,050	26,631
1,192,707	1,518,194	1,502,072	1,602,610	1,604,287	1,676,860
-	-	-	-	-	-
1,106,743	652,760	422,986	222,193	20,558	198,052
(1,545,538)	(2,084,155)	(2,136,475)	(2,303,430)	(2,250,276)	-
42,759,808	42,504,576	42,607,233	42,557,882	47,931,006	51,817,290
-	-	-	-	-	-
166,853	62,638	65,361	49,264	-	4,744
1,545,538	2,084,155	2,136,475	2,303,430	2,250,276	-
1,712,391	2,146,793	2,201,836	2,352,694	2,250,276	4,744
44,472,199	44,651,369	44,809,069	44,910,576	50,181,282	51,822,034
6,229,103	3,487,177	1,227,219	(2,747,601)	5,117,983	2,720,406
5,339	380,677	556,338	(151,476)	468,840	761,670
6,234,442	3,867,854	1,783,557	(2,899,077)	5,586,823	3,482,076

FINANCIAL TRENDS
Fund Balances of Governmental Funds

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

	2005	2006	2007	2008
General fund				
Reserved	\$ 3,902,719	3,862,538	1,592,623	2,092,339
Unreserved	13,871,446	16,231,782	20,679,184	22,766,147
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Landfill closure	-	-	-	-
Farmland preservation	-	-	-	-
Offender supervision	-	-	-	-
Juvenile probation restitution funds	-	-	-	-
Criminal investigation	-	-	-	-
Register of Wills-Act 34	-	-	-	-
Coroner - Act 122	-	-	-	-
Veteran Affairs	-	-	-	-
Hoffer scholarship	-	-	-	-
Hazardous materials emergency planning	-	-	-	-
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	<u>\$ 17,774,165</u>	<u>20,094,320</u>	<u>22,271,807</u>	<u>24,858,486</u>
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	6,458,575	7,611,520	6,994,029	7,426,419
Capital projects fund	496,303	4,848,593	4,042,418	17,738,683
Debt service fund	-	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	-	-	-	-
Transportation	-	-	-	-
Human services	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 6,954,878</u>	<u>12,462,436</u>	<u>11,036,447</u>	<u>25,165,102</u>

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, 2014

(unaudited)

2009	2010	2011	2012	2013	2014
1,332,001	-	-	-	-	-
29,270,507	-	-	-	-	-
-	170,321	227,426	296,853	353,803	240,956
-	488,858	418,540	347,522	275,863	203,492
-	1,092,655	825,164	714,300	270,217	318,409
-	564,467	564,847	681,358	658,158	675,229
-	-	-	-	-	18,920
-	229,803	203,802	338,460	821,979	747,271
-	67,200	69,450	71,250	72,750	74,025
-	49,499	68,905	68,634	48,022	33,861
-	-	-	-	50,000	-
-	16,723	16,256	15,812	13,615	10,503
-	-	-	-	-	14,098
-	174,701	190,587	218,242	252,211	153,201
-	-	-	199,719	348,659	324,283
-	-	10,920,515	6,551,207	3,686,704	4,252,825
-	3,725,000	3,725,000	3,725,000	3,725,000	3,725,000
-	250,000	250,000	250,000	250,000	250,000
-	446,367	560,825	595,009	546,947	603,101
-	66,732	177,895	226,059	314,835	425,502
-	5,885	7,297	7,081	3,944	3,947
-	24,316,110	11,144,830	10,856,757	17,148,138	19,493,060
<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>	<u>31,567,683</u>
-	-	-	-	-	-
6,865,274	-	-	-	-	-
8,569,764	-	-	-	-	-
-	-	-	-	-	-
-	23,649	235,485	330,154	11,916	115,233
-	635,004	955,530	1,207,397	1,168,695	1,376,674
-	55,920	287,665	-	-	-
-	952,567	1,474,155	726,499	553,974	996,026
-	35,758	33,156	38,502	36,974	39,660
-	1,005,582	923,002	972,248	744,951	511,936
-	1,670,258	1,461,610	1,093,589	931,598	842,633
-	-	-	335,543	600,259	134,664
-	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	697,246
-	-	500,082	500,000	500,000	500,000
-	-	-	-	-	420,524
-	891,930	297,941	55,409	388,851	34,343
-	(83,661)	4,694	(12,150)	(5,523)	(102,563)
<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>	<u>5,566,376</u>

FINANCIAL TRENDS

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2005	2006	2007	2008
Revenues:				
Taxes	\$ 32,611,992	36,496,600	39,174,148	40,270,517
Licenses and permits	102,300	109,045	104,440	101,762
Grants	70,627,628	84,474,545	83,870,461	88,045,118
County charges	9,055,568	10,587,280	10,569,865	11,086,953
Court, costs, fines and forfeitures	1,325,488	1,369,036	1,724,379	1,851,223
Investment earnings	1,183,081	2,403,030	2,642,631	1,897,431
Payment in lieu of taxes	-	83,160	143,355	116,614
Contributions and other	822,642	1,155,695	308,366	331,004
Total revenues	<u>115,728,699</u>	<u>136,678,391</u>	<u>138,537,645</u>	<u>143,700,622</u>
Expenditures:				
Current:				
General government - administrative	8,491,678	8,841,723	9,536,444	10,071,676
General government - judicial	14,084,783	15,050,890	15,652,556	16,251,512
Corrections (1)	-	-	-	-
Public safety	12,576,249	13,733,295	15,032,388	15,165,158
Emergency telephone (2)	-	-	-	-
Public works and enterprises	827,474	827,067	934,188	680,216
Transportation (2)	-	-	-	-
Human services:				
Mental health/intellectual and developmental disabilities	27,372,787	32,499,919	33,248,461	35,964,303
Children and youth	10,918,122	12,147,306	12,710,692	13,525,507
HealthChoices - Cumberland County	18,079,337	22,678,241	21,728,030	22,892,242
Food and shelter	3,969,006	4,392,767	4,389,777	4,644,898
Office of aging	3,499,844	4,587,396	4,264,224	4,755,060
Drug and alcohol	3,173,267	3,058,490	3,230,289	3,286,072
Fiscal Employer Agent	-	-	-	-
General fund	568,944	573,640	721,015	740,773
Witness assistance	356,673	375,099	392,197	403,120
Human services development	253,609	301,727	267,292	291,959
Capital projects	-	-	-	-
Other	-	-	-	21,000
Culture and recreation	142,459	63,177	102,070	136,569
Conservation and development	1,154,439	1,580,505	1,064,321	726,504
Economic development and assistance	2,244,756	4,330,084	2,900,074	3,711,259
Debt service:				
Principal retirement	1,092,112	1,433,738	1,468,327	1,615,330
Debt interest	470,229	479,186	957,841	967,808
Fiscal charges	21,653	137,369	-	119,291
Capital Outlay	2,938,157	7,200,628	6,122,633	6,574,648
Payments to other governments	358,666	713,158	588,243	715,601
Total expenditures	<u>112,594,244</u>	<u>135,005,405</u>	<u>135,311,062</u>	<u>143,260,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,134,455</u>	<u>1,672,986</u>	<u>3,226,583</u>	<u>440,116</u>
Other financing sources (uses):				
Transfers in	6,949,292	7,861,282	9,290,911	10,006,158
Transfers out	(9,363,713)	(11,599,563)	(11,850,346)	(10,876,498)
Debt issued	1,698,615	9,900,000	-	17,121,750
Payment to refund bonds	-	-	-	-
Bond premium (discount)	3,227	(52,511)	-	(34,507)

Last Ten Years as of December 31, 2014

(unaudited)

2009	2010	2011	2012	2013	2014
43,016,438	43,972,939	44,249,273	44,610,906	50,104,058	51,491,496
115,886	96,872	104,492	122,829	148,860	185,585
79,570,052	72,033,160	67,782,498	67,258,482	68,165,204	71,866,816
15,477,114	14,386,937	15,507,346	16,183,605	13,031,309	16,605,675
1,970,159	1,968,327	2,182,893	2,435,785	2,686,728	2,288,064
1,106,741	652,759	422,986	222,194	20,558	165,456
141,168	128,664	128,359	130,142	126,630	134,637
670,539	441,878	397,790	454,101	480,560	447,672
<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>	<u>143,185,401</u>
9,470,786	10,419,194	10,779,834	10,851,620	11,048,718	10,946,238
16,858,261	16,598,749	17,837,905	18,623,142	18,585,289	18,381,527
-	-	-	-	17,186,818	17,555,792
15,525,396	18,098,141	19,313,626	19,595,172	2,757,154	2,995,701
-	-	-	-	-	4,606,338
1,167,927	863,974	686,114	757,449	765,921	521,391
-	-	-	-	-	2,201,417
27,883,589	18,367,330	17,226,078	17,460,022	16,620,557	18,001,412
12,975,471	12,492,268	13,605,024	14,064,911	14,425,663	15,082,777
27,042,053	28,601,026	27,491,595	28,363,948	28,879,386	28,653,048
4,821,488	3,219,164	962,539	832,219	869,959	1,209,950
5,047,609	4,968,161	4,098,978	3,629,633	3,261,904	3,385,571
3,043,704	3,012,234	2,844,349	3,340,669	2,799,298	2,943,133
-	1,250,455	2,453,634	3,079,857	29,692	310
705,617	643,881	744,325	710,743	803,362	924,334
406,683	420,078	438,939	470,691	446,175	443,565
274,963	230,470	209,799	146,452	105,501	115,332
211,299	-	-	-	-	-
-	-	-	-	-	-
243,647	135,125	92,871	170,073	192,933	3,593
525,300	433,154	379,522	384,628	404,532	445,748
3,972,265	3,888,847	3,949,724	3,408,129	3,525,295	3,981,712
1,423,447	1,907,615	1,780,187	2,501,101	2,680,175	4,623,934
1,250,182	1,363,595	1,220,283	1,698,453	1,600,423	1,720,603
145,207	115,388	197,724	-	18,295	39,226
14,029,489	9,574,735	7,766,720	14,259,834	4,375,453	2,457,080
289,677	424,159	370,994	1,592,960	367,243	367,473
<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>	<u>141,607,205</u>
(5,245,963)	(3,346,207)	(3,675,127)	(14,523,662)	3,014,161	1,578,196
8,849,334	10,011,522	12,367,178	11,980,877	8,568,427	13,226,813
(10,394,752)	(12,097,520)	(14,498,394)	(14,269,435)	(10,594,831)	(13,226,813)
9,656,482	9,850,000	18,000,000	152,100	2,474,252	2,365,000
(7,108,829)	(9,877,630)	-	-	(2,745,437)	(2,401,932)
92,084	152,888	561,838	-	296,152	76,644

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2005	2006	2007	2008
(Continued)				
Other financing sources (uses):				
Sale of assets	\$ -	-	-	300
Insurance recovery	-	-	-	33,680
Capital leases	44,930	50,519	84,350	24,335
Total other financing sources (uses)	<u>(667,649)</u>	<u>6,159,727</u>	<u>(2,475,085)</u>	<u>16,275,218</u>
Net change in fund balances	<u>\$ 2,466,806</u>	<u>7,832,713</u>	<u>751,498</u>	<u>16,715,334</u>
Debt service as a percentage of noncapital expenditures	% 1.42	1.50	1.88	1.89

- (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.
- (2) Beginning in 2014, emergency telephone, transportation and hazmat were reclassified from a proprietary fund programs to governmental funds in the Statement of Revenue, Expenditures and Changes in Fund Balance.

Last Ten Years as of December 31, 2014

(unaudited)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
-	-	-	-	-	4,897
165,602	-	-	-	482	5,884
-	-	-	-	-	-
<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>50,493</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>	<u>1,628,689</u>
2.01	2.57	2.37	3.19	3.36	4.56

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)
2005	(1) \$ 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	(1) 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	(1) 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	(1) 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	(1) 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	(1) 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	(2) 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	(2) 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	(2) 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
2014	(2) 16,023,724,400	6,149,471,000	1,006,126,900	43,170,500	23,222,492,800	3,925,858,400	2.338	22,969,824,728	101.1

Notes:

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

	County	Library	Total
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
2014	2.195	0.143	2.338

* 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>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rates										
General	2.006	2.197	2.285	2.285	2.399	2.399	1.902	1.902	2.131	2.195
Library	0.18	0.18	0.18	0.18	0.18	0.18	0.143	0.143	0.143	0.143
Total Direct Rate	2.186	2.377	2.465	2.465	2.579	2.579	2.045	2.045	2.274	2.338
School Districts										
Big Spring	12.375	13.365	14.194	14.72	15.455	16.072	12.098	12.364	12.636	12.9771
Camp Hill	12.03	12.77	13.39	14.22	14.8	16.21	12.9577	13.1622	13.1622	13.7573
Carlisle Area	12.0	12.58	13.1	13.8	14.33	14.83	12.2606	12.3706	12.6056	12.9333
Cumberland Valley	9.554	9.554	9.554	9.721	9.964	10.252	8.57	8.715	8.715	8.898
East Pennsboro	11.78	11.78	12.25	12.899	12.899	12.899	10.309	10.5254	10.8295	11.2378
Mechanicsburg	12.83	12.83	13.26	13.73	14.29	14.7	12.168	12.289	12.289	12.535
Shippensburg Area	11.33	12.4	12.75	13.08	13.21	13.55	10.01	10.22	10.4	10.6808
South Middleton	11.15	11.15	11.38	11.38	11.38	11.55	8.9245	8.9245	9.0081	9.1549
West Shore Area	9.6	9.9	10.2	10.5	10.6	10.61	9	9.3	9.4	9.68
Municipalities										
Camp Hill	1.881	1.881	3.88	3.881	3.881	3.881	3.022	3.022	3.022	3.022
Carlisle	2.81	2.81	2.81	2.81	3.08	3.57	3.058	3.058	3.275	3.275
Cooke	0.968	1.5	1.5	1.5	1.5	2	1.4	1.5	1.5	1.5
Dickinson	0.02857	0.02857	0.02857	0.02857	**0.22	**0.22	.084**	.084**	.084**	.084**
East Pennsboro	0.79	0.79	1.09	1.09	1.19	1.19	0.957	0.957	0.957	1.05
Hampden	0.18	0.18	0.18	0.18	0.18	0.18	0.156	0.156	0.156	0.156
Hopewell	-	-	-	-	-	-	-	-	-	-
Lemoyne	1.99	1.99	1.99	1.99	2.5	2.5	2.1	2.1	2.3	2.3
Lower Allen	1.9	1.9	2.0	2.0	2.5	2.5	1.23	2.05	2.45	2.45
Lower Frankford	0.18	0.18	0.18	0.18	0.18	0.18	0.0807	0.1211	0.1211	0.1211
Lower Mifflin	-	-	-	-	-	-	-	-	-	-
Mechanicsburg	2.23	2.23	2.23	3.0	3.0	3.25	2.58	2.58	2.58	3.08
Middlesex	0.87	0.87	0.87	0.87	0.87	1.2	0.998	1.22	1.22	1.38
Monroe	0.2	0.2	0.2	0.2	0.2	0.595	0.169	0.525	0.525	0.556
Mt. Holly Springs	1.67	1.83	1.83	1.8	1.944	1.966	1.374	1.613	2.036	2.312
Newburg	0.121*	0.121	0.121	1.0	1.0	1.0	0.7	1.0	1.25	1.75
New Cumberland	2.6	2.6	2.6	2.6	2.6	3.6	2.9	3.9	3.9	3.9
Newville	1.6657	1.6657	1.6657	1.6657	1.6657	2.0657	1.358	2.434	2.398	2.898
North Middleton	0.889	0.889	0.889	0.889	0.889	0.889	0.694	0.694	0.694	0.694
North Newton	0.14	0.14	0.14	0.14	0.14	0.14	0.1	-	-	-
Penn	0.061	0.061	0.061	0.061	0.061	0.061	0.0414	0.0414	-	-
Shippensburg Borough	2.85	2.85	2.85	2.85	2.85	3.6	2.26	2.6	2.6	2.6
Shippensburg Twp.	0.95	0.95	0.95	0.95	0.95	0.95	0.675	0.675	0.675	0.675
Shiremanstown	1.68	1.75	2.0	2.0	2.2	2.35	1.9	2.1	2.1	2.0

(Continued)

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Year Taxes Are Payable</u>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Municipalities (continued)										
Silver Spring	0.584	0.584	0.584	1.034	1.034	1.034	0.8045	0.8045	0.8045	0.8045
Southampton	0.10	0.10	0.10	-	-	-	-	-	-	-
South Middleton	-	0.16	**0.22	**0.22	**0.22	**0.22	0.17**	0.17**	0.17**	0.17**
South Newton	0.129	0.129	0.129	0.129	0.129	0.129	0.0933	0.0933	0.0933	0.0933
Upper Allen	0.23	1.25	1.25	1.25	1.25	1.532	1.2918	1.4	1.6	1.8
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.16095	0.16095	0.16095	0.16095
Upper Mifflin	-	-	-	-	-	-	-	-	-	-
West Pennsboro	0.2135	0.2135	0.2135	0.2135	0.2135	0.35	0.2576	0.5076	0.5076	0.5076
Wormleysburg	1.986	2.586	2.586	2.678	3.678	3.678	3.065	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	Carlisle
Lower Frankford	Lemoyne
Monroe	Mechanicsburg
Mt. Holly Springs	North Middleton
Newville	Upper Allen
Shippensburg Borough	
West Pennsboro	

Source: County Board of Assessment

**REVENUE CAPACITY
Principal Property Taxpayers**

2005 and 2014 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2005			2014		
	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				\$ 166,109,800	1	0.71 %
PR CC Limited Partnership	\$ 35,480,130	3	0.22 %	75,664,500	2	0.32
Carlisle HMA Inc.				75,648,400	3	0.32
Pennsylvania Blue Shield	56,987,300	2	0.36	72,584,100	4	0.31
Allen Distribution	58,482,850	1	0.36	69,342,800	5	0.29
LIT Industrial LP				64,167,000	6	0.27
Cedar - Camp Hill LLC				61,766,800	7	0.26
KTR PA Cent LLC				60,300,000	8	0.25
Pancal 954 Centerville (Unit B) LLC				47,957,000	9	0.20
BIT Investment LP	34,082,990	5	0.21	40,378,700	10	0.17
Inland Southwest	35,143,900	4	0.22			
New York Life Insurance Co.	33,704,650	6	0.21			
Prologis-Macquarie Penna Trust	33,050,340	7	0.21			
Keystone Lemoyne Partners	29,000,000	8	0.18			
Cedar-Camp Hill LLC	28,500,000	9	0.18			
Silver Springs Associates LP	27,365,990	10	0.17			
Totals	\$ <u>371,798,150</u>		<u>2.32 %</u>	\$ <u>733,919,100</u>		<u>3.16 %</u>

Notes:

- (1) Percentage based on total County taxable assessed valuation for 2005: \$15,945,089,960
(2) Percentage based on total County taxable assessed valuation for 2014: \$23,222,492,800

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
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	142,494	37,074,433	96.70	1,407,519	38,481,952	100.00%
2009	41,143,956	194,225	39,890,816	96.95	1,440,400	41,331,216	99.97%
2010	41,704,856	163,947	40,291,169	96.61	1,572,541	41,863,710	99.98%
2011	41,994,227	177,380	40,629,283	96.75	1,534,547	42,163,830	99.94%
2012	42,213,193	157,108	40,680,881	96.37	1,653,940	42,334,821	99.00%
2013	47,826,059	158,819	46,395,766	97.01	1,128,305	46,395,766	97.01%
2014	49,855,721	N/A	48,393,357	97.06	N/A	48,393,357	97.06%

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
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	81,213	3,031,363	100.00
2009	3,087,088	14,795	2,993,205	96.96	108,154	3,100,874	99.97
2010	3,129,169	12,310	3,022,092	96.58	118,144	3,139,980	99.98
2011	3,157,081	20,828	3,054,797	96.76	122,516	3,176,052	99.94
2012	3,173,665	14,322	3,058,563	96.37	126,740	3,155,617	98.99
2013	3,208,510	11,698	3,113,381	97.04	75,487	3,113,381	97.04
2014	3,248,014	N/A	3,152,742	97.06	N/A	3,152,742	97.06

Notes:

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

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.

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			
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	0.57	268.17
2013	45,968,357	715,000	229,597	12,031,643	-	-	58,944,597	0.52	244.31
2014	46,555,931	715,000	91,489	8,589,069	-	-	55,951,489	*	229.53

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
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	243.36
2014	55,145,000	715,000	-	55,860,000	0.24	229.16

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2014

COUNTY OF CUMBERLAND, PENNSYLVANIA

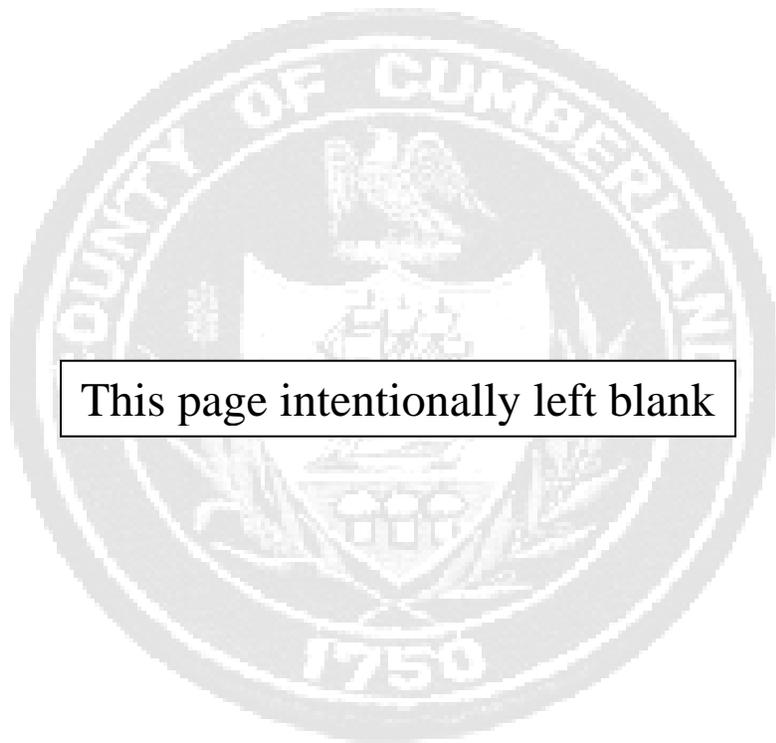
(unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts:			
Big Spring	\$ 34,115,000	100%	\$ 34,115,000
Camp Hill	20,820,000	100	20,820,000
Carlisle Area	69,398,224	100	69,398,224
Cumberland Valley	76,089,620	100	76,089,620
East Pennsboro	16,546,000	100	16,546,000
Mechanicsburg	46,610,000	100	46,610,000
*Shippensburg Area	31,914,109	61	* 19,467,606
South Middleton	32,398,546	100	32,398,546
*West Shore Area	50,905,000	55	* 27,997,750
Total school districts			343,442,746
Municipalities:			
Camp Hill Borough	19,160,000	100	19,160,000
Carlisle Borough	21,875,000	100	21,875,000
East Pennsboro Township	29,855,007	100	29,855,007
Hampden Township	45,266,799	100	45,266,799
Lemoyne Borough	83,333	100	83,333
Lower Allen Township	12,366,536	100	12,366,536
Mechanicsburg Borough	1,181,599	100	1,181,599
Middlesex Township	3,865,967	100	3,865,967
Monroe Township	1,051,735	100	1,051,735
New Cumberland Borough	17,510,000	100	17,510,000
Shippensburg Township	858,013	100	858,013
Silver Spring Township	13,713,108	100	13,713,108
South Middleton Township	2,810,000	100	2,810,000
South Newton Township	34,738	100	34,738
Upper Allen Township	24,985,000	100	24,985,000
Wormleysburg Borough	2,762,919	100	2,762,919
Total municipalities			197,379,754
Subtotal overlapping debt			540,822,500
Total direct debt - County			48,575,058
Total direct and overlapping debt			\$ 589,397,558

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 379,373,394	420,628,703	453,522,334	481,210,536
Total net-debt applicable to limit	<u>40,238,452</u>	<u>45,035,000</u>	<u>42,645,000</u>	<u>58,410,000</u>
Net nonelectoral debt limit	<u>\$ 339,134,942</u>	<u>375,593,703</u>	<u>410,877,334</u>	<u>422,800,536</u>
Total net debt applicable to the limit as a percentage of debt limit	10.61 %	10.71	9.40	12.14

Last Ten Years

(unaudited)

2009	2010	2011	2012	2013	2014
489,555,684	483,492,830	471,646,512	462,737,838	468,846,437	481,164,681
<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>55,860,000</u>
<u><u>431,705,684</u></u>	<u><u>429,209,366</u></u>	<u><u>403,241,407</u></u>	<u><u>398,946,049</u></u>	<u><u>410,131,438</u></u>	<u><u>425,304,682</u></u>
11.82	11.23	14.50	13.79	12.52	11.61

Legal Debt Margin Calculation for year ending 2014

Borrowing base revenue:

2012	\$ 155,596,390
2013	159,774,893
2014	<u>165,793,398</u>
Total revenue (1)	<u><u>\$ 481,164,681</u></u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	\$ 160,388,227
Debt limit percentage	<u>300%</u>
Debt limit	481,164,681
Total amount of debt applicable to debt limit	<u>55,860,000</u>
Legal debt margin	<u><u>\$ 425,304,681</u></u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	\$ 160,388,227
Debt limit percentage	<u>400%</u>
Debt limit	641,552,908
Total amount of debt applicable to debt limit	<u>55,860,000</u>
Legal debt margin	<u><u>\$ 585,692,908</u></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)

<u>Year</u>	<u>Population</u>	<u>Total Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Household Income</u>	<u>School Enrollment (2)</u>	<u>Annual Average Unemployment Rate (1)</u>
2005	\$ 223,017	\$ 8,516,391 (B)	\$ 38,128 (B)	\$ 55,429 (A)	33,689	3.7%
2006	226,117	8,980,197 (B)	39,589 (B)	56,426 (A)	34,308	3.4
2007	227,762 (A)	9,521,600 (B)	41,630 (B)	58,268 (A)	34,720	3.3
2008	230,329 (A)	9,711,781 (B)	41,977 (B)	60,285 (A)	34,726	4.2
2009	232,483 (A)	9,779,222 (B)	41,808 (B)	60,400 (A)	35,352	6.6
2010	235,406 (C)	10,103,136 (B)	42,814 (B)	60,219 (A)	32,771	6.8
2011	236,920 (A)	10,719,200 (B)	45,233 (B)	60,832 (A)	32,610	6.4
2012	239,198 (A)	11,198,441 (B)	46,823 (B)	60,883 (A)	32,443	6.2
2013	241,268 (A)	11,399,224 (B)	47,258 (B)	60,826 (A)	32,726	5.7
2014	243,762 (A)	*	*	*	33,029	4.5

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

2005 and 2014 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Employer	2005			2014		
	Employees	Rank	Percentage of Total County Employment (3)	Employees	Rank	Percentage of Total County Employment (3)
U.S. Department of Defense:						
Naval Support Activity	5,350			4600		
Carlisle Barracks	1,627			1725		
Total	6,977 (1)	1	7%	6,325 (1)	1	5 %
Highmark Blue Shield	3,707	2	5	2,794	2	2
Holy Spirit Hospital	2,183	4	2	2,492	3	2
Giant Foods	3,337	3	2	2,335 *	4	2
Commonwealth of Pennsylvania	2,006 (2)	5	2	1,678 (2)	5	1
Cumberland Valley School District	-	-	-	1,504	6	1
Cumberland County Government	1,228	6	-	1,305	7	1
JFC Temps Inc.			-	1,038	8	1
Fry Communications	1,215	7	2	1,035 *	9	1
Excel Logistics	-	-	-	1,000 *	10	1
Wal-Mart	1,211	8	-	-	-	-
Electronic Data Systems Corp.	1,200	10	2	-	-	-
Roadway	1,200	9	-	-	-	-
Total	24,264		25%	21,506		17 %

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	2005	2006	2007	2008
Primary Government:				
Governmental Activities:				
General Government-Administrative:				
Commissioners	8	8	7	8
Solicitors	3	3	3	3
Elections	5	5	7	6
Controller	16	16	16	16
Finance	10	10	10	10
Tax Claims	2	2	2	2
Treasurer	5	5	5	4
Tax collector administration	18	18	17	17
Human resources	5	5	4	5
Tax assessment	21	22	20	22
Recorder of deeds	9	9	8	8
Administrative services	3	5	4	3
Information management and technology	11	14	15	17
Enterprise resource management	3	3	3	3
Geographic information systems	2	2	2	3
Human service fiscal operations	2	2	2	2
Grant administration	2	2	3	3
County buildings	14	15	16	16
Planning	1	2	2	5
Domestic Relations	39	37	38	39
General Government-Judicial				
Building security	9	9	9	8
Courts	32	35	34	40
District judges	36	35	38	37
Clerk of court	12	11	12	11
Coroner	5	5	6	5
Public defender	12	13	15	13
District attorney	26	24	25	23
Prothonotary	9	9	9	8
Register of wills	7	6	7	6
Sheriff	34	34	33	35
Public safety				
District attorney-criminal investigation	6	5	4	4
District attorney-forensic lab	2	2	2	2
Victim witness services	8	8	9	9
Prison	95	99	100	101
Adult probation	28	33	34	32
Juvenile probation	26	26	25	27
Emergency management & communications	8	8	9	7
Vector control	3	3	3	3
Recycling and waste	3	3	3	3
Human services:				
Mental health/intellectual and developmental disabilities	47	47	47	49
Children and youth	55	57	57	59
Office of aging	29	25	29	30
Community services	10	9	9	11
Drug and alcohol	15	17	18	19
Veteran's affairs	2	2	2	2
Culture and recreation	13	15	15	15
Conservation and development	8	9	9	7
Business-type Activities:				
County nursing home	280	287	292	303
Emergency telephone	45	45	45	45
Hazardous materials protection	1	1	1	1
Transportation services	23	25	28	26
Total Primary Government	1068	1092	1113	1133
Component Unit:				
Conservation district	8	8	8	9

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

Last Ten Years

(unaudited)					
2009	2010	2011	2012	2013	2014
8	8	9	8	9	9
3	4	4	3	4	4
7	6	6	6	6	6
16	16	16	15	16	16
10	10	10	10	10	8
2	2	2	2	2	2
4	3	4	5	5	5
17	17	17	17	17	17
7	6	6	7	7	8
23	22	19	20	20	19
7	7	7	8	7	6
2	3	3	3	3	3
17	17	15	16	16	14
3	3	3	3	2	3
2	2	2	1	2	2
2	2	2	2	2	2
3	2	2	2	2	3
15	22	21	21	21	20
4	6	6	6	5	5
39	39	38	39	39	39
7	7	6	7	7	7
39	41	43	40	42	44
39	39	38	38	38	36
12	12	11	13	13	11
4	4	6	7	7	7
13	13	12	15	15	16
25	25	27	27	27	26
8	9	8	9	9	8
6	7	7	8	6	8
34	35	34	35	36	36
4	4	4	5	6	5
2	2	3	3	3	3
9	9	9	8	9	9
106	115	115	115	117	118
36	36	37	37	38	37
27	27	26	26	25	26
7	6	7	7	6	4
3	2	3	3	4	3
3	3	3	3	2	1
50	48	47	47	46	47
58	62	62	63	62	67
32	31	29	26	26	29
11	11	9	8	6	6
18	16	20	20	19	19
2	2	2	2	2	2
15	14	15	15	14	13
7	6	6	6	6	6
295	304	282	283	284	270
44	44	43	45	46	47
1	1	1	1	1	6
25	28	24	27	28	28
1133	1160	1131	1143	1145	1136
8	8	8	8	7	8

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental - type:										
General Government-administrative										
<i>Fiscal affairs</i>										
Deed transfers	7,643	7,385	6,625	5,864	5,592	5,280	4,889	5,801	6,177	5,957
Mortgage recorded	N/A	9,297								
Subdivision plans filed	248	273	275	206	192	152	141	115	133	147
<i>Administration</i>										
General election information										
Registered voters	134,349	137,564	139,288	252,349	147,650	150,533	152,249	158,190	148,322	151,050
Votes cast	44,506	50,284	39,620	114,499	34,432	81,873	35,313	111,381	33,618	75,845
Percent of votes cast	33%	37%	28%	45%	23%	54%	23%	70%	23%	50%
General Government-judicial										
<i>Court services:</i>										
Criminal cases filed	3,169	3,360	3,377	3,370	3,478	3,720	3,651	3,629	3,603	3,786
Summary appeals	249	207	281	256	272	267	231	234	258	259
Juvenile delinquency	N/A	N/A	N/A	153	179	284	245	241	334	388
Juvenile dependency	N/A	N/A	N/A	120	168	112	144	210	221	231
Marriage license applications	1,232	1,163	1,173	1,139	1,203	1,143	1,169	1,203	1,148	1,317
Estates and wills probated	1,034	1,056	1,096	1,202	1,112	1,198	1,277	1,257	1,266	1,143
Orphans' court cases filed	93	110	78	87	105	84	108	87	90	82
Adoption cases	139	143	126	134	119	114	106	91	97	89
<i>Court administration:</i>										
Criminal jury trials	35	53	41	56	57	43	40	47	55	N/A
Criminal appointment of counsel	374	419	406	368	408	479	433	479	486	636
Hearings by domestic relations conference officers	3,227	2,754	3,202	3,315	3,556	3,403	2,843	2,729	3,670	3,748
<i>Sheriff:</i>										
Prisoner transports	3,632	3,635	3,994	3,647	3,671	3,790	3,949	3,817	4,235	4,284

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
<i>County prison:</i>										
Average daily population	350	350	351	370	377	394	399	381	389	422
Commitments to prison	2,808	2,802	2,784	2,991	3,077	3,174	3,387	3,098	3,054	3,319
Releases from prison	2,778	2,786	2,799	2,768	3,044	3,218	3,346	3,141	2,974	3,350
<i>Adult probation:</i>										
Average caseload	1,868	1,732	1,836	2,004	2,452	2,685	2,476	2,475	2,408	2,471
DUI-Intermediate Punishment Program										
Bed Days Saved at County Prison	N/A	N/A	4,861	13,896	12,856	11,422	8,813	7,263	8,554	9,841
Accelerated Rehabilitative Disposition/DUI Program	672	639	690	701	707	679	774	868	686	672
<i>Day Reporting Center:</i>										
Bed Days Saved at County Prison	N/A	N/A	9,243	10,315	7,704	6,967	6,957	6,469	5,712	6,443
 Human services										
<i>Children and youth</i>										
Number of referrals	752	981	849	1,159	992	1,236	1,232	1,182	1,330	1,455
Clients receiving in-home services	272	286	262	391	434	343	370	392	439	625
Clients requiring placement	128	154	270	196	193	219	211	229	286	271
<i>Mental health services:</i>										
Emergency/crisis treatment:										
Number of out-patient hours	11,744	9,755	7,731	9,272	9,217	9,976	13,646	12,493	11,472	12,418
Number of out-patient consumers	783	614	557	531	502	538	596	567	585	542
In-patient days	981	823	493	611	520	585	687	274	189	470
Number of in-patient consumers	106	88	67	113	79	39	26	15	19	24
Residential days	17,274	16,214	16,992	19,435	23,665	51,619	55,626	54,193	57,265	58,276
Number of residential consumers	170	167	216	202	188	216	205	210	194	216
<i>HealthChoices:</i>										
In-patient psychiatric treatment										
Number of in-patient consumers	195	260	257	288	290	345	377	404	463	444
Number of in-patient days	2,205	3,550	4,925	5,976	5,215	5,609	6,293	6,920	7,809	8,519
Out-patient psychiatric treatment										
Number of out-patient consumers	1,976	2,483	2,613	2,910	2,823	3,219	3,432	3,627	3,806	4,082
Number of out-patient units	52,021	57,811	63,144	60,673	35,412	41,749	40,523	41,239	41,850	44,598

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Children's residential and behavioral health rehabilitation										
Number of consumers	707	846	756	956	812	1,013	1,029	1,140	1,142	1,040
Number of units	400,983	390,303	385,586	604,857	811,357	780,442	791,221	849,765	807,612	665,898
Targeted case management										
Number of consumers	347	405	434	483	492	487	482	481	487	486
Number of units	66,454	81,065	90,029	92,050	89,652	92,796	89,158	81,779	67,978	50,997
Crisis Intervention										
Number of consumers	364	412	527	562	614	634	692	653	752	819
Number of units	6,869	6,963	8,788	9,274	9,265	8,909	8,247	7,636	10,182	11,236
<i>Mental retardation services:</i>										
Number of consumers served	1,169	1,267	1,379	1,759	1,517	1,139	1,140	1,093	1,089	1,076
Number of transportation units	108,715	116,581	115,597	72,433	275,993	15,612	9,130	4,986	4,094	6,027
Number of residential units	65,730	66,721	79,021	*4,224	3,534	2,380	2,264	1,922	1,827	2,277
Number of workshop/vocational units	*195,836	194,688	250,844	*566,260	624,149	71,641	48,572	44,039	53,779	52,614
<i>Office of aging:</i>										
Senior transportation trips	51,386	52,000	48,253	50,152	48,628	46,442	46,950	47,740	45,496	44,732
Information and assistance contracts	4,958	8,900	12,206	12,849	13,938	16,879	16,800	13,014	14,003	6,616
Congregate meals served	36,671	35,500	32,969	33,611	33,102	33,082	30,873	31,260	31,830	33,446
Adult day care days provided	5,041	5,265	4,544	5,029	4,765	4,945	4,508	2,907	1,072	1,707
Home delivered meals served	12,051	8,863	7,255	7,153	6,855	5,780	4,480	3,960	4,140	5,718
Maintenance/modification of homes	208	213	244	268	227	171	207	152	151	412
<i>Drug and alcohol:</i>										
Community-based outpatient treatment (in hours unless otherwise noted)										
Assessment/evaluations	1,062	912	969	1,133	965	708	707	700	754	692
Individual counseling	2,483	2,659	2,781	4,257	4,653	4,681	3,978	4,003	3,773	3,885
Intensive outpatient group	3,048	4,942	4,705	4,365	5,585	9,039	6,700	5,824	6,414	7,016
Group	731	1,091	1,266	2,223	2,532	2,520	2,640	2,350	2,726	3,137
Prison-based treatment and intervention service hours	1,657	2,029	2,050	1,812	1,237	3,474	2,481	1,508	2,260	1,971

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA (Continued)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(unaudited)									
Case management services										
Capital Region Maternal Assistance Program:										
Intensive case management										
service clients	147	137	105	88	44	70	71	74	68	70
Drug and alcohol treatment clients	65	64	51	45	17	41	71	74	68	70
Business - type:										
Transportation:										
One way trips	146,858	150,825	149,448	151,872	150,270	144,827	145,398	143,590	136,485	127,440
Mileage	660,227	725,046	716,705	746,368	728,131	723,666	748,410	757,171	726,916	758,722

Notes:

Source: Cumberland County departmental statistics and annual reports.

N/A - not available

* Prior to 2014, only deed

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	N/A	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	29,160	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	36,000	36,000	36,000
Bureau of Elections										
Electronic voting machines	N/A	623	623	693	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Domestic Relations										
Square footage of Domestic Relations building	23,905	23,905	23,315	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	6,022	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	5,168	5,168	5,168	5,168	5,168
Public safety										
County prison										
Maximum capacity of inmates	398	398	398	398	398	398	478	478	720	720
Square footage of the prison	93,107	93,107	93,107	93,107	109,617	109,617	145,064	145,064	178,410	178,410
Conservation										
Number of agricultural easements acquired	81	86	102	110	113	117	122	126	128	140
Acres in the agricultural easement program	10,307	10,818	12,553	13,480	13,867	14,333	14,825	15,311	15,437	16,650
Acres in agricultural secured areas	68,917	70,212	70,946	71,730	71,947	72,709	72,783	73,544	74,450	75,685
Square footage of agricultural extension building	8,024	8,024	8,024	N/A	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
County-bridges (shared)	5	5	5	5	5	5	5	5	5	5

(Continued)

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

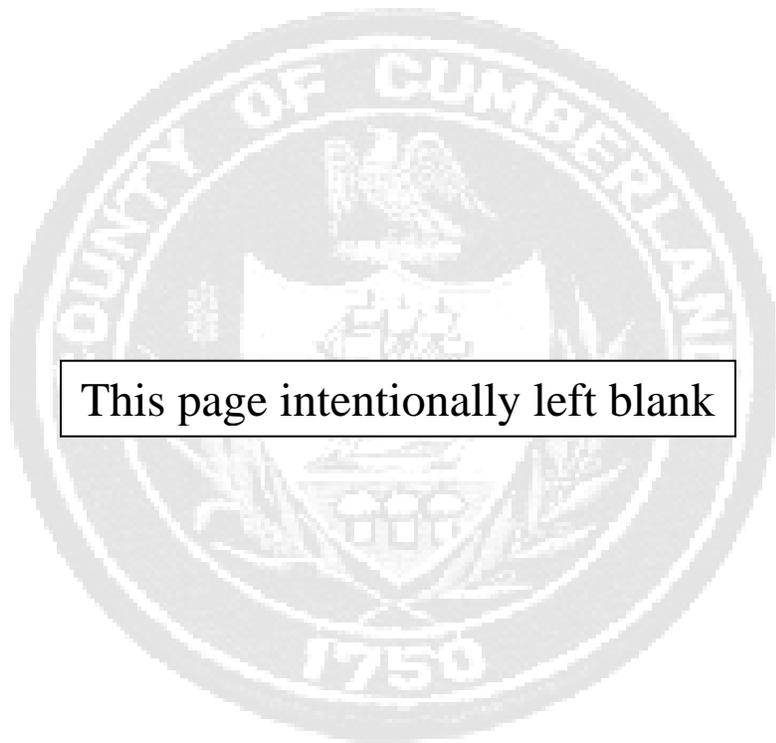
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Human Services										
Square footage of human services building (including parking garage)	42,400	42,400	42,400	42,400	47,844	47,844	47,844	47,844	47,844	47,844
Square footage of Aging/Community Services	N/A	N/A	N/A	N/A	N/A	8,024	8,024	8,024	8,024	8,024
Business-type activities:										
Nursing home										
Square footage of the nursing home	169,751	169,751	164,951	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	24,233	24,233	24,233	24,233
Transportation services										
Buses and other vehicles	32	32	35	33	33	33	33	29	35	31

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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